

EXXON MOBIL CORP
Form 10-Q
May 06, 2010
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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, 2010

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)

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<p>NEW JERSEY (State or other jurisdiction of incorporation or organization)</p> <p>5959 Las Colinas Boulevard, Irving, Texas (Address of principal executive offices)</p> <p style="text-align: center;">(972) 444-1000 (Registrant's telephone number, including area code)</p>	<p>13-5409005 (I.R.S. Employer Identification Number)</p> <p>75039-2298 (Zip Code)</p>
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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of March 31, 2010
Common stock, without par value	4,698,053,742

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EXXON MOBIL CORPORATION

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2010

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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 March 31,	
	2010	2009
REVENUES AND OTHER INCOME		
Sales and other operating revenue <i>(1)</i>	\$ 87,037	\$ 62,128
Income from equity affiliates	2,537	1,470
Other income	677	430
Total revenues and other income	90,251	64,028
COSTS AND OTHER DEDUCTIONS		
Crude oil and product purchases	46,785	27,794
Production and manufacturing expenses	8,435	7,979
Selling, general and administrative expenses	3,514	3,448
Depreciation and depletion	3,280	2,793
Exploration expenses, including dry holes	686	351
Interest expense	55	107
Sales-based taxes <i>(1)</i>	6,815	5,906
Other taxes and duties	8,613	7,800
Total costs and other deductions	78,183	56,178
Income before income taxes	12,068	7,850
Income taxes	5,493	3,148
Net income including noncontrolling interests	6,575	4,702
Net income/(loss) attributable to noncontrolling interests	275	152
Net income attributable to ExxonMobil	\$ 6,300	\$ 4,550
Earnings per common share (dollars)	\$ 1.33	\$ 0.92
Earnings per common share - assuming dilution (dollars)	\$ 1.33	\$ 0.92
Dividends per common share (dollars)	\$ 0.42	\$ 0.40
<i>(1) Sales-based taxes included in sales and other operating revenue</i>	\$ 6,815	\$ 5,906

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

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EXXON MOBIL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET

(millions of dollars)

	March 31, 2010	Dec. 31, 2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 13,742	\$ 10,693
Marketable securities	85	169
Notes and accounts receivable - net	29,052	27,645
Inventories		
Crude oil, products and merchandise	10,631	8,718
Materials and supplies	2,857	2,835
Other current assets	5,329	5,175
Total current assets	61,696	55,235
Investments, advances and long-term receivables	32,541	31,665
Property, plant and equipment - net	140,819	139,116
Other assets, including intangibles, net	7,692	7,307
Total assets	\$ 242,748	\$ 233,323
LIABILITIES		
Current liabilities		
Notes and loans payable	\$ 2,396	\$ 2,476
Accounts payable and accrued liabilities	46,136	41,275
Income taxes payable	9,212	8,310
Total current liabilities	57,744	52,061
Long-term debt	7,054	7,129
Postretirement benefits reserves	17,587	17,942
Deferred income tax liabilities	23,662	23,148
Other long-term obligations	19,035	17,651
Total liabilities	125,082	117,931
Commitments and contingencies (note 3)		
EQUITY		
Common stock, without par value:		
Authorized: 9,000 million shares		
Issued: 8,019 million shares	5,300	5,503
Earnings reinvested	281,251	276,937
Accumulated other comprehensive income		
Cumulative foreign exchange translation adjustment	3,815	4,402
Postretirement benefits reserves adjustment	(9,352)	(9,863)
Common stock held in treasury:		
3,321 million shares at March 31, 2010	(168,473)	
3,292 million shares at December 31, 2009		(166,410)

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ExxonMobil share of equity	112,541	110,569
Noncontrolling interests	5,125	4,823
Total equity	117,666	115,392
Total liabilities and equity	\$ 242,748	\$ 233,323

The number of shares of common stock issued and outstanding at March 31, 2010 and December 31, 2009 were 4,698,053,742 and 4,726,922,580, respectively.

The information in the Notes to Condensed Consolidated Financial Statements

is an integral part of these statements.

Table of Contents**EXXON MOBIL CORPORATION****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

(millions of dollars)

	Three Months Ended March 31,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income including noncontrolling interests	\$ 6,575	\$ 4,702
Depreciation and depletion	3,280	2,793
Changes in operational working capital, excluding cash and debt	3,201	1,132
All other items - net	(10)	283
Net cash provided by operating activities	13,046	8,910
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(5,756)	(4,673)
Sales of subsidiaries, investments, and property, plant and equipment	424	141
Other investing activities - net	165	(208)
Net cash used in investing activities	(5,167)	(4,740)
CASH FLOWS FROM FINANCING ACTIVITIES		
Additions to long-term debt	27	22
Reductions in long-term debt	(3)	(11)
Additions/(reductions) in short-term debt - net	(121)	(203)
Cash dividends to ExxonMobil shareholders	(1,986)	(1,981)
Cash dividends to noncontrolling interests	(83)	(90)
Changes in noncontrolling interests	(1)	(111)
Common stock acquired	(2,495)	(7,852)
Common stock sold	42	121
Net cash used in financing activities	(4,620)	(10,105)
Effects of exchange rate changes on cash	(210)	(530)
Increase/(decrease) in cash and cash equivalents	3,049	(6,465)
Cash and cash equivalents at beginning of period	10,693	31,437
Cash and cash equivalents at end of period	\$ 13,742	\$ 24,972
SUPPLEMENTAL DISCLOSURES		
Income taxes paid	\$ 3,896	\$ 3,817
Cash interest paid	\$ 130	\$ 101

The information in the Notes to Condensed Consolidated Financial Statements

is an integral part of these statements.

Table of Contents**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 2009 Annual Report on Form 10-K. In the opinion of the Corporation, the information furnished herein reflects all known accruals and adjustments necessary for a fair statement of the results for the periods reported herein. All such adjustments are of a normal recurring nature. The Corporation's exploration and production activities are accounted for under the successful efforts method.

2. Accounting Changes

Effective January 1, 2010, ExxonMobil adopted the authoritative guidance for variable-interest entities (VIEs). The guidance requires the enterprise to qualitatively assess if it is the primary beneficiary of the VIE and, if so, the VIE must be consolidated. The adoption of the guidance did not have a material impact on the Corporation's financial statements.

3. Litigation and Other Contingencies**Litigation**

A variety of claims have been made against ExxonMobil and certain of its consolidated subsidiaries in a number of pending lawsuits. Management has regular litigation reviews, including updates from corporate and outside counsel, to assess the need for accounting recognition or disclosure of these contingencies. The Corporation accrues an undiscounted liability for those contingencies where the incurrence of a loss is probable and the amount can be reasonably estimated. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. The Corporation does not record liabilities when the likelihood that the liability has been incurred is probable but the amount cannot be reasonably estimated or when the liability is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is reasonably possible and which are significant, the Corporation discloses the nature of the contingency and, where feasible, an estimate of the possible loss. ExxonMobil will continue to defend itself vigorously in these matters. Based on a consideration of all relevant facts and circumstances, the Corporation does not believe the ultimate outcome of any currently pending lawsuit against ExxonMobil will have a materially adverse effect upon the Corporation's operations or financial condition.

Other Contingencies

	As of March 31, 2010		Total
	Equity Company Obligations	Other Third Party Obligations (millions of dollars)	
Total guarantees	\$ 6,690	\$ 3,163	\$ 9,853

The Corporation and certain of its consolidated subsidiaries were contingently liable at March 31, 2010, for \$9,853 million, primarily relating to guarantees for notes, loans and performance under contracts. Included in this amount were guarantees by consolidated affiliates of \$6,690 million, representing ExxonMobil's share of obligations of certain equity companies. These guarantees are not reasonably likely to have a material effect on the Corporation's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

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Additionally, the Corporation and its affiliates have numerous long-term sales and purchase commitments in their various business activities, all of which are expected to be fulfilled with no adverse consequences material to the Corporation's operations or financial condition. The Corporation's outstanding unconditional purchase obligations at March 31, 2010, 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.

In accordance with a nationalization decree issued by Venezuela's president in February 2007, by May 1, 2007, a subsidiary of the Venezuelan National Oil Company (PdVSA) assumed the operatorship of the Cerro Negro Heavy Oil Project. This Project had been operated and owned by ExxonMobil affiliates holding a 41.67 percent ownership interest in the Project. The decree also required conversion of the Cerro Negro Project into a mixed enterprise and an increase in PdVSA's or one of its affiliate's ownership interest in the Project, with the stipulation that if ExxonMobil refused to accept the terms for the formation of the mixed enterprise within a specified period of time, the government would directly assume the activities carried out by the joint venture. ExxonMobil refused to accede to the terms proffered by the government, and on June 27, 2007, the government expropriated ExxonMobil's 41.67 percent interest in the Cerro Negro Project.

On September 6, 2007, affiliates of ExxonMobil filed a Request for Arbitration with the International Centre for Settlement of Investment Disputes. An affiliate of ExxonMobil has also filed an arbitration under the rules of the International Chamber of Commerce against PdVSA and a PdVSA affiliate for breach of their contractual obligations under certain Cerro Negro Project agreements. Both arbitration proceedings continue. At this time, the net impact of this matter on the Corporation's consolidated financial results cannot be reasonably estimated. However, the Corporation does not expect the resolution to have a material effect upon the Corporation's operations or financial condition. ExxonMobil's remaining net book investment in Cerro Negro producing assets is about \$750 million.

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	Three Months Ended March 31,	
	2010	2009
	(millions of dollars)	
Net income including noncontrolling interests	\$ 6,575	\$ 4,702
Other comprehensive income (net of income taxes)		
Foreign exchange translation adjustment	(517)	(1,411)
Postretirement benefits reserves adjustment (excluding amortization)	212	(42)
Amortization of postretirement benefits reserves adjustment included in net periodic benefit costs	328	350
Comprehensive income including noncontrolling interests	6,598	3,599
Comprehensive income attributable to noncontrolling interests	374	18
Comprehensive income attributable to ExxonMobil		