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

## FORM 10-Q

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

For the quarterly period ended June 30, 2016
**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 ☑ 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 | ☑ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |

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

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

| Class | Outstanding as of June 30, 2016 |
|---|---|
| **Common stock, without par value** | **4,146,650,051** |

**EXXON MOBIL CORPORATION**
**FORM 10-Q**
**FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2016**

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## PART I. FINANCIAL INFORMATION

### Item 1. Financial Statements

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** |
| Revenues and other income | | | | |
| Sales and other operating revenue *(1)* | 56,360 | 71,360 | 103,465 | 136,118 |
| Income from equity affiliates | 1,124 | 2,081 | 2,375 | 4,342 |
| Other income | 210 | 672 | 561 | 1,271 |
| Total revenues and other income | 57,694 | 74,113 | 106,401 | 141,731 |
| Costs and other deductions | | | | |
| Crude oil and product purchases | 27,130 | 37,312 | 47,837 | 70,010 |
| Production and manufacturing expenses | 8,076 | 9,235 | 15,637 | 17,965 |
| Selling, general and administrative expenses | 2,646 | 2,831 | 5,239 | 5,544 |
| Depreciation and depletion | 4,821 | 4,451 | 9,586 | 8,751 |
| Exploration expenses, including dry holes | 445 | 370 | 800 | 681 |
| Interest expense | 75 | 85 | 152 | 173 |
| Sales-based taxes *(1)* | 5,435 | 5,965 | 10,250 | 11,495 |
| Other taxes and duties | 6,670 | 6,910 | 12,774 | 13,523 |
| Total costs and other deductions | 55,298 | 67,159 | 102,275 | 128,142 |
| Income before income taxes | 2,396 | 6,954 | 4,126 | 13,589 |
| Income taxes | 715 | 2,692 | 664 | 4,252 |
| Net income including noncontrolling interests | 1,681 | 4,262 | 3,462 | 9,337 |
| Net income attributable to noncontrolling interests | (19) | 72 | (48) | 207 |
| Net income attributable to ExxonMobil | 1,700 | 4,190 | 3,510 | 9,130 |
| Earnings per common share *(dollars)* | 0.41 | 1.00 | 0.84 | 2.17 |
| Earnings per common share - assuming dilution *(dollars)* | 0.41 | 1.00 | 0.84 | 2.17 |
| Dividends per common share *(dollars)* | 0.75 | 0.73 | 1.48 | 1.42 |
| *(1) Sales-based taxes included in sales and other operating revenue* | *5,435* | *5,965* | *10,250* | *11,495* |

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

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** |
| Net income including noncontrolling interests | 1,681 | 4,262 | 3,462 | 9,337 |
| Other comprehensive income (net of income taxes) | | | | |
| Foreign exchange translation adjustment | (727) | 997 | 2,613 | (4,356 |
| Postretirement benefits reserves adjustment (excluding amortization) | 110 | (186) | (9) | 627 |
| Amortization and settlement of postretirement benefits reserves adjustment included in net periodic benefit costs | 292 | 357 | 581 | 708 |
| Unrealized change in fair value of stock investments | - | 17 | - | 19 |
| Realized (gain)/loss from stock investments included in net income | - | 4 | - | 12 |
| Total other comprehensive income | (325) | 1,189 | 3,185 | (2,990 |
| Comprehensive income including noncontrolling interests | 1,356 | 5,451 | 6,647 | 6,347 |
| Comprehensive income attributable to noncontrolling interests | 16 | 159 | 370 | (247 |
| Comprehensive income attributable to ExxonMobil | 1,340 | 5,292 | 6,277 | 6,594 |

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

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

| | June 30, 2016 | Dec. 31, 2015 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 4,358 | 3,705 |
| Notes and accounts receivable – net | 21,827 | 19,875 |
| Inventories | | |
| Crude oil, products and merchandise | 11,543 | 12,037 |
| Materials and supplies | 4,332 | 4,208 |
| Other current assets | 3,768 | 2,798 |
| Total current assets | 45,828 | 42,623 |
| Investments, advances and long-term receivables | 34,182 | 34,245 |
| Property, plant and equipment – net | 254,062 | 251,605 |
| Other assets, including intangibles – net | 8,401 | 8,285 |
| Total assets | 342,473 | 336,758 |
| | | |
| Liabilities | | |
| Current liabilities | | |
| Notes and loans payable | 14,972 | 18,762 |
| Accounts payable and accrued liabilities | 33,801 | 32,412 |
| Income taxes payable | 2,731 | 2,802 |
| Total current liabilities | 51,504 | 53,976 |
| Long-term debt | 29,499 | 19,925 |
| Postretirement benefits reserves | 21,583 | 22,647 |
| Deferred income tax liabilities | 36,012 | 36,818 |
| Long-term obligations to equity companies | 5,320 | 5,417 |
| Other long-term obligations | 21,680 | 21,165 |
| Total liabilities | 165,598 | 159,948 |
| | | |
| Commitments and contingencies (Note 3) | | |
| | | |
| Equity | | |
| Common stock without par value | | |
| (9,000 million shares authorized, 8,019 million shares issued) | 12,019 | 11,612 |
| Earnings reinvested | 409,767 | 412,444 |
| Accumulated other comprehensive income | (20,744) | (23,511) |
| Common stock held in treasury | | |
| (3,872 million shares at June 30, 2016 and | | |
| 3,863 million shares at December 31, 2015) | (230,451) | (229,734) |
| ExxonMobil share of equity | 170,591 | 170,811 |
| Noncontrolling interests | 6,284 | 5,999 |
| Total equity | 176,875 | 176,810 |
| Total liabilities and equity | 342,473 | 336,758 |

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

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

| | Six Months Ended June 30, | |
|---|---|---|
| | **2016** | **2015** |
| Cash flows from operating activities | | |
| Net income including noncontrolling interests | 3,462 | 9,337 |
| Depreciation and depletion | 9,586 | 8,751 |
| Changes in operational working capital, excluding cash and debt | (1,725) | (1,533) |
| All other items – net | (1,992) | 235 |
| Net cash provided by operating activities | 9,331 | 16,790 |
| | | |
| Cash flows from investing activities | | |
| Additions to property, plant and equipment | (8,872) | (13,953) |
| Proceeds associated with sales of subsidiaries, property, plant and equipment, and sales and returns of investments | 1,206 | 1,113 |
| Additional investments and advances | (311) | (363) |
| Other investing activities – net | 481 | 360 |
| Net cash used in investing activities | (7,496) | (12,843) |
| | | |
| Cash flows from financing activities | | |
| Additions to long-term debt | 11,964 | 8,000 |
| Reductions in long-term debt | - | (13) |
| Additions/(reductions) in short-term debt – net | (257) | (414) |
| Additions/(reductions) in commercial paper, and debt with three months or less maturity *(1)* | (5,966) | (2,773) |
| Cash dividends to ExxonMobil shareholders | (6,187) | (5,976) |
| Cash dividends to noncontrolling interests | (85) | (88) |
| Common stock acquired | (727) | (2,784) |
| Common stock sold | 7 | - |
| Net cash used in financing activities | (1,251) | (4,048) |
| Effects of exchange rate changes on cash | 69 | (172) |
| Increase/(decrease) in cash and cash equivalents | 653 | (273) |
| Cash and cash equivalents at beginning of period | 3,705 | 4,616 |
| Cash and cash equivalents at end of period | 4,358 | 4,343 |
| | | |
| Supplemental Disclosures | | |
| Income taxes paid | 2,144 | 4,072 |
| Cash interest paid | 334 | 263 |

*(1) Includes a net addition of commercial paper with a maturity of over three months of $0.1 billion in 2016 and $2.3 billion in 2015. The gross amount of commercial paper with a matu of over three months issued was $1.5 billion in 2016 and $4.9 billion in 2015, while the gross amount repaid was $1.4 billion in 2016 and $2.6 billion in 2015.*

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

## EXXON MOBIL CORPORATION
## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*(millions of dollars)*

| | ExxonMobil Share of Equity | | | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock | Earnings Reinvested | Accumulated Other Compre-hensive Income | Common Stock Held in Treasury | ExxonMobil Share of Equity | Non-controlling Interests | Total Equity |
| Balance as of December 31, 2014 | 10,792 | 408,384 | (18,957) | (225,820) | 174,399 | 6,665 | 181,064 |
| Amortization of stock-based awards | 429 | - | - | - | 429 | - | 429 |
| Tax benefits related to stock-based awards | 6 | - | - | - | 6 | - | 6 |
| Other | (3) | - | - | - | (3) | - | (3) |
| Net income for the period | - | 9,130 | - | - | 9,130 | 207 | 9,337 |
| Dividends – common shares | - | (5,976) | - | - | (5,976) | (88) | (6,064) |
| Other comprehensive income | - | - | (2,536) | - | (2,536) | (454) | (2,990) |
| Acquisitions, at cost | - | - | - | (2,784) | (2,784) | - | (2,784) |
| Dispositions | - | - | - | 3 | 3 | - | 3 |
| Balance as of June 30, 2015 | 11,224 | 411,538 | (21,493) | (228,601) | 172,668 | 6,330 | 178,998 |
| Balance as of December 31, 2015 | 11,612 | 412,444 | (23,511) | (229,734) | 170,811 | 5,999 | 176,810 |
| Amortization of stock-based awards | 403 | - | - | - | 403 | - | 403 |
| Tax benefits related to stock-based awards | 8 | - | - | - | 8 | - | 8 |
| Other | (4) | - | - | - | (4) | - | (4) |
| Net income for the period | - | 3,510 | - | - | 3,510 | (48) | 3,462 |
| Dividends – common shares | - | (6,187) | - | - | (6,187) | (85) | (6,272) |
| Other comprehensive income | - | - | 2,767 | - | 2,767 | 418 | 3,185 |
| Acquisitions, at cost | - | - | - | (727) | (727) | - | (727) |
| Dispositions | - | - | - | 10 | 10 | - | 10 |
| Balance as of June 30, 2016 | 12,019 | 409,767 | (20,744) | (230,451) | 170,591 | 6,284 | 176,875 |

| Common Stock Share Activity | Six Months Ended June 30, 2016 | | | Six Months Ended June 30, 2015 | | |
|---|---|---|---|---|---|---|
| | Issued | Held in Treasury | Outstanding | Issued | Held in Treasury | Outstanding |
| | | (millions of shares) | | | (millions of shares) | |
| Balance as of December 31 | 8,019 | (3,863) | 4,156 | 8,019 | (3,818) | 4,201 |
| Acquisitions | - | (9) | (9) | - | (32) | (32) |
| Dispositions | - | - | - | - | - | - |
| Balance as of June 30 | 8,019 | (3,872) | 4,147 | 8,019 | (3,850) | 4,169 |

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

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of Financial Statement Preparation

These unaudited condensed consolidated financial statements should be read in the context of the consolidated financial statements and notes thereto filed with the Securities ar Exchange Commission in the Corporation's 2015 Annual Report on Form 10-K. In the opinion of the Corporation, the information furnished herein reflects all known accruals an adjustments necessary for a fair statement of the results for the periods reported herein. All such adjustments are of a normal recurring nature. Prior data has been reclassified in certai cases to conform to the current presentation basis.

The Corporation's exploration and production activities are accounted for under the "successful efforts" method.

### 2. Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board issued a new standard, *Revenue from Contracts with Customers.* The standard establishes a single revenue recognition model fo all contracts with customers, eliminates industry specific requirements, and expands disclosure requirements. The standard is required to be adopted beginning January 1, 2018.

“Sales and other operating revenue” on the Consolidated Statement of Income includes sales, excise and value-added taxes on sales transactions. When the Corporation adopts tl standard, revenue will exclude sales-based taxes collected on behalf of third parties. This change in reporting will not impact earnings.

The Corporation continues to evaluate other areas of the standard and its effect on the Corporation’s financial statements.

In February 2016, the Financial Accounting Standards Board issued a new standard, *Leases*. The standard requires all leases with an initial term greater than one year be recorded on tl balance sheet as an asset and a lease liability. The standard is required to be adopted beginning January 1, 2019. ExxonMobil is evaluating the standard and its effect on the Corporation 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, includin 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 thos 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 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 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 reasonably possible and which are significant, the Corporation discloses the nature of the contingency and, where feasible, an estimate of the possible loss. For purposes of ou contingency disclosures, “significant” includes material matters as well as other matters which management believes should be disclosed. ExxonMobil will continue to defend itse 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 lawsu against ExxonMobil will have a material adverse effect upon the Corporation's operations, financial condition, or financial statements taken as a whole.

**Other Contingencies**

The Corporation and certain of its consolidated subsidiaries were contingently liable at June 30, 2016, for guarantees relating to notes, loans and performance under contracts. Wher guarantees for environmental remediation and other similar matters do not include a stated cap, the amounts reflect management's estimate of the maximum potential exposure. Thes 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, liquidit capital expenditures or capital resources.

| | As of June 30, 2016 | | |
|---|---|---|---|
| | Equity Company Obligations *(1)* | Other Third Party Obligations | Total |
| | *(millions of dollars)* | | |
| Guarantees | | | |
| Debt-related | 104 | 38 | 142 |
| Other | 2,512 | 4,307 | 6,819 |
| Total | 2,616 | 4,345 | 6,961 |

*(1) ExxonMobil share*

Additionally, the Corporation and its affiliates have numerous long-term sales and purchase commitments in their various business activities, all of which are expected to be fulfilled wit no adverse consequences material to the Corporation's operations or financial condition. The Corporation's outstanding unconditional purchase obligations at June 30, 2016, were simil 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 onl 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 politic developments and laws and regulations, such as forced divestiture of assets; restrictions on production, imports and exports; price controls; tax increases and retroactive tax claim expropriation of property; cancellation of contract rights and environmental regulations. Both the likelihood of such occurrences and their overall effect upon the Corporation vary great 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) assume 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. Th 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 th 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 activitie 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 percen 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 (ICSID). The ICSID Tribunal issued decision on June 10, 2010, finding that it had jurisdiction to proceed on the basis of the Netherlands-Venezuela Bilateral Investment Treaty. On October 9, 2014, the ICSID Tribunal issu its final award finding in favor of the ExxonMobil affiliates and awarding $1.6 billion as of the date of expropriation, June 27, 2007, and interest from that date at 3.25% compound annually until the date of payment in full. The Tribunal also noted that one of the Cerro Negro Project agreements provides a mechanism to prevent double recovery between the ICSI award and all or part of an earlier award of $908 million to an ExxonMobil affiliate, Mobil Cerro Negro, Ltd., against PdVSA and a PdVSA affiliate, PdVSA CN, in an arbitration unde the rules of the International Chamber of Commerce.

On June 12, 2015, the Tribunal rejected in its entirety Venezuela's October 23, 2014, application to revise the ICSID award. The Tribunal also lifted the associated stay of enforceme that had been entered upon the filing of the application to revise.

Still pending is Venezuela's February 2, 2015, application to ICSID seeking annulment of the ICSID award. That application alleges that, in issuing the ICSID award, the Tribun exceeded its powers, failed to state reasons on which the ICSID award was based, and departed from a fundamental rule of procedure. A separate stay of the ICSID award was entere following the filing of the annulment application. On July 7, 2015, the ICSID Committee considering the annulment application heard arguments from the parties on whether to lift the stay of the award associated with that application. On July 28, 2015, the Committee issued an order that would lift the stay of enforcement unles within 30 days, Venezuela delivered a commitment to pay the award if the application to annul is denied. On September 17, 2015, the Committee ruled that Venezuela had complied wit the requirement to submit a written commitment to pay the award and so left the stay of enforcement in place. A hearing on Venezuela's application for annulment was held March 8-9 2016.

The United States District Court for the Southern District of New York entered judgment on the ICSID award on October 10, 2014. Motions filed by Venezuela to vacate that judgment o procedural grounds and to modify the judgment by reducing the rate of interest to be paid on the ICSID award from the entry of the court's judgment, until the date of payment, wer denied on February 13, 2015, and March 4, 2015, respectively. On March 9, 2015, Venezuela filed a notice of appeal of the court's actions on the two motions. Oral arguments on thi appeal were held before the United States Court of Appeals for the Second Circuit on January 7, 2016.

The District Court's judgment on the ICSID award is currently stayed until such time as ICSID's stay of the award entered following Venezuela's filing of its application to annul has bee lifted. The net impact of these matters on the Corporation's consolidated financial results cannot be reasonably estimated. Regardless, the Corporation does not expect the resolution t have a material effect upon the Corporation's operations or financial condition.

An affiliate of ExxonMobil is one of the Contractors under a Production Sharing Contract (PSC) with the Nigerian National Petroleum Corporation (NNPC) covering the Erha bloc located in the offshore waters of Nigeria. ExxonMobil's affiliate is the operator of the block and owns a 56.25 percent interest under the PSC. The Contractors are in dispute with NNP regarding NNPC's lifting of crude oil in excess of its entitlement under the terms of the PSC. In accordance with the terms of the PSC, the Contractors initiated arbitration in Abuj Nigeria, under the Nigerian Arbitration and Conciliation Act. On October 24, 2011, a three-member arbitral Tribunal issued an award upholding the Contractors' position in all materia respects and awarding damages to the Contractors jointly in an amount of approximately $1.8 billion plus $234 million in accrued interest. The Contractors petitioned a Nigerian feder court for enforcement of the award, and NNPC petitioned the same court to have the award set aside. On May 22, 2012, the court set aside the award. The Contractors appealed th judgment to the Court of Appeal, Abuja Judicial Division. On July 22, 2016, the Court of Appeal upheld the decision of the lower court setting aside the award. ExxonMobil expects tha the Contractors will appeal the decision to the Supreme Court of Nigeria. In June 2013, the Contractors filed a lawsuit against NNPC in the Nigerian federal high court in order to preserv their ability to seek enforcement of the PSC in the courts if necessary. In October 2014, the Contractors filed suit in the United States District Court for the Southern District of New Yor to enforce, if necessary, the arbitration award against NNPC assets residing within that jurisdiction. NNPC has moved to dismiss the lawsuit. Proceedings in the Southern District of Ne York are currently stayed. At this time, the net impact of this matter on the Corporation's consolidated financial results cannot be reasonably estimated. However, regardless of th outcome of enforcement proceedings, the Corporation does not expect the proceedings to have a material effect upon the Corporation's operations or financial condition.

## 4. Other Comprehensive Income Information

| ExxonMobil Share of Accumulated Other Comprehensive Income | Cumulative Foreign Exchange Translation Adjustment | Post-retirement Benefits Reserves Adjustment | Unrealized Change in Stock Investments | Total |
|---|---|---|---|---|
| | (millions of dollars) | | | |
| Balance as of December 31, 2014 | (5,952) | (12,945) | (60) | (18,95 |
| Current period change excluding amounts reclassified from accumulated other comprehensive income | (3,873) | 620 | 19 | (3,23 |
| Amounts reclassified from accumulated other comprehensive income | - | 686 | 12 | 69 |
| Total change in accumulated other comprehensive income | (3,873) | 1,306 | 31 | (2,53 |
| Balance as of June 30, 2015 | (9,825) | (11,639) | (29) | (21,49 |
| Balance as of December 31, 2015 | (14,170) | (9,341) | - | (23,51 |
| Current period change excluding amounts reclassified from accumulated other comprehensive income | 2,209 | (6) | - | 2,20 |
| Amounts reclassified from accumulated other comprehensive income | - | 564 | - | 56 |
| Total change in accumulated other comprehensive income | 2,209 | 558 | - | 2,76 |
| Balance as of June 30, 2016 | (11,961) | (8,783) | - | (20,74 |

| Amounts Reclassified Out of Accumulated Other Comprehensive Income - Before-tax Income/(Expense) | Three Months Ended June 30, 2016 | Three Months Ended June 30, 2015 | Six Months Ended June 30, 2016 | Six Months Ended June 30, 2015 |
|---|---|---|---|---|
| | (millions of dollars) | | | |
| Amortization and settlement of postretirement benefits reserves adjustment included in net periodic benefit costs *(1)* | (419) | (507) | (833) | (1,01 |
| Realized change in fair value of stock investments included in net income (Statement of Income line: Other income) | - | (6) | - | (1 |

*(1) These accumulated other comprehensive income components are included in the computation of net periodic pension cost. (See Note 6 – Pension and Other Postretirement Benefits for additional details.)*

| Income Tax (Expense)/Credit For Components of Other Comprehensive Income | Three Months Ended June 30, 2016 | Three Months Ended June 30, 2015 | Six Months Ended June 30, 2016 | Six Months Ended June 30, 2015 |
|---|---|---|---|---|
| | (millions of dollars) | | | |
| Foreign exchange translation adjustment | 14 | (25) | 3 | 6 |
| Postretirement benefits reserves adjustment (excluding amortization) | (49) | 75 | 31 | (30 |
| Amortization and settlement of postretirement benefits reserves adjustment included in net periodic benefit costs | (127) | (150) | (252) | (31 |
| Unrealized change in fair value of stock investments | - | (10) | - | (1 |
| Realized change in fair value of stock investments included in net income | - | (2) | - | ( |
| Total | (162) | (112) | (218) | (56 |

5. **Earnings Per Share**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| **Earnings per common share** | | | | |
| Net income attributable to ExxonMobil *(millions of dollars)* | 1,700 | 4,190 | 3,510 | 9,13 |
| Weighted average number of common shares outstanding *(millions of shares)* | 4,178 | 4,200 | 4,178 | 4,20 |
| Earnings per common share *(dollars) (1)* | 0.41 | 1.00 | 0.84 | 2.1 |

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

6. **Pension and Other Postretirement Benefits**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | | *(millions of dollars)* | | |
| **Components of net benefit cost** | | | | |
| Pension Benefits - U.S. | | | | |
| Service cost | 204 | 199 | 406 | 39 |
| Interest cost | 198 | 197 | 396 | 39 |
| Expected return on plan assets | (181) | (207) | (363) | (41 |
| Amortization of actuarial loss/(gain) and prior service cost | 125 | 136 | 249 | 27 |
| Net pension enhancement and curtailment/settlement cost | 111 | 117 | 222 | 23 |
| Net benefit cost | 457 | 442 | 910 | 88 |
| Pension Benefits - Non-U.S. | | | | |
| Service cost | 150 | 172 | 299 | 34 |
| Interest cost | 217 | 212 | 430 | 43 |
| Expected return on plan assets | (239) | (273) | (474) | (55 |
| Amortization of actuarial loss/(gain) and prior service cost | 153 | 208 | 301 | 41 |
| Net benefit cost | 281 | 319 | 556 | 64 |
| Other Postretirement Benefits | | | | |
| Service cost | 42 | 48 | 77 | 8 |
| Interest cost | 84 | 83 | 173 | 17 |
| Expected return on plan assets | (6) | (7) | (12) | (14 |
| Amortization of actuarial loss/(gain) and prior service cost | 30 | 46 | 61 | 9 |
| Net benefit cost | 150 | 170 | 299 | 33 |

## 7. Financial Instruments

The fair value of financial instruments is determined by reference to observable market data and other valuation techniques as appropriate. The only category of financial instrumen where the difference between fair value and recorded book value is notable is long-term debt. The estimated fair value of total long-term debt, excluding capitalized lease obligations, wa $29,547 million at June 30, 2016, and $18,854 million at December 31, 2015, as compared to recorded book values of $28,247 million at June 30, 2016, and $18,687 million December 31, 2015. The increase in the estimated fair value and book value of long-term debt reflects the Corporation's issuance of $12.0 billion of long-term debt in the first quarter 2016. The $12.0 billion of long-term debt is comprised of $750 million of floating-rate notes due in 2018, $250 million of floating-rate notes due in 2019, $1,000 million of 1.439% not due in 2018, $1,250 million of 1.708% notes due in 2019, $2,500 million of 2.222% notes due in 2021, $1,250 million of 2.726% notes due in 2023, $2,500 million of 3.043% notes due 2026 and $2,500 million of 4.114% notes due in 2046.

The fair value of long-term debt by hierarchy level at June 30, 2016, is: Level 1 $29,366 million; Level 2 $119 million; and Level 3 $62 million. Level 1 represents quoted prices in acti markets. Level 2 includes debt whose fair value is based upon a publicly available index. Level 3 involves using internal data augmented by relevant market indicators if available.

## 8. Disclosures about Segments and Related Information

| | Three Months Ended June 30, 2016 | Three Months Ended June 30, 2015 | Six Months Ended June 30, 2016 | Six Months Ended June 30, 2015 |
|---|---|---|---|---|
| | *(millions of dollars)* | | | |
| **Earnings After Income Tax** | | | | |
| Upstream | | | | |
| United States | (514) | (47) | (1,346) | (9 |
| Non-U.S. | 808 | 2,078 | 1,564 | 4,98 |
| Downstream | | | | |
| United States | 412 | 412 | 599 | 97 |
| Non-U.S. | 413 | 1,094 | 1,132 | 2,19 |
| Chemical | | | | |
| United States | 509 | 735 | 1,090 | 1,34 |
| Non-U.S. | 708 | 511 | 1,482 | 88 |
| All other | (636) | (593) | (1,011) | (1,15 |
| Corporate total | 1,700 | 4,190 | 3,510 | 9,13 |
| **Sales and Other Operating Revenue** *(1)* | | | | |
| Upstream | | | | |
| United States | 1,771 | 2,231 | 3,221 | 4,35 |
| Non-U.S. | 3,175 | 4,386 | 6,194 | 8,50 |
| Downstream | | | | |
| United States | 14,538 | 20,794 | 26,051 | 39,18 |
| Non-U.S. | 30,229 | 36,496 | 55,166 | 69,65 |
| Chemical | | | | |
| United States | 2,518 | 2,788 | 4,903 | 5,58 |
| Non-U.S. | 4,122 | 4,663 | 7,921 | 8,82 |
| All other | 7 | 2 | 9 | [illegible] |
| Corporate total | 56,360 | 71,360 | 103,465 | 136,11 |

*(1) Includes sales-based taxes*

| | Three Months Ended June 30, 2016 | Three Months Ended June 30, 2015 | Six Months Ended June 30, 2016 | Six Months Ended June 30, 2015 |
|---|---|---|---|---|
| **Intersegment Revenue** | | | | |
| Upstream | | | | |
| United States | 917 | 1,224 | 1,723 | 2,40 |
| Non-U.S. | 4,989 | 6,086 | 8,442 | 10,94 |
| Downstream | | | | |
| United States | 2,892 | 3,549 | 5,282 | 6,62 |
| Non-U.S. | 4,541 | 6,527 | 8,611 | 11,80 |
| Chemical | | | | |
| United States | 1,786 | 2,134 | 3,190 | 3,90 |
| Non-U.S. | 1,078 | 1,362 | 2,030 | 2,68 |
| All other | 56 | 70 | 114 | 13 |

## 9. Accounting for Suspended Exploratory Well Costs

For the category of exploratory well costs at year-end 2015 that were suspended more than one year, a total of $111 million was expensed in the first six months of 2016.

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

**FUNCTIONAL EARNINGS SUMMARY**

| **Earnings (U.S. GAAP)** | **Second Quarter** | | **First Six Months** | |
|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** |
| | *(millions of dollars)* | | | |
| Upstream | | | | |
| United States | (514) | (47) | (1,346) | (99 |
| Non-U.S. | 808 | 2,078 | 1,564 | 4,98 |
| Downstream | | | | |
| United States | 412 | 412 | 599 | 97 |
| Non-U.S. | 413 | 1,094 | 1,132 | 2,19 |
| Chemical | | | | |
| United States | 509 | 735 | 1,090 | 1,34 |
| Non-U.S. | 708 | 511 | 1,482 | 88 |
| Corporate and financing | (636) | (593) | (1,011) | (1,15 |
| Net income attributable to ExxonMobil (U.S. GAAP) | 1,700 | 4,190 | 3,510 | 9,13 |
| Earnings per common share *(dollars)* | 0.41 | 1.00 | 0.84 | 2.1 |
| Earnings per common share - assuming dilution *(dollars)* | 0.41 | 1.00 | 0.84 | 2.1 |

*References in this discussion to corporate earnings mean net income attributable to ExxonMobil (U.S. GAAP) from the consolidated income statement. Unless otherwise indicated, references to earnings, Upstream, Downstream, Chemical and Corporate and Financing segment earnings, and earnings per share are ExxonMobil's share after excluding amounts attributable to noncontrolling interests.*

**REVIEW OF SECOND QUARTER 2016 RESULTS**

ExxonMobil’s second quarter 2016 earnings were $1.7 billion, or $0.41 per diluted share, compared with $4.2 billion a year earlier. The results reflect sharply lower commodity price weaker refining margins and continued strength in the Chemical segment.

While our financial results reflect a volatile industry environment, ExxonMobil remains focused on business fundamentals, cost discipline and advancing selective new investments acro the value chain to extend our competitive advantage. The corporation benefits from scale and integration, which provide the financial flexibility to invest in attractive opportunities a grow long-term shareholder value.

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Earnings in the first six months of 2016 were $3.5 billion, down $5.6 billion, or 62 percent, from 2015.

Earnings per share assuming dilution were $0.84.

Capital and exploration expenditures were $10.3 billion, down 36 percent from 2015.

Oil-equivalent production was unchanged at 4.1 million oil-equivalent barrels per day, with liquids up 6.6 percent and natural gas down 6.7 percent.

The corporation distributed $6.2 billion in dividends to shareholders.

| | Second Quarter | | First Six Months | |
| --- | --- | --- | --- | --- |
| | 2016 | 2015 | 2016 | 2015 |
| | | (millions of dollars) | | |
| **Upstream earnings** | | | | |
| United States | (514) | (47) | (1,346) | (9 |
| Non-U.S. | 808 | 2,078 | 1,564 | 4,98 |
| Total | 294 | 2,031 | 218 | 4,88 |

Upstream earnings were $294 million in the second quarter of 2016, down $1,737 million from the second quarter of 2015. Lower liquids and gas realizations decreased earnings b $2.2 billion, while volume and mix effects increased earnings by $50 million. All other items, including lower expenses, the absence of a one-time deferred income tax impact related t the tax rate increase in Alberta, Canada, and favorable foreign exchange effects increased earnings by $450 million.

On an oil-equivalent basis, production was essentially flat with the second quarter of 2015. Liquids production totaled 2.3 million barrels per day, up 39,000 barrels per day. Projec ramp-up was partly offset by field decline and downtime mainly in Canada and Nigeria. Natural gas production was 9.8 billion cubic feet per day, down 366 million cubic feet per da from 2015 including field decline and divestment impacts.

U.S. Upstream earnings declined $467 million from the second quarter of 2015 to a loss of $514 million in the second quarter of 2016. Non-U.S. Upstream earnings were $808 millio down $1,270 million from the prior year.

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Upstream earnings were $218 million, down $4,668 million from the first half of 2015. Lower realizations decreased earnings by $4.9 billion. Favorable volume and mix effects increase earnings by $20 million. All other items increased earnings by $180 million, primarily due to lower expenses partly offset by the absence of asset management gains.

On an oil-equivalent basis, production of 4.1 million barrels per day was flat compared to the first half of 2015. Liquids production of 2.4 million barrels per day increased 150,000 barre per day, with project ramp-up partly offset by field decline and downtime mainly from the Canadian wildfires. Natural gas production of 10.2 billion cubic feet per day decrease 730 million cubic feet per day from 2015 largely due to regulatory restrictions in the Netherlands, field decline and divestment impacts.

U.S. Upstream earnings declined $1,247 million from 2015 to a loss of $1,346 million in 2016. Earnings outside the U.S. were $1,564 million, down $3,421 million from the prior year.

| **Upstream additional information** | Second Quarter | First Six Months |
|---|---|---|
| | *(thousands of barrels daily)* | |
| **Volumes reconciliation** (Oil-equivalent production)*(1)* | | |
| 2015 | 3,979 | 4,113 |
| Entitlements - Net interest | 7 | 6 |
| Entitlements - Price / Spend / Other | 9 | 22 |
| Quotas | - | - |
| Divestments | (39) | (40) |
| Growth / Other | 1 | 40 |
| 2016 | 3,957 | 4,141 |

*(1) Gas converted to oil-equivalent at 6 million cubic feet = 1 thousand barrels.*

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

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

*Entitlements - Price, Spend and Other* are changes to ExxonMobil's share of production volumes resulting from temporary changes to non-operational volume-determining factors. Thes factors include changes in oil and gas prices or spending levels from one period to another. According to the terms of contractual arrangements or government royalty regimes, price c spending variability can increase or decrease royalty burdens and/or volumes attributable to ExxonMobil. For example, at higher prices, fewer barrels are required for ExxonMobil recover its costs. These effects generally vary from period to period with field spending patterns or market prices for oil and natural gas. Such factors can also include other tempora changes in net interest as dictated by specific provisions in production agreements.

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

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

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

| | Second Quarter | | First Six Months | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | | (millions of dollars) | | |
| **Downstream earnings** | | | | |
| United States | 412 | 412 | 599 | 979 |
| Non-U.S. | 413 | 1,094 | 1,132 | 2,194 |
| Total | 825 | 1,506 | 1,731 | 3,173 |

Downstream earnings were $825 million, down $681 million from the second quarter of 2015. Weaker refining margins decreased earnings by $850 million while favorable volume an mix effects increased earnings by $130 million. All other items increased earnings by $40 million, including lower maintenance expenses partly offset by unfavorable foreign exchang effects. Petroleum product sales of 5.5 million barrels per day were 237,000 barrels per day lower than the prior year due in part to asset management activity.

Earnings from the U.S. Downstream were $412 million, flat with the second quarter of 2015. Non-U.S. Downstream earnings of $413 million were $681 million lower than last year.

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Downstream earnings of $1,731 million for the first six months of 2016 decreased $1,442 million from 2015. Weaker refining margins decreased earnings by $1.7 billion, while volum and mix effects increased earnings by $150 million. All other items increased earnings by $130 million, mainly reflecting lower maintenance expense. Petroleum product sales 5.4 million barrels per day were 358,000 barrels per day lower than 2015 due in part to asset management activity.

U.S. Downstream earnings were $599 million, a decrease of $380 million from 2015. Non-U.S. Downstream earnings were $1,132 million, down $1,062 million from the prior year.

| | Second Quarter | | First Six Months | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | | (millions of dollars) | | |
| **Chemical earnings** | | | | |
| United States | 509 | 735 | 1,090 | 1,34 |
| Non-U.S. | 708 | 511 | 1,482 | 88 |
| Total | 1,217 | 1,246 | 2,572 | 2,22 |

Chemical earnings of $1,217 million were $29 million lower than the second quarter of 2015. Margins increased earnings by $150 million. Volume and mix effects increased earnings b $70 million. All other items decreased earnings by $250 million, due to the absence of asset management gains in the U.S. partly offset by lower expenses. Second quarter prime produ sales of 6.3 million metric tons were 232,000 metric tons higher than the prior year's second quarter.

U.S. Chemical earnings were $509 million, down $226 million from the second quarter of 2015 reflecting the absence of asset management gains. Non-U.S. Chemical earnings $708 million were $197 million higher than last year.

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Chemical earnings of $2,572 million for the first six months of 2016 increased $344 million from 2015. Stronger margins increased earnings by $380 million. Favorable volume and m effects increased earnings by $170 million. All other items decreased earnings by $210 million, including the absence of asset management gains in the U.S. partly offset by low expenses. Prime product sales of 12.5 million metric tons were up 336,000 metric tons from 2015.

U.S. Chemical earnings were $1,090 million, down $250 million from the first half 2015 reflecting the absence of asset management gains. Non-U.S. Chemical earnings of $1,482 milli were $594 million higher than last year.

| | Second Quarter | | First Six Months | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | *(millions of dollars)* | | | |
| **Corporate and financing earnings** | (636) | (593) | (1,011) | (1,157 |

Corporate and financing expenses were $636 million for the second quarter of 2016, compared to $593 million in the second quarter of 2015.

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Corporate and financing expenses were $1,011 million in the first six months of 2016 compared to $1,157 million in 2015, with the decrease due mainly to net favorable tax-related items

## LIQUIDITY AND CAPITAL RESOURCES

| | Second Quarter | | First Six Months | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | | *(millions of dollars)* | | |
| Net cash provided by/(used in) | | | | |
| Operating activities | | | 9,331 | 16,79 |
| Investing activities | | | (7,496) | (12,84 |
| Financing activities | | | (1,251) | (4,04 |
| Effect of exchange rate changes | | | 69 | (17 |
| Increase/(decrease) in cash and cash equivalents | | | 653 | (27 |
| | | | | |
| Cash and cash equivalents (at end of period) | | | 4,358 | 4,34 |
| Cash and cash equivalents – restricted (at end of period) | | | - | 3 |
| Total cash and cash equivalents (at end of period) | | | 4,358 | 4,37 |
| | | | | |
| Cash flow from operations and asset sales | | | | |
| Net cash provided by operating activities (U.S. GAAP) | 4,519 | 8,792 | 9,331 | 16,79 |
| Proceeds associated with sales of subsidiaries, property, plant & equipment, and sales and returns of investments | 1,029 | 629 | 1,206 | 1,11 |
| Cash flow from operations and asset sales | 5,548 | 9,421 | 10,537 | 17,90 |

*Because of the ongoing nature of our asset management and divestment program, we believe it is useful for investors to consider proceeds associated with asset sales together with cash provided by operating activities when evaluating cash available for investment in the business and financing activities, including shareholder distributions.*

Cash flow from operations and asset sales in the second quarter of 2016 was $5.5 billion, including asset sales of $1 billion, a decrease of $3.9 billion from the comparable 2015 peri primarily due to lower earnings.

Cash provided by operating activities totaled $9.3 billion for the first six months of 2016, $7.5 billion lower than 2015. The major source of funds was net income including noncontrolli interests of $3.5 billion, a decrease of $5.9 billion from the prior year period. The adjustment for the noncash provision of $9.6 billion for depreciation and depletion increased by $0 billion. Changes in operational working capital decreased cash flows by $1.7 billion in 2016 and $1.5 billion in 2015. All other items net decreased cash by $2.0 billion in 2016 an increased cash by $0.2 billion in 2015. For additional details, see the Condensed Consolidated Statement of Cash Flows on page 6.

Investing activities for the first six months of 2016 used net cash of $7.5 billion, a decrease of $5.3 billion compared to the prior year. Spending for additions to property, plant an equipment of $8.9 billion was $5.1 billion lower than 2015. Proceeds from asset sales of $1.2 billion increased $0.1 billion.

Cash flow from operations and asset sales in the first six months of 2016 was $10.5 billion, including asset sales of $1.2 billion, and decreased $7.4 billion from the comparable 2015 peri primarily due to lower earnings.

During the first quarter of 2016, the Corporation issued $12.0 billion of long-term debt and used part of the proceeds to reduce short-term debt. Net cash used by financing activities w $1.3 billion in the first six months of 2016, $2.8 billion lower than 2015 reflecting the 2016 debt issuance and a lower level of purchases of shares of ExxonMobil stock in 2016.

During the first six months of 2016, Exxon Mobil Corporation purchased 9 million shares of its common stock for the treasury at a gross cost of $0.7 billion. These purchases were ma to acquire shares in conjunction with the company's benefit plans and programs. Shares outstanding decreased from 4,156 million at year-end to 4,147 million at the end of the secon quarter 2016. Purchases may be made in both the open market and through negotiated transactions, and may be increased, decreased or discontinued at any time without prior notice.

The Corporation distributed to shareholders a total of $3.1 billion in the second quarter of 2016 through dividends.

Total cash and cash equivalents of $4.4 billion at the end of the second quarter of 2016 was the same as at the end of the second quarter of 2015.

Total debt of $44.5 billion compared to $38.7 billion at year-end 2015. The Corporation's debt to total capital ratio was 20.1 percent at the end of the second quarter of 2016 compared t 18.0 percent at year-end 2015.

The Corporation has access to significant capacity of long-term and short-term liquidity. Internally generated funds are expected to cover the majority of financial requirement supplemented by long-term and short-term debt.

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 prograr dispositions will continue to be made from time to time which will result in either gains or losses. Additionally, the Corporation continues to evaluate opportunities to enhance its busines portfolio through acquisitions of assets or companies, and enters into such transactions from time to time. Key criteria for evaluating acquisitions include potential for future growth ar attractive current valuations. Acquisitions may be made with cash, shares of the Corporation's common stock, or both.

Litigation and other contingencies are discussed in Note 3 to the unaudited condensed consolidated financial statements.

**TAXES**

| | Second Quarter | | First Six Months | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | (millions of dollars) | | | |
| Income taxes | 715 | 2,692 | 664 | 4,252 |
| *Effective income tax rate* | *40%* | *45%* | *31%* | *39%* |
| Sales-based taxes | 5,435 | 5,965 | 10,250 | 11,495 |
| All other taxes and duties | 7,291 | 7,595 | 14,022 | 14,869 |
| Total | 13,441 | 16,252 | 24,936 | 30,616 |

Income, sales-based and all other taxes and duties totaled $13.4 billion for the second quarter of 2016, a decrease of $2.8 billion from 2015. Income tax expense decreased by $2.0 billic to $0.7 billion reflecting lower pre-tax income. The effective income tax rate was 40 percent compared to 45 percent in the prior year period due to a higher share of earnings in lower ta jurisdictions. Sales-based taxes and all other taxes and duties decreased by $0.8 billion to $12.7 billion as a result of lower sales realizations.

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Income, sales-based and all other taxes and duties totaled $24.9 billion for the first six months of 2016, a decrease of $5.7 billion from 2015. Income tax expense decreased by $3.6 billic to $0.7 billion as a result of lower earnings and a lower effective tax rate. The effective income tax rate was 31 percent compared to 39 percent in the prior year period due to a higher sha of earnings in lower tax jurisdictions. Sales-based and all other taxes decreased by $2.1 billion to $24.3 billion as a result of lower sales realizations.

In the United States, the Corporation has various U.S. federal income tax positions at issue with the Internal Revenue Service (IRS) for tax years 2006-2011. The IRS has asserte penalties for all years associated with several of those positions. The Corporation has not recognized the penalties as an expense because, in the Corporation's judgment, the IRS shoul not be able to sustain the penalty under applicable law. Unfavorable resolution of these issues would not have a materially adverse effect on the Corporation's net income or liquidity. Th IRS has not completed its audit of tax years after 2011.

**CAPITAL AND EXPLORATION EXPENDITURES**

| | Second Quarter | | First Six Months | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | (millions of dollars) | | | |
| Upstream (including exploration expenses) | 3,919 | 6,746 | 7,898 | 13,163 |
| Downstream | 642 | 627 | 1,170 | 1,248 |
| Chemical | 563 | 828 | 1,174 | 1,482 |
| Other | 34 | 60 | 43 | 72 |
| Total | 5,158 | 8,261 | 10,285 | 15,965 |

Capital and exploration expenditures in the second quarter of 2016 were $5.2 billion, down 38 percent from the second quarter of 2015.

Capital and exploration expenditures in the first six months of 2016 were $10.3 billion, down 36 percent from the first six months of 2015 due primarily to lower major project spendin Given recent efficiencies, market capture, and project selectivity, the Corporation anticipates a 2016 investment level below the $23.2 billion target that was referenced last quarter. Actua spending could vary depending on the progress of individual projects and property acquisitions.

In 2014, the European Union and United States imposed sanctions relating to the Russian energy sector. ExxonMobil continues to comply with all sanctions and regulatory licens applicable to its affiliates' investments in the Russian Federation.

**RECENTLY ISSUED ACCOUNTING STANDARDS**

In May 2014, the Financial Accounting Standards Board issued a new standard, *Revenue from Contracts with Customers.* The standard establishes a single revenue recognition model fo all contracts with customers, eliminates industry specific requirements, and expands disclosure requirements. The standard is required to be adopted beginning January 1, 2018.

“Sales and other operating revenue” on the Consolidated Statement of Income includes sales, excise and value-added taxes on sales transactions. When the Corporation adopts th standard, revenue will exclude sales-based taxes collected on behalf of third parties. This change in reporting will not impact earnings.

The Corporation continues to evaluate other areas of the standard and its effect on the Corporation’s financial statements.

In February 2016, the Financial Accounting Standards Board issued a new standard, *Leases*. The standard requires all leases with an initial term greater than one year be recorded on th balance sheet as an asset and a lease liability. The standard is required to be adopted beginning January 1, 2019. ExxonMobil is evaluating the standard and its effect on the Corporation financial statements.

**FORWARD-LOOKING STATEMENTS**

Statements relating to future plans, projections, events or conditions are forward-looking statements. Actual financial and operating results, including project plans, costs, timing, an capacities; capital and exploration expenditures; resource recoveries; and share purchase levels, could differ materially due to factors including: changes in oil or gas prices or other mark or economic conditions affecting the oil and gas industry, including the scope and duration of economic recessions; the outcome of exploration and development efforts; changes in law o government regulation, including tax and environmental requirements; the impact of fiscal and commercial terms; changes in technical or operating conditions; and other factors discusse under the heading "Factors Affecting Future Results" in the “Investors” section of our website and in Item 1A of ExxonMobil's 2015 Form 10-K. We assume no duty to update thes statements as of any future date.

The term “project” as used in this report can refer to a variety of different activities and does not necessarily have the same meaning as in any government payment transparency reports.

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

Information about market risks for the six months ended June 30, 2016, does not differ materially from that discussed under Item 7A of the registrant's Annual Report on Form 10-K fo 2015.

**Item 4. Controls and Procedures**

As indicated in the certifications in Exhibit 31 of this report, the Corporation’s Chief Executive Officer, Principal Financial Officer and Principal Accounting Officer have evaluated th Corporation’s disclosure controls and procedures as of June 30, 2016. Based on that evaluation, these officers have concluded that the Corporation’s disclosure controls and procedures ar effective in ensuring that information required to be disclosed by the Corporation in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, accumulated and communicated to them in a manner that allows for timely decisions regarding required disclosures and are effective in ensuring that such information is recorde processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms. There were no changes during the Corporation’s las fiscal quarter that materially affected, or are reasonably likely to materially affect, the Corporation’s internal control over financial reporting.

## PART II. OTHER INFORMATION

**Item 1. Legal Proceedings**

As last reported in the Corporation’s Form 10-Q for the first quarter of 2016, in a matter related to the discharge of crude oil from the Pegasus Pipeline in Mayflower, Faulkner County Arkansas, the Pipeline and Hazardous Materials Safety Administration (PHMSA) on October 1, 2015, issued a Final Order arising from a November 2013 Notice of Probable Violatio alleging that ExxonMobil Pipeline Company (EMPCo) violated multiple federal Pipeline Safety Regulations. The Final Order imposed a penalty of $2,630,400, which EMPCo paid c April 21, 2016. On June 27, 2016, EMPCo filed an appeal with the U.S. Court of Appeals for the Fifth Circuit, contesting PHMSA’s regulatory findings and compliance order directive and seeking a refund of the penalty paid.

As reported in the Corporation’s Form 10-Q for the first quarter of 2016, in the civil action filed by the Illinois Attorney General and Will County State’s Attorney relating to an Octobe 18, 2012, release of oil mist from a pressure relief valve associated with the coker unit at ExxonMobil Oil Corporation’s (EMOC) Joliet Refinery, the parties agreed to resolve and settle a remaining issues. The final consent order was approved and entered by the Will County Court on May 4, 2016, and EMOC has paid the $300,000 penalty and reimbursed $26,000 to th Illinois Environmental Protection Agency for expenses incurred. Additionally, EMOC is required to complete a coker unit project by December 31, 2018.

As last reported in the Corporation’s Form 10-Q for the first quarter of 2016, on April 1, 2016, EMOC and the South Coast Air Quality Management District (SCAQMD) of Californi agreed to settle all alleged violations resulting from a rapid overpressure that occurred at the Torrance Refinery’s electrostatic precipitators on February 18, 2015, which resulted in release of catalyst dust into the air, as well as alleged violations resulting from the subsequent start-up of the fluid catalytic cracking unit. EMOC paid $4,712,500 ($2,356,250 in civ penalties and $2,356,250 to a Supplemental Environmental Project (SEP) fund set up by the SCAQMD) on April 13, 2016. Additionally, EMOC paid a penalty of $830,000 on June 2( 2016 (at the previously agreed-upon rate, and equally split between civil penalties and the SEP fund) related to the start-up process.

Refer to the relevant portions of Note 3 of this Quarterly Report on Form 10-Q for further information on legal proceedings.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

**Issuer Purchase of Equity Securities for Quarter Ended June 30, 2016**

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| April 2016 | - | | - | |
| May 2016 | - | | - | |
| June 2016 | - | | - | |
| Total | - | | - | (See Note 1) |

During the second quarter, the Corporation did not purchase any shares of its common stock for the treasury.

Note 1 - On August 1, 2000, the Corporation announced its intention to resume purchases of shares of its common stock for the treasury both to offset shares issued in conjunction wit company benefit plans and programs and to gradually reduce the number of shares outstanding. The announcement did not specify an amount or expiration date. The Corporation ha continued to purchase shares since this announcement and to report purchased volumes in its quarterly earnings releases. In its earnings release dated February 2, 2016, the Corporatic stated it will continue to acquire shares to offset dilution in conjunction with benefit plans and programs, but had suspended making purchases to reduce shares outstanding effectiv beginning the first quarter of 2016.

**Item 6. Exhibits**

| Exhibit | Description |
|---|---|
| 31.1 | Certification (pursuant to Securities Exchange Act Rule 13a-14(a)) by Chief Executive Officer. |
| 31.2 | Certification (pursuant to Securities Exchange Act Rule 13a-14(a)) by Principal Financial Officer. |
| 31.3 | Certification (pursuant to Securities Exchange Act Rule 13a-14(a)) by Principal Accounting Officer. |
| 32.1 | Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Chief Executive Officer. |
| 32.2 | Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Principal Financial Officer. |
| 32.3 | Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Principal Accounting Officer. |
| 101 | Interactive Data Files. |

**EXXON MOBIL CORPORATION**

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**EXXON MOBIL CORPORATION**

| | | |
|---|---|---|
| Date: August 3, 2016 | By: | /s/ DAVID S. ROSENTHAL |
| | | David S. Rosenthal<br>Vice President, Controller and<br>Principal Accounting Officer |

**INDEX TO EXHIBITS**

| Exhibit | Description |
|---|---|
| 31.1 | Certification (pursuant to Securities Exchange Act Rule 13a-14(a)) by Chief Executive Officer. |
| 31.2 | Certification (pursuant to Securities Exchange Act Rule 13a-14(a)) by Principal Financial Officer. |
| 31.3 | Certification (pursuant to Securities Exchange Act Rule 13a-14(a)) by Principal Accounting Officer. |
| 32.1 | Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Chief Executive Officer. |
| 32.2 | Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Principal Financial Officer. |
| 32.3 | Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Principal Accounting Officer. |
| 101 | Interactive Data Files. |

**EXHIBIT 31.**

**Certification by Rex W. Tillerson**
**Pursuant to Securities Exchange Act Rule 13a-14(a)**

I, Rex W. Tillerson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exxon Mobil Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, result operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) a 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material informat relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is be prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasona assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accoun principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure cont and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registra fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over finan reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2016

/s/ REX W. TILLERSON
Rex W. Tillerson
Chief Executive Officer

**EXHIBIT 31.**

**Certification by Andrew P. Swiger**
**Pursuant to Securities Exchange Act Rule 13a-14(a)**

I, Andrew P. Swiger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exxon Mobil Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, result operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) a 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material informat relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is be prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasona assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accoun principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure cont and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registra fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over finan reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2016

/s/ ANDREW P. SWIGER
Andrew P. Swiger
Senior Vice President
(Principal Financial Officer)

**EXHIBIT 31.**

**Certification by David S. Rosenthal**
**Pursuant to Securities Exchange Act Rule 13a-14(a)**

I, David S. Rosenthal, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exxon Mobil Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, result operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) a 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material informat relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is be prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasona assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accoun principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure cont and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registra fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over finan reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2016

/s/ DAVID S. ROSENTHAL
David S. Rosenthal
Vice President and Controller
(Principal Accounting Officer)

**EXHIBIT 32.**

**Certification of Periodic Financial Report**
**Pursuant to 18 U.S.C. Section 1350**

For purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Rex W. Tillerson, the chief executive officer of Exxo Mobil Corporation (the “Company”), hereby certifies that, to his knowledge:

(i) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the “Report”) f complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 3, 2016

/s/ REX W. TILLERSON
Rex W. Tillerson
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Exxon Mobil Corporation and will be retained by Exxon Mobil Corporation and furnished to th Securities and Exchange Commission or its staff upon request.

**EXHIBIT 32.**

**Certification of Periodic Financial Report**
**Pursuant to 18 U.S.C. Section 1350**

For purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Andrew P. Swiger, the principal financial officer o Exxon Mobil Corporation (the "Company"), hereby certifies that, to his knowledge:

(i) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report") fi complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 3, 2016

/s/ ANDREW P. SWIGER

Andrew P. Swiger
Senior Vice President
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Exxon Mobil Corporation and will be retained by Exxon Mobil Corporation and furnished to th Securities and Exchange Commission or its staff upon request.

**EXHIBIT 32.**

**Certification of Periodic Financial Report**
**Pursuant to 18 U.S.C. Section 1350**

For purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, David S. Rosenthal, the principal accounting officer o Exxon Mobil Corporation (the "Company"), hereby certifies that, to his knowledge:

(i) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report") fi complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 3, 2016

/s/ DAVID S. ROSENTHAL

David S. Rosenthal
Vice President and Controller
(Principal Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Exxon Mobil Corporation and will be retained by Exxon Mobil Corporation and furnished to th Securities and Exchange Commission or its staff upon request.