

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

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

For the quarterly period ended September 30, 1999

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 CORPORATION

\_\_\_\_\_  
(Exact name of registrant as specified in its charter)

NEW JERSEY

13-5409005

\_\_\_\_\_  
(State or other jurisdiction of  
incorporation or organization)

\_\_\_\_\_  
(I.R.S. Employer  
Identification Number)

5959 Las Colinas Boulevard, Irving, Texas

75039-2298

\_\_\_\_\_  
(Address of principal executive offices)

\_\_\_\_\_  
(Zip Code)

(972) 444-1000

\_\_\_\_\_  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No .

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

Class	Outstanding as of September 30, 1999
Common stock, without par value	2,427,785,330

EXXON CORPORATION

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1999

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## EXXON CORPORATION

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	1999	1998	1999	1998
REVENUE	_____	_____	_____	_____
Sales and other operating revenue, including excise taxes	\$32,775	\$27,907	\$88,010	\$86,047
Earnings from equity interests and other revenue	297	589	1,368	1,778
Total revenue	<u>33,072</u>	<u>28,496</u>	<u>89,378</u>	<u>87,825</u>
COSTS AND OTHER DEDUCTIONS	_____	_____	_____	_____
Crude oil and product purchases	14,867	10,973	37,265	34,463
Operating expenses	3,085	2,744	8,350	8,419
Selling, general and administrative expenses	1,785	2,106	6,375	6,289
Depreciation and depletion	1,319	1,290	4,194	3,980
Exploration expenses, including dry holes	146	202	421	623
Interest expense	58	6	197	66
Excise taxes	3,760	3,395	10,718	10,449
Other taxes and duties	5,793	5,699	16,986	16,400
Income applicable to minority and preferred interests	30	41	(31)	129
Total costs and other deductions	<u>30,843</u>	<u>26,456</u>	<u>84,475</u>	<u>80,818</u>
INCOME BEFORE INCOME TAXES	<u>2,229</u>	<u>2,040</u>	<u>4,903</u>	<u>7,007</u>
Income taxes	729	640	1,178	2,097
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	<u>1,500</u>	<u>1,400</u>	<u>3,725</u>	<u>4,910</u>
Cumulative effect of accounting change	-	-	-	(70)
NET INCOME	<u>\$ 1,500</u>	<u>\$ 1,400</u>	<u>\$ 3,725</u>	<u>\$ 4,840</u>
NET INCOME PER COMMON SHARE (DOLLARS)	=====	=====	=====	=====
Before cumulative effect of accounting change	\$ 0.62	\$ 0.58	\$ 1.54	\$ 2.01
Cumulative effect of accounting change	-	-	-	(0.03)
Net Income	<u>\$ 0.62</u>	<u>\$ 0.58</u>	<u>\$ 1.54</u>	<u>\$ 1.98</u>
NET INCOME PER COMMON SHARE - ASSUMING DILUTION (DOLLARS)	=====	=====	=====	=====
Before cumulative effect of accounting change	\$ 0.61	\$ 0.58	\$ 1.52	\$ 1.99
Cumulative effect of accounting change	-	-	-	(0.03)
Net Income	<u>\$ 0.61</u>	<u>\$ 0.58</u>	<u>\$ 1.52</u>	<u>\$ 1.96</u>
Dividends per common share	<u>\$ 0.41</u>	<u>\$ 0.41</u>	<u>\$ 1.23</u>	<u>\$ 1.23</u>

EXXON CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEET  
(millions of dollars)

	Sept. 30,	Dec. 31,
	1999	1998
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,151	\$ 1,441
Other marketable securities	39	20
Notes and accounts receivable - net	10,778	9,512
Inventories		
Crude oil, products and merchandise	4,220	4,896
Materials and supplies	675	709
Prepaid taxes and expenses	1,185	1,015
Total current assets	18,048	17,593
Property, plant and equipment - net	65,999	65,199
Investments and other assets	10,347	9,838
<b>TOTAL ASSETS</b>	\$94,394	\$92,630
<b>LIABILITIES</b>		
Current liabilities		
Notes and loans payable	\$ 4,820	\$ 4,248
Accounts payable and accrued liabilities	15,410	13,825
Income taxes payable	1,349	1,339
Total current liabilities	21,579	19,412
Long-term debt	4,425	4,530
Annuity reserves, deferred credits and other liabilities	24,556	24,938
<b>TOTAL LIABILITIES</b>	50,560	48,880
<b>SHAREHOLDERS' EQUITY</b>		
Preferred stock, without par value:		
Authorized: 200 million shares		
Outstanding: 1 million shares at Sept. 30, 1999	31	
2 million shares at Dec. 31, 1998		105
Guaranteed LESOP obligation	-	(125)
Common stock, without par value:		
Authorized: 3,000 million shares		
Issued: 2,984 million shares	2,323	2,323
Earnings reinvested	55,312	54,575
Accumulated other nonowner changes in equity		
Cumulative foreign exchange translation adjustment	(1,040)	(641)
Minimum pension liability adjustment	(282)	(282)
Common stock held in treasury:		
556 million shares at Sept. 30, 1999	(12,510)	
556 million shares at Dec. 31, 1998		(12,205)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	43,834	43,750
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	\$94,394	\$92,630

The number of shares of common stock issued and outstanding at September 30, 1999 and December 31, 1998 were 2,427,785,330 and 2,427,787,109, respectively.

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

	Nine Months Ended September 30,	
	1999	1998
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 3,725	\$ 4,840
Depreciation and depletion	4,194	3,980
Changes in operational working capital, excluding cash and debt	675	563
All other items - net	(737)	(31)
Net Cash Provided By Operating Activities	7,857	9,352
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(5,775)	(5,835)
Sales of subsidiaries and property, plant and equipment	496	303
Other investing activities - net	72	(17)
Net Cash Used In Investing Activities	(5,207)	(5,549)
<b>NET CASH GENERATION BEFORE FINANCING ACTIVITIES</b>	2,650	3,803
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Additions to long-term debt	10	7
Reductions in long-term debt	(197)	(116)
Additions/(reductions) in short-term debt - net	642	(244)
Cash dividends to Exxon shareholders	(2,989)	(3,014)
Cash dividends to minority interests	(62)	(62)
Changes in minority interests and sales/(purchases) of affiliate stock	44	(95)
Acquisitions of Exxon shares - net	(414)	(2,236)
Net Cash Used In Financing Activities	(2,966)	(5,760)
Effects Of Exchange Rate Changes On Cash	26	10
Increase/(Decrease) In Cash And Cash Equivalents	(290)	(1,947)
Cash And Cash Equivalents At Beginning Of Period	1,441	4,047
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	\$ 1,151	\$ 2,100
<b>SUPPLEMENTAL DISCLOSURES</b>		
Income taxes paid	\$ 1,169	\$ 1,727
Cash interest paid	\$ 247	\$ 463

EXXON 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 1998 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.

During the fourth quarter of 1998, Exxon de-consolidated the majority owned power companies in Hong Kong and China. These financial statements reflect the de-consolidation of these companies retroactive to January 1, 1998. These affiliates are now accounted for as equity companies in compliance with the Financial Accounting Standards Board Emerging Issues Task Force ruling on Issue No. 96-16, which requires equity company reporting for a majority owned affiliate when minority shareholders possess the right to participate in significant management decisions. Exxon's 1998 net income was not affected by the de-consolidation. The effect on Exxon's January 1, 1998 consolidated balance sheet related to the de-consolidation was a decrease in total assets of \$3.6 billion, including \$4.2 billion of net property, plant and equipment and a decrease in total liabilities of \$3.6 billion, including \$2.5 billion of short and long-term debt.

The American Institute of Certified Public Accountants' Statement of Position 98-5, "Reporting on the Costs of Start-up Activities", was implemented in the fourth quarter of 1998, effective as of January 1, 1998. This statement requires that costs of start-up activities and organizational costs be expensed as incurred. The cumulative effect of this accounting change on years prior to 1998 was a charge of \$70 million (net of \$70 million income tax effect), or \$0.03 per common share, that was reflected in the first quarter of 1998. This new accounting requirement did not have a significant effect on 1998 income before the cumulative effect of the accounting change.

2. Recently Issued Statements of Financial Accounting Standards

In June 1998, the Financial Accounting Standards Board released Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities Information." This statement establishes accounting and reporting standards for derivative instruments. The statement requires that an entity recognize all derivatives as either assets or liabilities in the financial statements and measure those instruments at fair value, and it defines the accounting for changes in the fair value of the derivatives depending on the intended use of the derivative. As amended by Financial Accounting Standards Board Statement No. 137 issued in June 1999, Statement No. 133 must be adopted beginning no later than 2001. No decision has been made as to whether the corporation will adopt this standard before 2001. Adoption of this statement is not expected to have a material effect upon the corporation's operations or financial condition.

EXXON CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. Litigation and Other Contingencies

A number of lawsuits, including class actions, were brought in various courts against Exxon Corporation and certain of its subsidiaries relating to the accidental release of crude oil from the tanker Exxon Valdez in 1989. Essentially all of these lawsuits have now been resolved or are subject to appeal.

On September 24, 1996, the United States District Court for the District of Alaska entered a judgment in the amount of \$5.058 billion in the Exxon Valdez civil trial that began in May 1994. The District Court awarded approximately \$19.6 million in compensatory damages to fisher plaintiffs, \$38 million in prejudgment interest on the compensatory damages and \$5 billion in punitive damages to a class composed of all persons and entities who asserted claims for punitive damages from the corporation as a result of the Exxon Valdez grounding. The District Court also ordered that these awards shall bear interest from and after entry of the judgment. The District Court stayed execution on the judgment pending appeal based on a \$6.75 billion letter of credit posted by the corporation. Exxon has appealed the judgment. Exxon has also appealed the District Court's denial of its renewed motion for a new trial. The Ninth Circuit heard oral arguments on the appeals on May 3, 1999. The corporation continues to believe that the punitive damages in this case are unwarranted and that the judgment should be set aside or substantially reduced by the appellate courts.

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

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

In each of the years 1999, 1998 and 1997, \$70 million in payments were made under the October 8, 1991 civil agreement and consent decree with the U.S. and Alaska governments. These payments were charged against the provision that was previously established to cover the costs of the settlement.

German and Dutch affiliated companies are the concessionaires of a natural gas field subject to a treaty between the governments of Germany and the Netherlands under which the gas reserves in an undefined border or common area were to be shared equally. Entitlement to the reserves was to be determined by calculating the amount of gas which could be recovered from the area. Based on the final reserve determination, the German affiliate received more gas than its entitlement. Arbitration proceedings, as provided in the agreements, were conducted to resolve issues concerning the compensation for the overlifted gas.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

By final award, dated July 2, 1999, preceded by an interim award in 1996, an arbitral tribunal established the full amount of the compensation for the excess gas. This amount has now been paid, but the Dutch affiliate is seeking to have the award set aside. Other substantive matters remain outstanding, including recovery of royalties paid on such excess gas and the taxes payable on the final compensation amount. The net financial impact on the corporation of these items is not possible to predict at this time. However, the ultimate outcome is not expected to have a materially adverse effect upon the corporation's operations or financial condition.

The U.S. Tax Court has decided the issue with respect to the pricing of crude oil purchased from Saudi Arabia for the years 1979-1981 in favor of the corporation. This decision is subject to appeal. Certain other issues for the years 1979-1988 remain pending before the Tax Court. The ultimate resolution of these issues is not expected to have a materially adverse effect upon the corporation's operations or financial condition.

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

The corporation and certain of its consolidated subsidiaries are directly and indirectly contingently liable for amounts similar to those at the prior year-end relating to guarantees for notes, loans and performance under contracts, including guarantees of non-U.S. excise taxes and customs duties of other companies, entered into as a normal business practice, under reciprocal arrangements.

Additionally, the corporation and its affiliates have numerous long-term sales and purchase commitments in their various business activities, all of which are expected to be fulfilled with no adverse consequences material to the corporation's operations or financial condition.

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

4. Nonowner Changes in Shareholders' Equity

The total nonowner changes in shareholders' equity for the three months ended September 30, 1999 and 1998 were \$2,059 million and \$1,978 million, respectively. The total nonowner changes in shareholders' equity for the nine months ended September 30, 1999 and 1998 were \$3,326 million and \$5,113 million, respectively. Total nonowner changes in shareholders' equity include net income and the change in the cumulative foreign exchange translation adjustment and minimum pension liability adjustment components of shareholders' equity.



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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. Earnings Per Share

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
	_____	_____	_____	_____
	(millions of dollars, except per share amounts and shares in millions)			
NET INCOME PER COMMON SHARE				
Income before cumulative effect of accounting change	\$1,500	\$1,400	\$3,725	\$4,910
Less: Preferred stock dividends	-	(2)	(3)	(8)
Income available to common shares	<u>\$1,500</u>	<u>\$1,398</u>	<u>\$3,722</u>	<u>\$4,902</u>
	=====	=====	=====	=====
Weighted average number of common shares outstanding	2,428	2,435	2,428	2,443
Net income per common share				
Before cumulative effect of accounting change	\$ 0.62	\$ 0.58	\$ 1.54	\$ 2.01
Cumulative effect of accounting change	-	-	-	(0.03)
Net income	<u>\$ 0.62</u>	<u>\$ 0.58</u>	<u>\$ 1.54</u>	<u>\$ 1.98</u>
	=====	=====	=====	=====
NET INCOME PER COMMON SHARE - ASSUMING DILUTION				
Income before cumulative effect of accounting change	\$1,500	\$1,400	\$3,725	\$4,910
Weighted average number of common shares outstanding	2,428	2,435	2,428	2,443
Plus: Issued on assumed exercise of stock options	27	26	26	26
Plus: Assumed conversion of preferred stock	1	4	1	4
Weighted average number of common shares outstanding	<u>2,456</u>	<u>2,465</u>	<u>2,455</u>	<u>2,473</u>
	=====	=====	=====	=====
Net income per common share				
Before cumulative effect of accounting change	\$ 0.61	\$ 0.58	\$ 1.52	\$ 1.99
Cumulative effect of accounting change	-	-	-	(0.03)
Net income	<u>\$ 0.61</u>	<u>\$ 0.58</u>	<u>\$ 1.52</u>	<u>\$ 1.96</u>
	=====	=====	=====	=====

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. Disclosures about Segments and Related Information

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
	_____	_____	_____	_____
	(millions of dollars)			
<b>EARNINGS AFTER INCOME TAX</b>				
(Before the cumulative effect of accounting change)				
Exploration and Production				
United States	\$ 451	\$ 211	\$ 856	\$ 625
Non-U.S.	563	274	1,488	1,454
Refining and Marketing				
United States	118	142	214	468
Non-U.S.	19	439	207	1,347
Chemicals				
United States	187	181	545	579
Non-U.S.	116	120	337	391
All Other	46	33	78	46
Corporate Total	<u>\$ 1,500</u>	<u>\$ 1,400</u>	<u>\$ 3,725</u>	<u>\$ 4,910</u>
	=====	=====	=====	=====
<b>SALES AND OTHER OPERATING REVENUE</b>				
Exploration and Production				
United States	\$ 655	\$ 524	\$ 1,689	\$ 1,703
Non-U.S.	2,038	1,616	5,442	5,702
Refining and Marketing				
United States	5,340	3,619	13,193	11,870
Non-U.S.	21,732	19,412	59,667	58,154
Chemicals				
United States	1,381	1,119	3,668	3,542
Non-U.S.	1,399	1,407	3,726	4,446
All Other	230	210	625	630
Corporate Total	<u>\$32,775</u>	<u>\$27,907</u>	<u>\$88,010</u>	<u>\$86,047</u>
	=====	=====	=====	=====
<b>INTERSEGMENT REVENUE</b>				
Exploration and Production				
United States	\$ 954	\$ 603	\$ 2,215	\$ 1,887
Non-U.S.	878	606	2,201	1,913
Refining and Marketing				
United States	470	346	1,165	1,094
Non-U.S.	650	539	1,676	1,599
Chemicals				
United States	308	405	909	1,211
Non-U.S.	226	182	559	555
All Other	26	32	82	101

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7. Restructuring Charge

In the first quarter of 1999 the company recorded a \$120 million after-tax charge for the restructuring of Japanese refining and marketing operations in its wholly owned Esso Sekiyu K.K. and 50.1 percent owned General Sekiyu K.K. affiliates. The restructuring resulted in the reduction of approximately 700 administrative, financial, logistics and marketing service employee positions during the quarter. The Japanese affiliates recorded a combined charge of \$216 million (before tax) to selling, general and administrative expenses for the employee related costs. Substantially all cash expenditures anticipated in the restructuring provision have been paid as of September 30, 1999. General Sekiyu also recorded a \$211 million (before tax) charge to depreciation and depletion for the write-off of costs associated with the cancellation of a power plant project at the Kawasaki terminal.

EXXON CORPORATION

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

FUNCTIONAL EARNINGS SUMMARY

	Third Quarter		First Nine Months	
	1999	1998	1999	1998
(millions of dollars)				
Petroleum and natural gas				
Exploration and production				
United States	\$ 451	\$ 211	\$ 856	\$ 625
Non-U.S.	563	274	1,488	1,454
Refining and marketing				
United States	118	142	214	468
Non-U.S.	19	439	207	1,347
Total petroleum and natural gas	<u>1,151</u>	<u>1,066</u>	<u>2,765</u>	<u>3,894</u>
Chemicals				
United States	187	181	545	579
Non-U.S.	116	120	337	391
Other operations	108	102	290	294
Corporate and financing	(62)	(69)	(212)	(248)
Earnings before accounting change	<u>\$1,500</u>	<u>\$1,400</u>	<u>\$3,725</u>	<u>\$4,910</u>
Cumulative effect of accounting change	0	0	0	(70)
NET INCOME	<u>\$1,500</u>	<u>\$1,400</u>	<u>\$3,725</u>	<u>\$4,840</u>

THIRD QUARTER 1999 COMPARED WITH THIRD QUARTER 1998

Exxon Corporation estimated third quarter 1999 net income of \$1,500 million, up 7 percent from \$1,400 million in the third quarter of 1998. On a per share basis, quarterly net income was \$0.61 per share compared to \$0.58 per share in last year's third quarter.

Exxon's net income of \$1.5 billion increased \$100 million from the third quarter of 1998. The improvement was driven by higher crude prices, which were up about \$8 per barrel on average. Upstream earnings more than doubled compared to last year's third quarter and represented the highest third quarter upstream results in 15 years. Record chemicals sales volumes and reduced operating expenses across the segments also benefited earnings. However, depressed downstream margins in all geographic areas, weaker chemicals margins and lower coal prices continued to negatively affect total results. Unfavorable foreign exchange effects also lowered earnings. With the improvement in oil prices, third quarter results exceeded the second quarter of 1999 by \$295 million or 24 percent, in contrast to the seasonal earnings decline normally seen from the second to the third quarter of each year.

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Third quarter crude oil prices were up about \$5 per barrel from the second quarter of this year. U.S. gas prices also improved almost \$0.50 per kcf (thousand cubic feet) from the second quarter. However, natural gas prices were still depressed in Europe as the impact of rising crude and petroleum product reference prices have not yet been reflected in contractual prices. As crude prices increased rapidly during the quarter, downstream earnings decreased substantially versus the same period last year, reflecting the inability to raise product prices in line with rising crude prices. Downstream margins in all markets were depressed. International downstream earnings were also adversely affected by foreign exchange effects. As a result of these factors, third quarter downstream earnings, excluding non-recurring items, were the lowest quarterly results in over a decade. Chemicals earnings were up slightly, as record quarterly sales volumes and lower operating expenses offset the impact of higher feedstock costs which depressed margins. Earnings from other operations also improved slightly due to higher copper prices and volumes and lower operating expenses.

During the quarter, Exxon continued its active investment program, spending nearly \$2.0 billion on capital and exploration projects.

OTHER COMMENTS ON THIRD QUARTER COMPARISON

Exploration and production earnings benefited from rising crude oil prices, which averaged about \$8 per barrel more than the third quarter of 1998. Natural gas prices were higher in the U.S., but were lower in Europe. Exploration and producing expenses were reduced versus the prior year.

Liquids production decreased to 1,514 kbd (thousand barrels per day) compared to 1,553 kbd in the third quarter of 1998, primarily due to lower liftings in Alaska, Malaysia and Canada. The decline was partly offset by production from new developments in the North Sea, the Gulf of Mexico and Azerbaijan. Fourth quarter production is expected to increase due to the start-up of new developments in Norway. Production from the Balder field began at the end of September and the Jotun development started up at the end of October. Third quarter natural gas production of 5,078 mcf/d (million cubic feet per day) was down 129 mcf/d from the prior year.

Earnings from U.S. exploration and production were \$451 million, an increase of \$240 million from last year. Outside the U.S., earnings from exploration and production were \$563 million, an increase of \$289 million from the third quarter of 1998.

Petroleum product sales of 5,431 kbd equaled last year's record third quarter results. Downstream earnings declined as petroleum product prices were not able to keep up with the steep increase in crude costs during the quarter. Downstream earnings outside the U.S. were also adversely affected by unfavorable foreign exchange effects.

In the U.S., refining and marketing earnings were \$118 million, down \$24 million from the prior year. Refining and marketing operations outside the U.S. earned \$19 million, a decrease of \$420 million from 1998.

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Chemicals earnings were \$303 million compared with \$301 million in the same quarter a year ago. Margins were compressed as feedstock costs increased faster than product prices. Prime product sales volumes of 4,596 kt (thousand metric tons) established a quarterly record and were 6 percent higher than the same period a year ago. Chemicals operating expenses were reduced from the prior year.

Earnings from other operations, including coal, minerals and power, totaled \$108 million, compared to \$102 million in the third quarter of 1998. Earnings improved on higher copper prices and volumes and continued reductions in operating expenses.

Corporate and financing expenses of \$62 million compared with \$69 million in the third quarter of last year.

During the third quarter of 1999, Exxon purchased 1.0 million shares of its common stock for the treasury at a cost of \$84 million, representing a continuation of purchases to offset shares issued in conjunction with the Company's benefit plans and programs. Purchases are made in open market and negotiated transactions and may be discontinued at any time. As a consequence of the proposed merger of Exxon and Mobil, the repurchase program to reduce the number of Exxon shares outstanding was discontinued in December of 1998.

FIRST NINE MONTHS 1999 COMPARED WITH FIRST NINE MONTHS 1998

Net income was \$3,725 million for the first nine months of 1999, a decrease of 23 percent from the \$4,840 million earned in 1998. Net income for the first nine months of 1999 included a \$120 million charge for the restructuring of Japanese operations, while the prior year period included a \$70 million charge relating to an accounting change. Excluding non-recurring items, net income for the first nine months of 1999 declined 22 percent to \$3,845 million or \$1.57 per share, compared to \$4,910 million or \$1.99 per share last year.

Exploration and production earnings have increased due to the improvement in crude prices. Crude oil realizations were up almost \$3 per barrel versus the first nine months of 1998. However, European gas prices were about 20 percent lower than the previous year. Liquids production of 1,544 kbd compared to 1,595 kbd in the same period of 1998, primarily due to natural field declines, steps to curtail marginal volumes in the low price environment of the first half of the year and lower liftings in Canada. Partly offsetting this was increased production from new developments in the North Sea, the Gulf of Mexico and Azerbaijan. Worldwide natural gas production of 6,008 mcf/d was essentially unchanged from the prior year. Exploration and producing expenses were reduced from prior year levels.

Earnings from U.S. exploration and production operations for the first nine months were \$856 million, an increase of \$231 million from 1998. Outside the U.S., exploration and production earnings were \$1,488 million, up \$34 million from last year.

Petroleum product sales of 5,443 kbd increased 30 kbd over last year, principally due to volume growth in North America. Earnings from U.S. refining and marketing operations were \$214 million, down \$254 million from 1998, reflecting the inability to pass through higher crude costs to the marketplace. Outside the U.S., refining and marketing earnings for the first nine months, excluding non-recurring items, decreased \$1,020 million to \$327 million, driven by much lower margins, higher planned maintenance activities and unfavorable foreign exchange effects. Reduced operating expenses provided some offset to these factors.

EXXON CORPORATION

Chemicals earnings totaled \$882 million for the first nine months of 1999 compared with \$970 million last year. Industry margins declined versus last year due to lower product prices and higher feedstock costs. Prime product sales volumes of 13,428 kt were a record for the first nine months and increased 4 percent over last year. Chemicals earnings also benefited from lower operating expenses.

Earnings from other operations totaled \$290 million, a decrease of \$4 million from the first nine months of 1998, reflecting depressed copper and coal prices, offset by reduced operating expenses and higher production volumes. 1999 year-to-date production volumes for copper and coal were at record levels. Corporate and financing expenses decreased \$36 million to \$212 million, reflecting lower tax-related charges. During the period, the company's operating segments continued to benefit from the impact of lower effective tax rates and the favorable resolution of tax-related issues.

Net cash generation before financing activities was \$2,650 million in the first nine months of 1999 versus \$3,803 million in the same period last year. Operating activities provided net cash of \$7,857 million, a decrease of \$1,495 million from the prior year influenced by lower net income. Investing activities used net cash of \$5,207 million or \$342 million less than a year ago, reflecting higher proceeds from asset sales.

Net cash used in financing activities was \$2,966 million in the first nine months of 1999 versus \$5,760 million in the same period last year, the decrease due to lower purchases of shares of Exxon common stock and an increase in the debt level in the current year versus a reduction in the debt level in the prior year period. During the first nine months of 1999, Exxon purchased 7.5 million shares of its common stock for the treasury at a cost of \$579 million, representing a continuation of purchases to offset shares issued in conjunction with the Company's benefit plans and programs. As a consequence of the proposed merger of Exxon and Mobil, the repurchase program to reduce the number of Exxon shares outstanding was discontinued in December of 1998.

Capital and exploration expenditures in this year's first nine months were \$6,602 million versus \$7,079 million a year ago.

Total debt of \$9.2 billion at September 30, 1999 increased \$0.5 billion from year-end 1998. The corporation's debt to total capital ratio was 16.8 percent at the end of the third quarter of 1999, compared to 16.2 percent at year-end 1998.

Over the twelve months ended September 30, 1999, return on average shareholders' equity was 12.0 percent. Return on average capital employed, which includes debt, was 10.3 percent over the same time period.

Although the corporation issues long-term debt from time to time and maintains a revolving commercial paper program, internally generated funds cover the majority of its financial requirements.

Litigation and other contingencies are discussed in note 3 to the unaudited condensed consolidated financial statements. There are no events or uncertainties known to management beyond those already included in reported financial information that would indicate a material change in future operating results or future financial condition.

The corporation, as part of its ongoing asset management program, continues to evaluate its mix of assets for potential upgrade. Because of the ongoing nature of this program, dispositions will continue to be made from time to time which will result in either gains or losses.

EXXON CORPORATION

YEAR 2000 ISSUE

The Year 2000 Issue is the result of computer programs being written using two digits rather than four to define a specific year. Absent corrective actions, a computer program that has date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failures or miscalculations causing disruptions to various activities and operations.

The corporation initiated assessments in prior years to identify the work efforts required to assure that systems supporting the business successfully operate beyond the turn of the century. The scope of this work effort encompasses business information systems, infrastructure, and technical and field systems, including systems utilizing embedded technology, such as microcontrollers. The program places particular emphasis on mission critical systems, defined as those which could have a significant safety, environmental or financial impact, should Year 2000 issues arise.

Plans for achieving Year 2000 compliance were finalized during 1997, and implementation work has been underway since then. The initial phases of this work, an inventory and assessment of potential problem areas in identified mission critical systems, are complete. The modification and testing phases related to identified mission critical systems are essentially complete. Attention has also been focused on compliance attainment efforts of vendors and others, including key system interfaces with customers and suppliers. Most key suppliers and business partners have been contacted for clarification of their Year 2000 plans and over 80 percent have confirmed that compliance plans are in place. Follow-up discussions are being held with key suppliers when necessary to gain satisfaction on their state of readiness. These reviews will continue through 1999. Testing of critical third party products and services is underway, including such areas as process control systems, credit card processing, banking transactions and telecommunications.

Notwithstanding the substantive work efforts described above, the corporation could potentially experience disruptions to some mission critical operations or deliveries to customers as a result of Year 2000 issues, particularly in the first few weeks of the year 2000. Such disruptions could include impacts from potentially non-compliant systems utilized by suppliers, customers, government entities or others. Given the diverse nature of Exxon's operations, the varying state of readiness of different countries and suppliers, and the interdependence of Year 2000 impacts, the potential financial impact or liability associated with such disruptions cannot be reasonably estimated.

Exxon operating sites around the world, including those in developing countries, are working with key suppliers in their respective countries to address Year 2000 issues. In addition, Year 2000 Business Contingency Guidelines are being used by operating organizations and affiliates, and include specific reference to areas such as transportation, telecommunications and utility services. Existing site contingency plans are being updated in order to attempt to mitigate the extent of potential disruption to business operations. This work is essentially complete with refinement of contingency plans continuing through 1999.



EXXON CORPORATION

Through September 30, 1999, about \$225 million of costs had been incurred in the corporation's efforts to achieve Year 2000 compliant systems. The total cost to the corporation of achieving Year 2000 compliant systems is currently estimated to be \$230 to \$250 million, primarily over the 1997-1999 timeframe, and is not expected to be a material incremental cost impacting Exxon's operations, financial condition or liquidity.

FORWARD-LOOKING STATEMENTS

Statements in this report regarding future events or conditions are forward-looking statements. Actual results, including projections of liquids production levels and the impact of the Year 2000 Issue, could differ materially due to, among other things, factors discussed in this report and in Item 1 of the corporation's most recent Annual Report on Form 10-K.

EXXON CORPORATION

SPECIAL ITEMS

	Third Quarter		First Nine Months	
	1999	1998	1999	1998
	(millions of dollars)			
REFINING & MARKETING Non-U.S. Restructuring	\$ 0	\$ 0	\$ (120)	\$ 0
TOTAL INCLUDED IN EARNINGS BEFORE ACCOUNTING CHANGE	<u>0</u>	<u>0</u>	<u>(120)</u>	<u>0</u>
CUMULATIVE EFFECT OF ACCOUNTING CHANGE	0	0	0	(70)
TOTAL INCLUDED IN NET INCOME	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (120)</u>	<u>\$ (70)</u>
	=====	=====	=====	=====

EXXON CORPORATION

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Information about market risks for the nine months ended September 30, 1999 does not differ materially from that discussed under Item 7A of the registrant's Annual Report on Form 10-K for 1998.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Refer to the relevant portions of Note 3 on pages 7 and 8 of this Quarterly Report on Form 10-Q for information on legal proceedings.

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

Exhibit 3(i) - Registrant's Restated Certificate of Incorporation, as restated September 15, 1999.

Exhibit 27 - Financial Data Schedule (included only in the electronic filing of this document).

b) Reports on Form 8-K

The registrant has not filed any reports on Form 8-K during the quarter.

EXXON 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 CORPORATION

Date: November 12, 1999

/s/ DONALD D. HUMPHREYS

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Donald D. Humphreys, Vice President, Controller  
and Principal Accounting Officer

EXXON CORPORATION

FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 1999

INDEX TO EXHIBITS

- 3(i). Registrant's Restated Certificate of Incorporation, as restated September 15, 1999.
- 27. Financial Data Schedule (included only in the electronic filing of this document).



RESTATED

CERTIFICATE OF INCORPORATION

of

EXXON CORPORATION

Exxon Corporation, a corporation organized and existing under the laws of the State of New Jersey, restates and integrates its Certificate of Incorporation, as heretofore restated and amended, to read in full as herein set forth:

FIRST. The name of the corporation is:

EXXON CORPORATION

SECOND. The address of the corporation's registered office is 830 Bear Tavern Road, West Trenton, New Jersey 08628-1020. The name of the corporation's registered agent at such address, upon whom process against the corporation may be served, is Corporation Service Company.

THIRD. The purposes for which the corporation is organized are to engage in any or all activities within the purposes for which corporations now or at any time hereafter may be organized under the New Jersey Business Corporation Act and under all amendments and supplements thereto, or any revision thereof or any statute enacted to take the place thereof, including but not limited to the following:

(1) To do all kinds of mining, manufacturing and trading business; transporting goods and merchandise by land or water in any manner; to buy, sell, lease and improve lands; to build houses, structures, vessels, cars, wharves, docks and piers; to lay and operate pipelines; to erect and operate telegraph and telephone lines and lines for conducting electricity; to enter into and carry out contracts of every kind pertaining to its business; to acquire, use, sell and grant licenses under patent rights; to purchase or otherwise acquire, hold, sell, assign and transfer shares of capital stock and bonds or other evidences of indebtedness of corporations, and to exercise all the privileges of ownership including voting upon the securities so held; to carry on its business and have offices and agencies therefor in all parts of the world; and to hold, purchase, mortgage and convey real estate and personal property within or without the State of New Jersey;

(2) To engage in any activities encompassed within this Article Third directly or through a subsidiary or subsidiaries and to take any and all acts deemed appropriate to promote the interests of such subsidiary or subsidiaries, including, without limiting the foregoing, the following: making contracts and incurring liabilities for the benefit of such subsidiary or subsidiaries; transferring or causing to be transferred to any such subsidiary or subsidiaries assets of this corporation; guaranteeing dividends on any shares of the capital stock of any such subsidiary; guaranteeing the principal and interest or either of the bonds, debentures, notes or other evidences of indebtedness issued or obligations incurred by any such subsidiary or

subsidiaries; securing said bonds, debentures, notes or other evidences of indebtedness so guaranteed by mortgage of or security interest in the property of this corporation; and contracting that said bonds, debentures, notes or other evidences of indebtedness so guaranteed, whether secured or not, may be convertible into shares of this corporation upon such terms and conditions as may be approved by the board of directors;

(3) To guarantee the bonds, debentures, notes or other evidences of indebtedness issued, or obligations incurred, by any corporation, partnership, limited partnership, joint venture or other association in which this corporation at the time such guarantee is made has a substantial interest or where such guarantee is otherwise in furtherance of the interests of this corporation; and

(4) To exercise as a purpose or purposes each power granted to

corporations by the New Jersey Business Corporation Act or by any amendment or supplement thereto or by any statute enacted to take the place thereof, insofar as such powers authorize or may hereafter authorize corporations to engage in activities.

FOURTH. The aggregate number of shares which the corporation shall have authority to issue is three billion two hundred million (3,200,000,000) shares, divided into two hundred million (200,000,000) shares of preferred stock without par value and three billion (3,000,000,000) shares of common stock without par value.

(1) The board of directors of the corporation is authorized at any time or from time to time (i) to divide the shares of preferred stock into classes and into series within any class or classes of preferred stock; (ii) to determine for any such class or series its designation, relative rights, preferences and limitations; (iii) to determine the number of shares in any such class or series (including a determination that such class or series shall consist of a single share); (iv) to increase the number of shares of any such class or series previously determined by it and to decrease such previously determined number of shares to a number not less than that of the shares of such class or series then outstanding; (v) to change the designation or number of shares, or the relative rights, preferences and limitations of the shares, of any theretofore established class or series no shares of which have been issued; and (vi) to cause to be executed and filed without further approval of the shareholders such amendment or amendments to the Restated Certificate of Incorporation as may be required in order to accomplish any of the foregoing. In particular, but without limiting the generality of the foregoing, the board of directors is authorized to determine with respect to the shares of any class or series of preferred stock:

(a) whether the holders thereof shall be entitled to cumulative, non-cumulative or partially cumulative dividends or to no dividends and, with respect to shares entitled to dividends, the dividend rate or rates (which may be fixed or variable and may be made dependent upon facts ascertainable outside of the Restated Certificate of Incorporation) and any other terms and conditions relating to such dividends;

(b) whether the holders thereof shall be entitled to receive dividends payable on a parity with or subordinate or in preference to the dividends payable on any other class or series of shares of the corporation;



(c) whether, and if so to what extent and upon what terms and conditions, the holders thereof shall be entitled to preferential rights upon the liquidation of, or upon any distribution of the assets of, the corporation;

(d) whether, and if so upon what terms and conditions, such shares shall be convertible into other securities;

(e) whether, and if so upon what terms and conditions, such shares shall be redeemable;

(f) the terms and amount of any sinking fund provided for the purchase or redemption of such shares; and

(g) the voting rights, if any, to be enjoyed by such shares and the terms and conditions for the exercise thereof.

(2) Each holder of shares of common stock shall be entitled to one vote for each share of common stock held of record by such holder on all matters on which holders of shares of common stock are entitled to vote.

(3) No holder of any shares of common or preferred stock of the corporation shall have any right as such holder (other than such right, if any, as the board of directors in its discretion may determine) to purchase, subscribe for or otherwise acquire any unissued or treasury shares, or any option rights, or securities having conversion or option rights, of the corporation now or hereafter authorized.

(4) The relative voting, dividend, liquidation and other rights, preferences and limitations of the shares of the class of preferred stock designated "Class A Preferred Stock" are as set forth in this Article FOURTH and in Exhibit A to this Restated Certificate of Incorporation.

FIFTH. The following is a list of the names and residences of the original shareholders, and of the number of shares held by each:

H.M. Flagler	of New York City,	One share.
Paul Babcock, Jr.	of Jersey City,	One share.
James McGee	of Plainfield, New Jersey,	One share.
Thos. C. Bushnell	of Morristown, New Jersey,	One share.
John D. Rockefeller	of Cleveland, Ohio,	}
Wm. Rockefeller	of New York City,	}
J.A. Bostwick	of New York City,	}
John D. Archbold	of New York City,	}
O.H. Payne	of Cleveland, Ohio,	}
Wm. G. Warden	of Philadelphia, Pa.,	}
Benj. Brewster	of New York City,	}
Chas. Pratt	of Brooklyn, N.Y.,	}
and H.M. Flagler	of New York City.	}

Trustees of Standard Oil Trust, twenty-nine thousand nine hundred and ninety-six shares (29,996), of which twenty-one thousand seven hundred and twenty-four shares (21,724) were issued for property purchased and necessary for the business of this corporation.

SIXTH. The number of directors of the corporation as of August 6, 1999 is 13 and their names and business office addresses are:

Dr. Michael J. Boskin  
Hoover Institution  
Stanford University  
Stanford, California 94305-6010

Mr. Phillip E. Lippincott  
P. O. Box 2159  
Park City, Utah 84060

Mr. Rene Dahan  
5959 Las Colinas Boulevard  
Irving, Texas 75039-2298

Mr. Harry J. Longwell  
5959 Las Colinas Boulevard  
Irving, Texas 75039-2298

Mr. William T. Esrey  
Sprint Corporation  
2330 Shawnee Mission Pkwy.  
Westwood, Kansas 66205

Mrs. Marilyn Carlson Nelson  
Carlson Companies, Inc.  
1405 Xenium Lane North  
Plymouth, Minnesota 55441

Mr. Jess Hay  
Chase Tower  
2200 Ross Avenue  
Dallas, Texas 75201-2764

Mr. Lee R. Raymond  
5959 Las Colinas Boulevard  
Irving, Texas 75039-2298

Mr. James R. Houghton  
80 East Market Street  
Corning, New York 14830

Mr. Walter V. Shipley  
The Chase Manhattan Corporation  
270 Park Avenue  
New York, New York 10017-2070

Mr. William R. Howell  
6501 Legacy Drive  
Plano, Texas 75024-3698

Mr. Robert E. Wilhem  
5959 Las Colinas Boulevard  
Irving, Texas 75039-2298

Dr. Reatha Clark King  
General Mills Foundation  
One General Mills Blvd.  
Minneapolis, Minnesota 55426

SEVENTH. The number of directors at any time may be increased or diminished by vote of the board of directors, and in case of any such increase the board of directors shall have power to elect each such additional director to hold office until the next succeeding annual meeting of shareholders and until his successor shall have been elected and qualified.

The board of directors, by the affirmative vote of a majority of the directors in office, may remove a director or directors for cause where, in the judgment of such majority, the

continuation of the director or directors in office would be harmful to the corporation and may suspend the director or directors for a reasonable period pending final determination that cause exists for such removal.

The board of directors from time to time shall determine whether and to what extent, and at what times and places, and under what conditions and regulations, the accounts and books of the corporation, or any of them, shall be open to the inspection of the shareholders; and no shareholder shall have any right of inspecting any account or book or document of the corporation, except as conferred by statute or authorized by the board of directors, or by a resolution of the shareholders.

EIGHTH. The following action may be taken by the affirmative vote of a majority of the votes cast by the holders of shares of the corporation entitled to vote thereon:

(1) The adoption by the shareholders of a proposed amendment of the certificate of incorporation of the corporation;

(2) The adoption by the shareholders of a proposed plan of merger or consolidation involving the corporation;

(3) The approval by the shareholders of a sale, lease, exchange, or other disposition of all, or substantially all, the assets of the corporation otherwise than in the usual and regular course of business as conducted by the corporation; and

(4) Dissolution.

NINTH. Except as otherwise provided by statute or by this certificate of incorporation or the by-laws of the corporation as in each case the same may be amended from time to time, all corporate powers may be exercised by the board of directors. Without limiting the foregoing, the board of directors shall have power, without shareholder action:

(1) To authorize the corporation to purchase, acquire, hold, lease, mortgage, pledge, sell and convey such property, real, personal and mixed, without as well as within the State of New Jersey, as the board of directors may from time to time determine, and in payment for any property to issue, or cause to be issued, shares of the corporation, or bonds, debentures, notes or other obligations or evidence of indebtedness thereof secured by pledge, security interest or mortgage, or unsecured; and

(2) To authorize the borrowing of money, the issuance of bonds, debentures, notes and other obligations or evidences of indebtedness of the corporation, secured or unsecured, and the inclusion of provisions as to redeemability and convertibility into shares of stock of the corporation or otherwise, and, as security for money borrowed or bonds, debentures, notes and other obligations or evidences of indebtedness issued by the corporation, the mortgaging or pledging of any property, real, personal, or mixed, then owned or thereafter acquired by the corporation.

TENTH. To the full extent from time to time permitted by law, no director or officer of the corporation shall be personally liable to the corporation or its shareholders for damages for breach of any duty owed to the corporation or its shareholders. Neither the

amendment or repeal of this Article, nor the adoption of any provision of this certificate of incorporation inconsistent with this Article, shall eliminate or reduce the protection afforded by this Article to a director or officer of the corporation with respect to any matter which occurred, or any cause of action, suit or claim which but for this Article would have accrued or arisen, prior to such amendment, repeal or adoption.

PART I

Class A Preferred Stock

Section 1. Designation and Amount; Special Purpose Restricted

Transfer Issue.

(A) The shares of this class of preferred stock shall be designated as "Class A Preferred Stock" (referred to herein as the "Class A Preferred Stock") and the aggregate number of shares constituting such class which the Corporation shall have the authority to issue is 16,500,000. The shares of this class shall have a stated value of \$61.50 per share (the "Stated Value").

(B) Shares of Class A Preferred Stock shall be issued only to a trustee acting on behalf of the Plan (as defined in Section 9(F)(vii)). In the event of any transfer of shares of Class A Preferred Stock to any person other than the Corporation or the trustee of the Plan, the shares of Class A Preferred Stock so transferred, upon such transfer and without any further action by the Corporation or the holder, shall be automatically converted into shares of the Corporation's Common Stock without par value (the "Common Stock") pursuant to Section 5 hereof and no such transferee shall have any of the voting powers, preferences and relative, participating, optional or special rights ascribed to shares of Class A Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of Class A Preferred Stock shall be so converted. In the event of such a conversion, the transferee of the shares of Class A Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which such shares of Class A Preferred Stock have been automatically converted as of the date of such transfer; provided, however,

that the pledge of Class A Preferred Stock as collateral under any credit agreement for the financing or refinancing of the initial purchase of the Class A Preferred Stock by the Plan shall not constitute a transfer for purposes of this Section 1. Certificates representing shares of Class A Preferred Stock shall be legended to reflect such restrictions on transfer. Notwithstanding the foregoing provisions of this Section 1 (B), shares of Class A Preferred Stock (i) upon allocation to the account of a participant in the Plan, shall be converted into shares of Common Stock pursuant to Section 5 hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Corporation upon the terms and conditions provided by Sections 6, 7 and 8 hereof.

Section 2. Dividends and Distributions.

(A) Subject to the provisions for adjustment hereinafter set forth, the holders of shares of Class A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds available under applicable law and the Certificate of Incorporation, cumulative cash dividends ("Preferred Dividends") in an amount per share equal to \$4.68 per annum and no more, payable (x) monthly in arrears, one-twelfth on the 20th day of each month, commencing on July 20, 1989 and ending on June 20, 1990, and thereafter (y) quarterly in arrears, one-quarter on the 20th day of each March, June, September and December in each year (each such monthly and quarterly date a "Dividend Payment Date"), to holders of record at the start of business on such Dividend Payment Date. In the event that any Dividend Payment Date shall occur on any day other than a "Business Day" (as defined in Section 9(F)(i)),

the dividend payment due on such Dividend Payment Date shall be paid on the Business Day immediately succeeding such Dividend Payment Date. Preferred Dividends shall begin to accrue on outstanding shares of Class A Preferred Stock from the date of issuance of such shares of Class A Preferred Stock. Preferred Dividends shall accrue on a daily basis whether or not the Corporation shall have earnings or surplus at the time. Preferred Dividends accrued after the date of issuance for any period less than a full monthly or quarterly period, as the case may be, between Dividend Payment Dates shall be computed on the basis of a 360-day year consisting of twelve 30-day months and such a proportional dividend shall accrue for the period from the date of issuance until the end of the dividend payment period in which such issuance occurs. Accumulated but unpaid Preferred Dividends shall accumulate as of the Dividend Payment Date on which they first become payable, but no interest shall accrue on accumulated but unpaid Preferred Dividends.

(B) So long as any Class A Preferred Stock shall be outstanding, no dividend shall be declared or paid or set apart for payment on any other class of stock ranking on a parity with the Class A Preferred Stock as to dividends ("Parity Stock"), unless there shall also be or have been declared and paid or set apart for payment on the Class A Preferred Stock dividends ratably in proportion to the respective amounts of dividends (a) accumulated and unpaid through all dividend payment periods for the Class A Preferred Stock ending on or before the dividend payment date of such Parity Stock and (b) accumulated and unpaid on such Parity Stock through the dividend payment period on such Parity Stock next preceding such dividend payment date. So long as any Class A Preferred Stock shall be outstanding, in the event that full cumulative dividends on the Class A Preferred Stock have not been declared and paid or set apart for payment for all prior dividend payment periods, the Corporation shall not declare or pay or set apart for payment any dividends or make any other distributions on, or make any payment on account of the purchase, redemption or other retirement of, any other class of stock or series thereof of the Corporation ranking as to dividends junior to the Class A Preferred Stock ("Junior Stock") until full cumulative and unpaid dividends on the Class A Preferred Stock shall have been paid or declared and set apart for payment; provided, however, that the foregoing shall not apply to (i) any

dividend payable solely in any shares of any Junior Stock, or (ii) the acquisition of shares of any Junior Stock either (x) pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted or (y) in exchange solely for shares of any other Junior Stock.

Section 3. Voting Rights. The holders of shares of Class A

Preferred Stock shall have the following voting rights:

(A) The holders of Class A Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of Common Stock of the Corporation, voting together as one class with the holders of Common Stock and any other class or series of preferred stock so voting as one class. Each share of the Class A Preferred Stock shall entitle the holder thereof to a number of votes equal to the number of shares of Common Stock into which such share of Class A Preferred Stock could be converted pursuant to the first sentence of Section 5(A) hereof on the record date for determining the shareholders entitled to vote, rounded to the nearest one-tenth of a vote; it being understood that whenever the "Conversion Ratio" (as defined in Section 5 hereof) is adjusted pursuant to Section 9 hereof, the voting rights of the Class A Preferred Stock shall also be similarly adjusted.

(B) Except as otherwise required by law, holders of Class A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock or any other class or series of preferred stock) for the taking of any corporate action.

Section 4. Liquidation, Dissolution or Winding-Up.

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(A) Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, the holders of Class A Preferred Stock shall be entitled to receive out of assets of the Corporation which remain after satisfaction in full of all valid claims of creditors of the Corporation and which are available for payment to shareholders, and subject to the rights of the holders of any class of stock of the Corporation ranking senior to or on a parity with the Class A Preferred Stock in respect of distributions upon liquidation, dissolution or winding-up of the Corporation, before any amount shall be paid or distributed among the holders of Common Stock or any other class of stock ranking junior to the Class A Preferred Stock in respect of distributions upon liquidation, dissolution or winding-up of the Corporation, liquidating distributions in an aggregate amount of \$61.50 per share of Class A Preferred Stock plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for distribution, and no more. If upon any liquidation, dissolution or winding-up of the Corporation, the amounts payable with respect to the Class A Preferred Stock and any other class of stock ranking as to any such distribution on a parity with the Class A Preferred Stock are not paid in full, the holders of the Class A Preferred Stock and such other class of stock shall share ratably in any distribution of assets in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount to which they are entitled as provided by the foregoing provisions of this Section 4(A), the holders of shares of Class A Preferred Stock shall not be entitled to any further right or claim to any of the remaining assets of the Corporation.

(B) Neither the merger, consolidation or combination of the Corporation with or into any other corporation, nor the sale, lease, transfer or other exchange of all or any portion of the assets of the Corporation (or any purchase or redemption of some or all of the shares of any class or series of stock of the Corporation), shall be deemed to be a dissolution, liquidation or winding-up of the affairs of the Corporation for purposes of this Section 4, but the holders of Class A Preferred Stock shall nevertheless be entitled in the event of any such transaction to the rights provided by Section 8 hereof.

(C) Written notice of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, stating the payment date or dates when, and the place or places where, the amounts distributable to holders of Class A Preferred Stock and any other class or series of preferred stock in such circumstances shall be payable, and stating that, except in the case of Class A Preferred Stock represented by uncertificated shares, such payment will be made only after the surrender (or submission for notation of any partial payment) of such holder's certificates representing shares of Class A Preferred Stock, shall be given by first class mail, postage prepaid, mailed not less than twenty (20) days prior to any payment date stated therein, to the holders of Class A Preferred Stock, at the address shown on the books of the Corporation or any transfer agent for the Class A Preferred Stock.

Section 5. Conversion into Common Stock.

(A) A holder of shares of Class A Preferred Stock shall be entitled at any time, but not later than the close of business on the Redemption Date (as hereinafter defined) of such shares pursuant to Section 6, 7 or 8 hereof, to cause any or all of such shares to be converted into a number of shares of Common Stock for each share of Class A Preferred Stock which initially shall be one and which shall be adjusted as hereinafter provided (and, as so adjusted, is hereinafter sometimes referred to as the "Conversion Ratio"). In addition to the foregoing and subject to Section 5(B) hereof, a holder of shares of Class A Preferred Stock upon allocation of such shares to the account of a participant in the Plan shall be required to convert each such share of Class A Preferred Stock into the greater of (i) that number of shares of Common Stock which shall be the quotient obtained by dividing the Stated Value of each share of Class A Preferred Stock by the greater of (x) \$15 divided by the Conversion Ratio or (y) the average of the high and low sales prices for a share of Common Stock on the trading day next preceding the Conversion Date (as hereinafter defined) on which one or more sales of shares of Common Stock occur, all as reported on the Composite Tape (as hereinafter defined), or (ii) that number of shares of Common Stock equal to the Conversion Ratio. The Corporation's determination in good faith in respect of the number of shares to be issued upon any and all conversions pursuant to the preceding sentence shall be conclusive.

(B) Any holder of shares of Class A Preferred Stock desiring or required to convert such shares into shares of Common Stock shall surrender the certificate or certificates representing the shares of Class A Preferred Stock being converted, duly assigned or endorsed for transfer to the Corporation (or accompanied by duly executed stock powers relating thereto) in case of a request for registration in a name other than that of such holder, at the offices of the Corporation or the transfer agent for the Common Stock accompanied by written notice of conversion. Such notice of conversion shall specify (i) the number of shares of Class A Preferred Stock to be converted, and the name or names in which such holder wishes the certificate or certificates for Common Stock and for any shares of Class A Preferred Stock not to be so converted to be issued (or the name or names in which ownership of such shares is to be registered in the event that they are to be uncertificated), (ii) the address or addresses to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion, and (iii) whether the conversion is being effected pursuant to the second sentence of Section 5(A) hereof.

(C) A conversion of shares of Class A Preferred Stock into shares of Common Stock pursuant to Section 5(A) shall be effective immediately before the close of business on the day of the later of (i) the surrender to the Corporation of the certificate or certificates for the shares of Class A Preferred Stock to be converted, duly assigned or endorsed for transfer to the Corporation (or accompanied by duly executed stock powers relating thereto) in case of a request for registration in a name other than that of such holder and (ii) the giving of the notice of conversion as provided herein (the "Conversion Date"). On and after such Conversion Date, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock.

(D) Promptly after the Conversion Date for shares of Class A Preferred Stock to be converted, the Corporation or the transfer agent for the Common Stock shall issue and send by hand delivery (with receipt to be acknowledged) or by first class mail, postage prepaid, to the holder of such shares or to such holder's designee, at the address designated by such holder, a



certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. In the event that there shall have been surrendered a certificate or certificates representing shares of Class A Preferred Stock only part of which are to be converted, the Corporation or the transfer agent for the Common Stock shall issue and deliver to such holder or such holder's designee a new certificate or certificates representing the number of shares of Class A Preferred Stock which shall not have been converted.

(E) The Corporation shall not be obligated to deliver to holders of Class A Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of Class A Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law. The determination in good faith by the Corporation of the amount of any such cash payments shall be conclusive.

(F) The Corporation shall at all times reserve and keep available out of its authorized and unissued and/or treasury Common Stock solely for issuance upon the conversion of shares of Class A Preferred Stock as herein provided, free from any preemptive rights, the maximum number of shares of Common Stock as shall from time to time be issuable upon the conversion of all shares of Class A Preferred Stock then outstanding.

Section 6. Redemption at the Option of the Corporation.

(A) The Class A Preferred Stock shall be redeemable, in whole or in part, at the option of the Corporation at any time at the Stated Value, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption (the close of business on such date being referred to as the "Redemption Date"); provided that such redemption may be made on or after

December 20, 1990 and prior to July 20, 1995 only if (i) the Corporation shall have requested that the trustee of the Plan repay the indebtedness incurred by such trustee to purchase the shares of Class A Preferred Stock and (ii) either (x) Section 404(k) of the Code (as hereinafter defined) is repealed or amended or the Internal Revenue Service or the Treasury Department promulgates a Revenue Ruling or Regulation or a federal Court of Appeals issues a decision involving the Corporation, at any time on or after December 20, 1990 and prior to July 20, 1995 with the effect that less than 100% of the dividends payable on the shares of any capital stock of the Corporation including, without limitation, Class A Preferred Stock or Common Stock held in the Plan is deductible by the Corporation, when paid to participants in the Plan or their beneficiaries or used to repay indebtedness as described in Section 404(k) of the Code, from its gross income for purposes of determining its liability for the federal income tax imposed by Section 11 of the Code or (y) the Code is amended at any time on or after December 20, 1990 and prior to July 20, 1995 (other than to change the rate of any existing tax imposed by the Code) or the Internal Revenue Service or the Treasury Department promulgates a Revenue Ruling or Regulation or a federal Court of Appeals issues a decision involving the Corporation, with the effect that the Corporation's liability for the alternative minimum tax imposed by Section 55 of the Code, the general federal income tax imposed by Section 11 of the Code or any other tax hereafter imposed by the Code is increased solely by reason of its claiming a deduction in respect of dividends paid on the shares of any capital stock of the Corporation including, without limitation, Class A Preferred Stock or Common Stock held in the Plan in a manner consistent with Section 404(k) of the Code. Payment of the redemption price shall be made by the Corporation in cash or shares of Common Stock or a combination thereof, as permitted by paragraph (C) of this Section 6. From and after the Redemption Date, dividends on shares of Class A Preferred Stock called for redemption will cease to accrue, such shares will no longer be

deemed to be outstanding and all rights in respect of such shares of the Corporation shall cease, except the right to receive the redemption price. No interest shall accrue at the redemption price after the Redemption Date. If less than all of the outstanding shares of Class A Preferred Stock are to be redeemed, the Corporation shall either redeem a portion of the shares of each holder determined pro rata based on the number of shares held by each holder or shall select the shares to be redeemed by lot or as may be otherwise determined by the Board of Directors of the Corporation.

(B) Unless otherwise required by law, notice of redemption pursuant to paragraph (A) of this Section 6 will be sent to the holders of Class A Preferred Stock at the address shown on the books of the Corporation or any transfer agent for the Class A Preferred Stock by first class mail, postage prepaid, mailed not less than thirty (30) days nor more than sixty (60) days prior to the Redemption Date. Such Class A Preferred Stock shall continue to be entitled to the conversion rights provided in Section 5 hereof through such Redemption Date. Each such notice shall state: (i) the Redemption Date; (ii) the total number of shares of the Class A Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price and the intended form of payment; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (v) that dividends on the shares to be redeemed will cease to accrue on such Redemption Date; and (vi) a summary of the conversion rights of the shares to be redeemed, the period within which conversion rights may be exercised, and the Conversion Ratio in effect at the time. Upon surrender of the certificate for any shares so called for redemption and not previously converted (or upon giving the notice of redemption in the case of uncertificated shares), but not earlier than the Redemption Date, the Corporation shall pay to the holder of such shares or its designee the redemption price set forth pursuant to this Section 6.

(C) The Corporation, at its option, may make payment of the redemption price required upon redemption of shares of Class A Preferred Stock pursuant to Section 6 or 7 hereof in cash or in shares of Common Stock or in a combination of such shares and cash, any such shares of Common Stock to be valued for such purpose at their Fair Market Value (as defined in Section 9(F)(iii)) on the Redemption Date. Any shares of Common Stock so issued or delivered (or issued or delivered pursuant to Section 7) shall be deemed to have been issued or delivered to the holder of the Class A Preferred Stock as of the Redemption Date and such holder shall be deemed to have become the record holder thereof as of the Redemption Date.

#### Section 7. Other Redemption Rights.

Shares of Class A Preferred Stock shall be redeemed by the Corporation for cash or, if the Corporation so elects, in shares of Common Stock, or a combination of such shares and cash (any such shares of Common Stock to be valued for such purpose in accordance with Section 6(C)), at a redemption price equal to the Stated Value plus accrued and unpaid dividends thereon to the date fixed for redemption, at the option of the holder, at any time and from time to time upon notice to the Corporation given not less than five (5) Business Days prior to the Redemption Date fixed by the holder in such notice (i) in the event that the Plan is determined by the Internal Revenue Service not to be qualified within the meaning of Sections 401(a) and 4975(e)(7) of the Internal Revenue Code of 1986, as amended from time to time (the "Code") or (ii) in the event that the Plan is terminated in accordance with its terms.

Section 8. Consolidation, Combination, Merger, Etc.

(A) In the event that the Corporation shall consummate any consolidation, combination, merger or substantially similar transaction, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting corporation (including the Corporation) that constitutes "qualifying employer securities" with respect to a holder of Class A Preferred Stock within the meaning of Section 409(1) of the Code and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of Class A Preferred Stock of such holder shall in connection therewith be exchanged for or converted into preferred stock of such successor or resulting corporation, having in respect of such corporation insofar as possible the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by Sections 6, 7 and 8 hereof), and the qualifications, limitations or restrictions thereon, that the Class A Preferred Stock had immediately prior to such transaction, except that after such transaction each share of the Class A Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 5 hereof, into the number and kind of qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of Class A Preferred Stock could have been converted pursuant to the first sentence of Section 5(A) hereof immediately prior to such transaction; provided, however, that if by virtue of the structure of such transaction, a

holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, such holder of shares of Class A Preferred Stock shall be entitled to make an equivalent election as to the nature and kind of consideration it shall receive, and if such election cannot practicably be made by the holders of the Class A Preferred Stock, then the shares of Class A Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be convertible into or exchangeable for the aggregate amount of qualifying employer securities (payable in like kind and proportion) receivable by a holder of the number of shares of Common Stock into which such shares of Class A Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election to receive any kind or amount of qualifying employer securities receivable upon such transaction (provided that, if the kind or

amount of qualifying employer securities receivable upon such transaction is not the same for each non-electing share, then the kind and amount of qualifying employer securities receivable upon such transaction for each such non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares). The conversion rights of the class of preferred stock of such successor or resulting corporation for which the Class A Preferred Stock is exchanged or into which it is converted, shall successively be subject to adjustments pursuant to Section 9 hereof after any such transactions as nearly equivalent as practicable to the adjustments provided for by such Section prior to such transaction. The Corporation shall not consummate any such merger, consolidation or similar transaction unless the successor or resulting corporation shall have agreed to recognize and honor the rights of the holders of Class A Preferred Stock set forth in this Section 8(A).

(B) In the event that the Corporation shall consummate any consolidation, combination, merger or substantially similar transaction, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof,

other than solely qualifying employer securities (as referred to in Section 8(A)) and cash payments, if applicable, in lieu of fractional shares, outstanding shares of Class A Preferred Stock shall, without any action on the part of the Corporation or any holder thereof (but subject to Section 8(C)), be deemed to have been converted pursuant to the first sentence of Section 5(A) hereof immediately prior to the consummation of such merger, consolidation, combination or similar business combination transaction into the number of shares of Common Stock into which such shares of Class A Preferred Stock could have been converted pursuant to the first sentence of Section 5(A) hereof at such time so that each share of Class A Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind and proportion) receivable by a holder of the number of shares of Common Stock into which such share of Class A Preferred Stock could have been converted pursuant to the first sentence of Section 5(A) hereof immediately prior to such transaction; provided, however, that if by virtue of the structure of

such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, the holder of Class A Preferred Stock shall be entitled to make an equivalent election as to the kind of consideration it shall receive, and if such election cannot practicably be made by the holders of the Class A Preferred Stock, then the shares of Class A Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind and proportion) receivable by a holder of the number of shares of Common Stock into which such shares of Class A Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction (provided that, if the kind or

amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property receivable upon such transaction for each such non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares).

(C) In the event the Corporation shall enter into any agreement providing for any consolidation, combination, merger or substantially similar transaction described in Section 8(B), then the Corporation shall as soon as practicable thereafter (and in any event at least twenty (20) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of Class A Preferred Stock and each holder shall have the right to elect, by written notice to the Corporation, to receive, upon consummation of such transaction (if and when such transaction is consummated), from the Corporation or the successor of the Corporation, in redemption and retirement of such Class A Preferred Stock, a cash payment equal to the amount payable in respect of shares of Class A Preferred Stock upon redemption pursuant to Section 6(A) hereof as if the date of the consummation of such transaction was the Redemption Date. No such notice of redemption shall be effective unless given to the Corporation prior to the close of business on the second Business Day prior to consummation of such transaction, unless the Corporation or the successor of the Corporation shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Corporation prior to the close of business on the second Business Day prior to consummation of such transaction.

Section 9. Anti-dilution Adjustments.

(A) In the event the Corporation shall, at any time or from time to time while any of the shares of the Class A Preferred Stock are outstanding, (i) pay a dividend or make a distribution in respect of the Common Stock in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, in each case whether by reclassification of shares, recapitalization of the Corporation (including a recapitalization effected by a merger or consolidation to which Section 8 hereof does not apply) or otherwise, the Conversion Ratio in effect immediately prior to such action shall be adjusted by multiplying such Conversion Ratio by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event, and the denominator of which is the number of shares of Common Stock outstanding immediately before such event. An adjustment made pursuant to this Section 9(A) shall be given effect, upon payment of such a dividend or distribution, as of the record date for the determination of shareholders entitled to receive such dividend or distribution (on a retroactive basis) and in the case of a subdivision or combination shall become effective immediately as of the effective date thereof.

(B) In the event the Corporation shall, at any time or from time to time while any shares of Class A Preferred Stock are outstanding, issue rights, options or warrants to all holders of its outstanding Common Stock, without any charge to such holders, entitling them (for a period expiring within forty-five (45) days after the record date mentioned below) to subscribe for or purchase shares of Common Stock at a price per share which is more than 2% lower at the record date mentioned below than the then Current Market Price per share of Common Stock, the Conversion Ratio in effect immediately prior to such action shall, subject to paragraphs (D) and (E) of this Section 9, be adjusted by multiplying such Conversion Ratio by a fraction (i) the numerator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights, options or warrants plus the number of additional shares of Common Stock issued upon exercise thereof, and (ii) the denominator of which shall be the number of shares of Common Stock outstanding on the date of issuance of such rights, options or warrants plus the number of shares which the aggregate offering price of the total number of shares of Common Stock so issued would purchase at the then Current Market Price per share of Common Stock. Such adjustment shall be made whenever such rights, options or warrants have expired, and shall become effective retroactively immediately after the record date for the determination of shareholders entitled to receive such rights, options or warrants on the basis of the number of rights, options or warrants actually exercised.

(C) In the event the Corporation shall, at any time or from time to time while any of the shares of Class A Preferred Stock are outstanding, make an Extraordinary Distribution (as defined in Section 9(F)(ii)) in respect of the Common Stock, whether by dividend, distribution, reclassification of shares or recapitalization of the Corporation (other than a recapitalization or reclassification effected by a merger, combination or consolidation to which Section 8 hereof applies), the Conversion Ratio in effect immediately prior to such Extraordinary Distribution shall, subject to paragraphs (D) and (E) of this Section 9, be adjusted by multiplying such Conversion Ratio by a fraction, the numerator of which shall be the product of (i) the number of shares of Common Stock outstanding immediately before such Extraordinary Distribution and (ii) the Fair Market Value of a share of Common Stock on the Valuation Date (as defined in Section 9(F)(vi)) with respect to an Extraordinary Distribution, and the

denominator of which shall be (i) the product of (x) the number of shares of Common Stock outstanding immediately before such Extraordinary Distribution and (y) the Fair Market Value of a share of Common Stock on the Valuation Date with respect to an Extraordinary Distribution, minus (ii) the Fair Market

Value of the Extraordinary Distribution on the Valuation Date. The Corporation shall send each holder of Class A Preferred Stock notice of its intent to make any Extraordinary Distribution at the same time as, or as soon as practicable after, such intent is first communicated (including by announcement of a record date in accordance with the rules of the principal stock exchange on which the Common Stock is listed or admitted to trading) to holders of Common Stock. Such notice shall indicate the intended record date and the amount and nature of such dividend or distribution, and the Conversion Ratio in effect at such time.

(D) Notwithstanding any other provisions of this Section 9, the Corporation shall not be required to make any adjustment of the Conversion Ratio unless such adjustment would require an increase or decrease of at least one percent (1%) in the Conversion Ratio. Any lesser adjustment shall be carried forward and shall be made no later than the time of, and together with, the next subsequent adjustment which, together with any adjustment or adjustments so carried forward, shall amount to an increase or decrease of at least one percent (1%) in the Conversion Ratio.

(E) The Corporation shall be entitled to make such additional adjustments in the Conversion Ratio, in addition to those required by the foregoing provisions of this Section 9, as shall be necessary in order that any dividend or distribution in shares of capital stock of the Corporation, subdivision, reclassification or combination of shares of stock of the Corporation or any recapitalization of the Corporation shall not be taxable to holders of the Common Stock.

(F) For purposes of this Exhibit A, the following definitions shall apply:

(i) "Business Day" shall mean each day that is not a Saturday, Sunday or a day which state or federally chartered banking institutions in New York are required or authorized to be closed.

(ii) "Extraordinary Distribution" shall mean any dividend or other distribution (effected while any of the shares of Class A Preferred Stock are outstanding) of (x) cash to the extent that such dividend or distribution when added to the amount of all cash dividends and distributions paid during the preceding period of twelve (12) calendar months exceeds fifteen percent (15%) of the aggregate Fair Market Value of all shares of Common Stock outstanding on the declaration date for such Extraordinary Distribution and/or (y) any shares of capital stock of the Corporation (other than shares of Common Stock), other securities of the Corporation, evidences of indebtedness of the Corporation or any other person or any other property (including shares of any subsidiary of the Corporation), or any combination thereof, but excluding rights, options or warrants to which Section 9(B) refers (without regard to the subscription or purchase price provided for therein).

(iii) "Fair Market Value" shall mean, as to shares of Common Stock or any other class of publicly traded capital stock or securities of the Corporation or any other issuer which are publicly traded, the average of the Current Market Prices of such shares or securities for each day of the Adjustment Period. The "Fair Market Value" of any security which is not publicly traded or of any other property shall mean the fair

value thereof as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property, which firm shall be selected in good faith by the Board of Directors of the Corporation or a committee thereof, or, if no such investment banking or appraisal firm is in the good faith judgment of the Board of Directors or such committee available to make such determination, as determined in good faith by the Board of Directors of the Corporation or such committee.

(iv) "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Corporation or any other issuer shall mean (I) the last reported sales price, regular way, or, if no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the Composite Tape for New York Stock Exchange transactions (the "Composite Tape") or, (II) if such security is not listed or admitted to trading on the New York Stock Exchange (the "NYSE"), on the principal national securities exchange on which such security is listed or admitted to trading or, (III) if not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ National Market System") or, (IV) if such security is not quoted on the NASDAQ National Market System, the average of the closing bid and asked prices on each such day in the over-the-counter market as reported by NASDAQ or, (V) if bid and asked prices for such security on each such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such day as furnished by any NYSE member firm regularly making a market in such security selected for such purposes by the Board of Directors of the Corporation or a committee thereof, in each case, on each trading day during the Adjustment Period; provided, however, in

determining the Current Market Price, the value as reasonably determined by the Board of Directors of the Corporation or a committee thereof) of any "due-bill" or similar instrument which is then associated with a share of Common Stock or any other class of capital stock or other security, shall be deducted.

(v) "Adjustment Period" shall mean the period of five (5) consecutive trading days preceding, and including, the date as of which the Fair Market Value of a security is to be determined.

(vi) "Valuation Date" with respect to an Extraordinary Distribution shall mean the date that is five (5) Business Days prior to the record date for such Extraordinary Distribution.

(vii) "Plan" shall mean collectively the Corporation's Thrift and ESOP plans and its Thrift and ESOP Trust.

(G) Whenever an adjustment to the Conversion Ratio and the related voting rights of the Class A Preferred Stock is required pursuant hereto, the Corporation shall forthwith deliver to the transfer agent(s) for the Common Stock and the Class A Preferred Stock and file with the Secretary of the Corporation, a statement signed by an officer of the Corporation stating the adjusted Conversion Ratio determined as provided herein, and the voting rights (as appropriately adjusted), of the Class A Preferred Stock. Such statement shall set forth in reasonable detail such facts as shall be necessary to show the reason and the manner of computing such adjustment including any determination of Fair Market Value involved in such

computation. Promptly after each adjustment to the Conversion Ratio and the related voting rights of the Class A Preferred Stock, the Corporation shall mail a notice thereof and of the then prevailing Conversion Ratio to each holder of Class A Preferred Stock.

Section 10. Ranking; Cancellation of Shares.

(A) The Class A Preferred Stock shall rank senior to the Common Stock as to the payment of dividends and senior to the Common Stock as to the distribution of assets on liquidation, dissolution and winding-up of the Corporation, and, unless otherwise provided in the Certificate of Incorporation, as the same may be amended, the Class A Preferred Stock shall rank on a parity with all other classes or series of the Corporation's preferred stock, as to payment of dividends and the distribution of assets on liquidation, dissolution or winding-up.

(B) Any shares of Class A Preferred Stock acquired by the Corporation by reason of the conversion or redemption of such shares as provided hereby, or otherwise so acquired, shall be cancelled as shares of Class A Preferred Stock and restored to the status of authorized but unissued shares of preferred stock of the Corporation, undesignated as to classes or series, and may thereafter be reissued as part of a new class or series of such preferred stock as permitted by law.

Section 11. Miscellaneous.

(A) All notices referred to herein shall be in writing, and all notices hereunder shall be deemed to have been given upon the earlier of receipt thereof or three (3) Business Days after the mailing thereof if sent by registered mail (unless first class mail shall be specifically permitted for such notice under the terms of this Exhibit A) with postage prepaid, addressed: (i) if to the Corporation, to its office at 1251 Avenue of the Americas, New York, NY 10020 (Attention: Treasurer) or to the transfer agent (if any) for the Class A Preferred Stock or (ii) if to any holder of the Class A Preferred Stock or the Common Stock, as the case may be, to such holder at the address of such holder as listed in the stock record books of the Corporation (which may include the records of any transfer agent for the Class A Preferred Stock or the Common Stock, as the case may be) or (iii) to such other address as the Corporation shall have designated by notice similarly given.

(B) In the event that, at any time as a result of an adjustment made pursuant to Section 8 or 9, the holder of any share of the Class A Preferred Stock upon thereafter surrendering such shares for conversion shall become entitled to receive any shares or other securities of the Corporation other than shares of Common Stock, the Conversion Ratio in respect of such other shares or securities so receivable upon conversion of shares of Class A Preferred Stock shall thereafter be adjusted, and shall be subject to further adjustment from time to time, in a manner and on terms as nearly equivalent as practicable to the provisions with respect to Common Stock contained in Sections 8 or 9, and the provisions of each of the other Sections hereof with respect to the Common Stock shall apply on like or similar terms to any such other shares or securities. Any determination in good faith by the Corporation as to any adjustment of the Conversion Ratio pursuant to this Section 11 (B) shall be conclusive.

(C) The Corporation shall pay any and all issuance, stock transfer and documentary stamp taxes that may be payable in respect of any issuance or delivery of shares of Class A Preferred Stock or Common Stock or other securities issued upon conversion of Class A



Preferred Stock pursuant hereto or certificates representing such shares or securities. The Corporation shall not, however, be required to pay any such tax which may be payable in respect of any transfer involved in the issuance or delivery of shares of Common Stock or other securities in a name other than that in which the shares of Class A Preferred Stock with respect to which such shares or other securities are issued or delivered were registered, or in respect of any payment to any person with respect to any such shares or securities other than a payment to the registered holder thereof, and shall not be required to make any such issuance, delivery or payment unless and until the person otherwise entitled to such issuance, delivery or payment has paid to the Corporation the amount of any such tax for issuance, transfer or documentary stamp taxes or has established, to the satisfaction of the Corporation, that such tax has been paid or is not payable.

(D) In the event that a holder of shares of Class A Preferred Stock shall not by written notice designate the name in which (i) shares of Common Stock or (ii) any other securities in accordance with this Exhibit A, to be issued upon conversion of such shares should be registered or to whom payment upon redemption of shares of Class A Preferred Stock should be made or the address to which the certificate or certificates representing such shares, or such payment, should be sent, the Corporation shall be entitled to register such shares, and make such payment, in the name of the holder of such Class A Preferred Stock as shown on the records of the Corporation and to send the certificate or certificates representing such shares, or such payment, to the address of such holder shown on the records of the Corporation.

(E) Unless otherwise provided in the Certificate of Incorporation, as the same may be amended, all payments of (x) dividends upon the shares of any class of stock and upon any other class of stock ranking on a parity with such first class of stock with respect to such dividends shall be made pro rata, so that amounts paid per share on such first class of stock and such other class of stock shall in all cases bear to each other the same ratio that the required dividends then payable per share on the shares of such first class of stock and such other class of stock bear to each other and (y) distributions on voluntary or involuntary dissolution, liquidation or winding-up or otherwise made upon the shares of any class of stock and upon any other class of stock ranking on a parity with such first class of stock with respect to such distributions shall be made pro rata, so that amounts paid per share on such first class of stock and such other class of stock shall in all cases bear to each other the same ratio that the required distributions then payable per share on the shares of such first class of stock and such other class of stock bear to each other.

(F) The Corporation may appoint, and from time to time discharge and change, a transfer agent for the Class A Preferred Stock. Upon any such appointment or discharge of a transfer agent, the Corporation shall send notice thereof by first class mail, postage prepaid, to each holder of record of Class A Preferred Stock. So long as there is a transfer agent for a class of stock, a holder thereof shall give any notices to the Corporation required hereunder to the transfer agent at the address of the transfer agent last given by the Corporation.

(G) If the Corporation and the holder so agree, any shares of Class A Preferred Stock or any shares of Common Stock into which the shares of Class A Preferred Stock shall be converted, may be uncertificated shares, provided that the names of the holders of all uncertificated shares and the number of such shares held by each holder shall be registered at the offices of the Corporation or the transfer agent for such shares. In the event that any shares shall

be uncertificated, all references herein to the surrender or issuance of stock certificates shall have no application to such uncertificated shares.



THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM EXXON'S CONDENSED CONSOLIDATED BALANCE SHEET AT 9/30/99 AND EXXON'S CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE NINE MONTHS ENDED 9/30/99, THAT ARE CONTAINED IN EXXON'S FORM 10-Q FOR THE QUARTERLY PERIOD ENDED 9/30/99. THE SCHEDULE IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

9-MOS		
	DEC-31-1999	
	SEP-30-1999	
		1,151
		39
		7,800
		96
		4,895
	18,048	
		131,990
		65,991
		94,394
	21,579	
		4,425
	0	
		31
		2,323
		41,480
94,394		
		88,010
	89,378	
		37,265
		37,265
	12,965	
		0
	197	
		4,903
		1,178
	3,725	
		0
		0
		0
		3,725
		1.54
		1.52