

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 March 31, 1996

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 Bouelvard, Irving, Texas

75039-2298

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

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

(214) 444-1000

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

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

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

Class	Outstanding as of March 31, 1996
Common stock, without par value	1,242,075,783

EXXON CORPORATION

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1996

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	Three Months Ended March 31,	
	1996	1995
REVENUE		
Sales and other operating revenue, including excise taxes	\$30,474	\$29,197
Earnings from equity interests and other revenue	731	582
Total revenue	31,205	29,779
COSTS AND OTHER DEDUCTIONS		
Crude oil and product purchases	12,597	12,433
Operating expenses	3,288	3,112
Selling, general and administrative expenses	1,936	1,863
Depreciation and depletion	1,372	1,336
Exploration expenses, including dry holes	140	168
Interest expense	76	125

Excise taxes	3,310	3,070
Other taxes and duties	5,506	5,087
Income applicable to minority and preferred interests	139	74
	<hr/>	<hr/>
Total costs and other deductions	28,364	27,268
	<hr/>	<hr/>
INCOME BEFORE INCOME TAXES	2,841	2,511
Income taxes	956	851
	<hr/>	<hr/>
NET INCOME	\$ 1,885	\$ 1,660
	=====	=====
Net income per common share*	\$ 1.51	\$ 1.33
Dividends per common share	\$ 0.75	\$ 0.75
Average number common shares outstanding (millions)	1,242.0	1,241.9

\* Computed as income less dividends on preferred stock divided by the weighted average number of common shares outstanding.

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EXXON CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEET  
(millions of dollars)

	March 31, 1996	Dec. 31, 1995
	<hr/>	<hr/>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,523	\$ 1,508
Other marketable securities	140	281
Notes and accounts receivable - net	8,928	8,925
Inventories		
Crude oil, products and merchandise	4,525	4,865
Materials and supplies	814	816
Prepaid taxes and expenses	1,034	923
	<hr/>	<hr/>
Total current assets	18,964	17,318
Property, plant and equipment - net	65,183	65,446
Investments and other assets	8,432	8,532
	<hr/>	<hr/>
TOTAL ASSETS	\$92,579	\$91,296
	=====	=====
LIABILITIES		
Current liabilities		
Notes and loans payable	\$ 2,433	\$ 2,247
Accounts payable and accrued liabilities	13,756	14,113
Income taxes payable	3,012	2,376
	<hr/>	<hr/>
Total current liabilities	19,201	18,736
Long-term debt	7,679	7,778
Annuity reserves, deferred credits and other liabilities	24,677	24,346
	<hr/>	<hr/>
TOTAL LIABILITIES	51,557	50,860
	<hr/>	<hr/>
SHAREHOLDERS' EQUITY		
Preferred stock, without par value:		
Authorized: 200 million shares		
Outstanding: 7 million shares at Mar. 31, 1996	431	
7 million shares at Dec. 31, 1995		454
Guaranteed LESOP obligation	(501)	(501)

Common stock, without par value:		
Authorized: 2,000 million shares		
Issued: 1,813 million shares	2,822	2,822
Earnings reinvested	54,487	53,539
Cumulative foreign exchange translation adjustment	1,029	1,339
Common stock held in treasury:		
571 million shares at Mar. 31, 1996	(17,246)	
571 million shares at Dec. 31, 1995		(17,217)
	<hr/>	<hr/>
TOTAL SHAREHOLDERS' EQUITY	41,022	40,436
	<hr/>	<hr/>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$92,579	\$91,296
	=====	=====

The number of shares of common stock issued and outstanding at March 31, 1996 and December 31, 1995 were 1,242,075,783 and 1,241,771,829, respectively.

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

	Three Months Ended March 31,	
	1996	1995
	<hr/>	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$1,885	\$1,660
Depreciation and depletion	1,372	1,336
Changes in operational working capital, excluding cash and debt	528	212
All other items - net	292	74
	<hr/>	<hr/>
Net Cash Provided By Operating Activities	4,077	3,282
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions and additions to property, plant and equipment	(1,413)	(1,399)
Sales of subsidiaries and property, plant and equipment	27	115
Other investing activities - net	353	490
	<hr/>	<hr/>
Net Cash Used In Investing Activities	(1,033)	(794)
	<hr/>	<hr/>
NET CASH GENERATION BEFORE FINANCING ACTIVITIES	3,044	2,488
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Additions to long-term debt	302	527
Reductions in long-term debt	(267)	(82)
Additions/(reductions) in short-term debt - net	28	(399)
Cash dividends to Exxon shareholders	(940)	(942)
Cash dividends to minority interests	(87)	(76)
Additions/(reductions) to minority interests and sales/(redemptions) of affiliate preferred stock	2	14
Acquisitions of Exxon shares - net	(52)	(21)
	<hr/>	<hr/>
Net Cash Used In Financing Activities	(1,014)	(979)
	<hr/>	<hr/>
Effects Of Exchange Rate Changes On Cash	(15)	104
	<hr/>	<hr/>
Increase/(Decrease) In Cash And Cash Equivalents	2,015	1,613
Cash And Cash Equivalents At Beginning Of Period	1,508	1,157
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$3,523	\$2,770
	=====	=====
SUPPLEMENTAL DISCLOSURES		
Income taxes paid	\$ 210	\$ 441

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## 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 S.E.C. in the corporation's 1995 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.

Certain costs and other deductions for 1995 have been reclassified to conform to the 1996 presentation.

## 2. Accounting Changes

Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" was implemented effective as of January 1, 1996. This Statement had no impact on the corporation's results of operations or financial position upon adoption.

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" was implemented effective as of January 1, 1996. As permitted by the Statement, Exxon retained its current method of accounting for stock compensation upon adoption.

## 3. Litigation and Other Contingencies

A number of lawsuits, including class actions, have been 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. Most of these lawsuits seek unspecified compensatory and punitive damages. Several lawsuits seek damages in varying specified amounts.

A civil trial in the United States District Court for the District of Alaska commenced on May 2, 1994 on punitive damage claims made by a class composed of all persons and entities seeking punitive damages from the corporation as a result of the Exxon Valdez grounding. On September 16, 1994, the jury returned a verdict awarding the class punitive damages of \$5 billion. The verdict is not final. The corporation plans to appeal this verdict following entry of a final judgment by the District Court. The corporation believes that this verdict is unjustified and should be set aside or substantially reduced by the District Court or appellate courts.

Many of the claims of individuals have been dismissed by the courts but have been appealed. A number of claims have been settled. With respect to the remaining compensatory damage claims against the corporation arising from the grounding, many of these claims have been or will be addressed in the same federal civil trial proceeding, which is still ongoing. On August 11, 1994, the jury returned a verdict finding that fisher plaintiffs were damaged in the amount of \$286.8 million. On August 31, 1995, the District Court issued an order that reduced this verdict to about \$70 million to reflect payments already made to the plaintiffs by the corporation and others. The corporation expects this lesser amount to be further reduced. Additional claims for compensatory damages, scheduled for determination in the final phase of the trial, have been settled.

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## EXXON CORPORATION

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The remaining class action claims are included in a \$3.5 million settlement of this final phase. The class settlement is subject to approval by the

court. The total amount of the settlement will be satisfied by recognition of prior payments made to the plaintiffs by the corporation and others. If the settlement is approved, the federal trial will be concluded. There are a number of additional cases pending in state court in Alaska where the compensatory damages claimed have not been fully specified.

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.

German and Dutch affiliated companies are the concessionaires of a natural gas field subject to a treaty between the governments of Germany and the Netherlands under which the gas reserves in an undefined border or common area are to be shared equally. Entitlement to the reserves is determined by calculating the amounts of gas which can be recovered from this area. Based on the final reserve determination, the German affiliate has lifted more gas than its entitlement. Arbitration proceedings, as provided in the agreements, have commenced to determine the manner of resolving the imbalance in liftings between the German and Dutch affiliated companies. Financial effects to the corporation related to resolution of this imbalance would be influenced by different tax regimes and ownership interests. The net impact of 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 to 1981 in favor of the corporation. This decision is subject to appeal. Certain other issues for the years 1979-1982 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.

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EXXON CORPORATION

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FUNCTIONAL EARNINGS SUMMARY

	First Quarter	
	1996	1995
	(millions of dollars)	
Petroleum and natural gas		
Exploration and production		
United States	\$ 419	\$ 209
Non-U.S.	1,004	757
Refining and marketing		
United States	(16)	16
Non-U.S.	190	184

Total petroleum and natural gas	1,597	1,166
Chemicals		
United States	153	230
Non-U.S.	134	317
Other operations	117	113
Corporate and financing	(116)	(166)
NET INCOME	<u>\$1,885</u>	<u>\$1,660</u>
	=====	=====

#### FIRST QUARTER 1996 COMPARED WITH FIRST QUARTER 1995

Exxon Corporation estimated first quarter 1996 net income at \$1,885 million, an increase of 14 percent from \$1,660 million in the first quarter of 1995. On a per share basis, net income was \$1.51 in the 1996 first quarter, up from \$1.33 in the same period a year ago. Revenue totaled \$31,205 million compared with \$29,779 million in the first quarter last year.

Exxon's net income of \$1.9 billion was the highest first quarter since the Gulf War year of 1991. Production and sales volumes increased in most business segments, and earnings benefited from improved market conditions in the upstream. Relative to the first quarter of last year, earnings from exploration and production increased significantly. Worldwide crude oil prices were volatile during the quarter, but on average were stronger than a year ago. Colder weather had a favorable impact on natural gas volumes and prices, and natural gas production was the highest in 15 years. Downstream earnings declined from the weak first quarter of 1995, despite the highest first quarter sales volumes in over 15 years. Industry margins were severely depressed in the U.S., Europe and Japan partly as a result of the escalation in crude prices. Despite record sales volumes, chemicals earnings were below last year primarily due to lower commodity chemical prices and margins. However, prices did stabilize and begin to strengthen late in the period.

Capital and exploration expenditures of \$2.0 billion were up 13 percent from a year ago, as Exxon continues to focus on attractive growth opportunities.

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#### EXXON CORPORATION

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### OTHER COMMENTS ON FIRST QUARTER COMPARISON

Worldwide crude production was 1,682 kbd (thousand barrels per day), compared to 1,772 kbd in 1995. Increased production from developments in the North Sea and the U.S. was offset by the near term effect of a revised production sharing agreement in Malaysia and natural field declines in Australia and Canada. Natural gas production of 8,352 mcf/d (million cubic feet per day) was up 16 percent compared with the first quarter of last year, reflecting colder than normal weather in the U.S. and Europe. Production earnings also benefited from higher worldwide crude and North American natural gas prices.

First quarter earnings from U.S. exploration and production operations were \$419 million, up from \$209 million last year. Outside the U.S., earnings from exploration and production were \$1,004 million versus \$757 million in 1995.

Worldwide petroleum product sales of 5,133 kbd rose 90 kbd from last year's first quarter. Refining and marketing earnings were affected by continued weakness in petroleum product margins, partly as a result of rising crude prices, and increased scheduled refinery maintenance activity in both the U.S. and Europe. In the U.S., refining and marketing operations incurred a loss of \$16 million in the first quarter 1996, compared to earnings of \$16 million in the year ago quarter. Earnings from refining and marketing operations outside the U.S. of \$190 million were up from \$184 million in last year's first quarter, as improved margins in Southeast Asia were partially offset by the weak industry environment in Europe and Japan.

Worldwide chemical earnings were \$287 million, down from \$547 million in the first quarter 1995. Record prime product sales of 3,670 kt (thousand metric

tons) were up 10 percent from the prior year's quarter. However, industry product prices and margins were significantly lower than those in the year ago period.

Earnings from other operating segments, including coal, minerals, and power were \$117 million, up from \$113 million in 1995's first quarter. Coal production and prices were higher, while copper prices declined.

Corporate and financing expenses of \$116 million compared with \$166 million in the first quarter of last year, with the decline due primarily to reduced interest costs on a lower level of debt.

Net income in first quarter 1996 included a credit of \$125 million from tax related items.

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#### EXXON CORPORATION

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### OTHER COMMENTS ON FIRST QUARTER COMPARISON

Net cash generation before financing activities was \$3,044 million in the first three months of 1996 versus \$2,488 million in the same period last year. Operating activities provided net cash of \$4,077 million, an increase of \$795 million from 1995's first three months, influenced by higher net income and settlement of tax and insurance related items. Investing activities used net cash of \$1,033 million, or \$239 million more than a year ago, including the effect of lower proceeds from asset dispositions.

Net cash used in financing activities was \$1,014 million in the first quarter of 1996 versus \$979 million in the same quarter last year. During the first quarter of 1996, Exxon purchased 1.6 million shares of its common stock for the treasury at a cost of \$130 million. Purchases are made in both the open market and through negotiated transactions. Purchases may be discontinued at any time.

Capital and exploration expenditures totaled \$1,991 million in the first quarter 1996 versus \$1,762 million in the first quarter of 1995. Total capital and exploration expenditures in 1996 should exceed the 1995 level as Exxon maintains its focus on profitable growth opportunities in each of the major operating segments.

Total debt of \$10.1 billion at March 31, 1996 was essentially unchanged from year-end 1995. The corporation's debt to total capital ratio was 19.0 percent at the end of the first quarter of 1996, unchanged from year-end 1995.

Over the twelve months ended March 31, 1996, return on average shareholder's equity was 16.7 percent. Return on average capital employed, which includes debt, was 14.0 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.

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EXXON CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS

SPECIAL ITEMS

	First Quarter	
	<u>1996</u>	<u>1995</u>
	(millions of dollars)	
EXPLORATION & PRODUCTION		
Non-U.S. Tax related	\$125	-
TOTAL	<u>\$125</u> =====	<u>-</u> =====

PART II - OTHER INFORMATION

EXXON CORPORATION

FOR THE QUARTER ENDED MARCH 31, 1996

Item 1. Legal Proceedings

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The registrant has agreed to a settlement with the California Air Resources Board under which the registrant will pay a civil penalty of \$190,000 for self-reported violations of certain California Clean Air Act regulations relating to distribution of under-additized gasoline.

The registrant has agreed to enter into a consent decree with the U.S. Environmental Protection Agency and the U.S. Department of Justice under which the registrant will pay civil penalties totaling \$209,600 to settle alleged violations of the Clean Air Act, the Clean Water Act and the Resource Conservation and Recovery Act at the registrant's Baton Rouge refinery. This decree will settle the proceeding anticipated in the registrant's Annual Report on Form 10-K for the year ended December 31, 1994.

Item 6. Exhibits and Reports on Form 8-K

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a) Exhibits

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

FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 1996

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: May 14, 1996

/s/ W. BRUCE COOK

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W. Bruce Cook, Vice President, Controller  
and Principal Accounting Officer

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM EXXON'S CONDENSED CONSOLIDATED BALANCE SHEET AT MARCH 31, 1996 AND EXXON'S CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE FIRST QUARTER 1996, THAT ARE CONTAINED IN EXXON'S FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1996. THE SCHEDULE IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

3-MOS		
	DEC-31-1996	
	MAR-31-1996	
		3,523
		140
		7,065
		103
		5,339
	18,964	
		122,747
		57,564
		92,579
	19,201	
		7,679
	0	
		431
		2,822
		37,769
92,579		
		30,474
	31,205	
		12,597
		12,597
		4,800
		0
		76
		2,841
		956
	1,885	
		0
		0
		0
		1,885
		1.51
		0