EXXON MOBIL CORP
Form 10-K
February 27, 2019

2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 1-2256

EXXON MOBIL CORPORATION

(Exact name of registrant as specified in its charter)

NEW JERSEY	**13-5409005**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

5959 LAS COLINAS BOULEVARD, IRVING, TEXAS 75039-2298

(Address of principal executive offices) (Zip Code)

(972) 940-6000

(Registrant’s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, without par value (4,234,802,431 shares outstanding at January 31, 2019)	**New York Stock Exchange**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The aggregate market value of the voting stock held by non-affiliates of the registrant on June 29, 2018, the last business day of the registrant's most recently completed second fiscal quarter, based on the closing price on that date of $82.73 on the New York Stock Exchange composite tape, was in excess of $350 billion.

Documents Incorporated by Reference: Proxy Statement for the 2019 Annual Meeting of Shareholders (Part III)

EXXON MOBIL CORPORATION

FORM 10-K

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

TABLE OF CONTENTS

PART I

PART II

PART I

ITEM 1. BUSINESS

Exxon Mobil Corporation was incorporated in the State of New Jersey in 1882. Divisions and affiliated companies of ExxonMobil operate or market products in the United States and most other countries of the world. Their principal business involves exploration for, and production of, crude oil and natural gas and manufacture, trade, transport and sale of crude oil, natural gas, petroleum products, petrochemicals and a wide variety of specialty products. Affiliates of ExxonMobil conduct extensive research programs in support of these businesses.

Exxon Mobil Corporation has several divisions and hundreds of affiliates, many with names that include *ExxonMobil*, *Exxon*, *Esso, Mobil* or *XTO*. For convenience and simplicity, in this report the terms *ExxonMobil, Exxon, Esso, Mobil* and *XTO*, as well as terms like *Corporation*, *Company*, *our*, *we* and *its*, are sometimes used as abbreviated references to specific affiliates or groups of affiliates. The precise meaning depends on the context in question.

The energy and petrochemical industries are highly competitive. There is competition within the industries and also with other industries in supplying the energy, fuel and chemical needs of both industrial and individual consumers. The Corporation competes with other firms in the sale or purchase of needed goods and services in many national and international markets and employs all methods of competition which are lawful and appropriate for such purposes.

Operating data and industry segment information for the Corporation are contained in the Financial Section of this report under the following: “Quarterly Information”, “Note 18: Disclosures about Segments and Related Information” and “Operating Information”. Information on oil and gas reserves is contained in the “Oil and Gas Reserves” part of the “Supplemental Information on Oil and Gas Exploration and Production Activities” portion of the Financial Section of this report.

ExxonMobil has a long standing commitment to the development of proprietary technology. We have a wide array of research programs designed to meet the needs identified in each of our business segments. ExxonMobil held nearly 13 thousand active patents worldwide at the end of 2018. For technology licensed to third parties, revenues totaled approximately $119 million in 2018. Although technology is an important contributor to the overall operations and results of our Company, the profitability of each business segment is not dependent on any individual patent, trade secret, trademark, license, franchise or concession.

The number of regular employees was 71.0 thousand, 69.6 thousand, and 71.1 thousand at years ended 2018, 2017 and 2016, respectively. Regular employees are defined as active executive, management, professional, technical and wage employees who work full time or part time for the Corporation and are covered by the Corporation’s benefit plans and programs.

Throughout ExxonMobil’s businesses, new and ongoing measures are taken to prevent and minimize the impact of our operations on air, water and ground. These include a significant investment in refining infrastructure and technology to manufacture clean fuels, as well as projects to monitor and reduce nitrogen oxide, sulfur oxide and greenhouse gas emissions, and expenditures for asset retirement obligations. Using definitions and guidelines established by the American Petroleum Institute, ExxonMobil’s 2018 worldwide environmental expenditures for all such preventative and remediation steps, including ExxonMobil’s share of equity company expenditures, were $4.9 billion, of which $3.6 billion were included in expenses with the remainder in capital expenditures. The total cost for such activities is expected to increase to approximately $5.7 billion in 2019 and 2020. Capital expenditures are expected to account for approximately 30 percent of the total.

Information concerning the source and availability of raw materials used in the Corporation's business, the extent of seasonality in the business, the possibility of renegotiation of profits or termination of contracts at the election of governments and risks attendant to foreign operations may be found in "Item 1A. Risk Factors" and "Item 2. Properties" in this report.

ExxonMobil maintains a website at exxonmobil.com. Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934 are made available through our website as soon as reasonably practical after we electronically file or furnish the reports to the Securities and Exchange Commission (SEC). Also available on the Corporation's website are the Company's Corporate Governance Guidelines and Code of Ethics and Business Conduct, as well as the charters of the audit, compensation and nominating committees of the Board of Directors. Information on our website is not incorporated into this report.

The SEC maintains an internet site (http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

ITEM 1A. RISK FACTORS

ExxonMobil's financial and operating results are subject to a variety of risks inherent in the global oil, gas, and petrochemical businesses. Many of these risk factors are not within the Company's control and could adversely affect our business, our financial and operating results, or our financial condition. These risk factors include:

Supply and Demand

The oil, gas, and petrochemical businesses are fundamentally commodity businesses. This means ExxonMobil's operations and earnings may be significantly affected by changes in oil, gas, and petrochemical prices and by changes in margins on refined products. Oil, gas, petrochemical, and product prices and margins in turn depend on local, regional, and global events or conditions that affect supply and demand for the relevant commodity. Any material decline in oil or natural gas prices could have a material adverse effect on certain of the Company's operations, especially in the Upstream segment, financial condition, and proved reserves. On the other hand, a material increase in oil or natural gas prices could have a material adverse effect on certain of the Company's operations, especially in the Downstream and Chemical segments.

Economic conditions. The demand for energy and petrochemicals is generally linked closely with broad-based economic activities and levels of prosperity. The occurrence of recessions or other periods of low or negative economic growth will typically have a direct adverse impact on our results. Other factors that affect general economic conditions in the world or in a major region, such as changes in population growth rates, periods of civil unrest, government austerity programs, or currency exchange rate fluctuations, can also impact the demand for energy and petrochemicals. Sovereign debt downgrades, defaults, inability to access debt markets due to credit or legal constraints, liquidity crises, the breakup or restructuring of fiscal, monetary, or political systems such as the European Union, and other events or conditions that impair the functioning of financial markets and institutions also pose risks to ExxonMobil, including risks to the safety of our financial assets and to the ability of our partners and customers to fulfill their commitments to ExxonMobil.

Other demand-related factors. Other factors that may affect the demand for oil, gas, and petrochemicals, and therefore impact our results, include technological improvements in energy efficiency; seasonal weather patterns; increased competitiveness of alternative energy sources; changes in technology or consumer preferences that alter fuel choices, such as technological advances in energy storage that make wind and solar more competitive for power generation or increased consumer demand for alternative fueled or electric vehicles; and broad-based changes in personal income levels.

Other supply-related factors. Commodity prices and margins also vary depending on a number of factors affecting supply. For example, increased supply from the development of new oil and gas supply sources and technologies to enhance recovery from existing sources tend to reduce commodity prices to the extent such supply increases are not offset by commensurate growth in demand. Similarly, increases in industry refining or petrochemical manufacturing capacity relative to demand tend to reduce margins on the affected products. World oil, gas, and petrochemical supply levels can also be affected by factors that reduce available supplies, such as adherence by countries to OPEC production quotas and other agreements among sovereigns, and the occurrence of wars, hostile actions, natural disasters, disruptions in competitors' operations, logistics constraints or unexpected unavailability of distribution channels that may disrupt supplies. Technological change can also alter the relative costs for competitors to find, produce, and refine oil and gas and to manufacture petrochemicals.

Other market factors. ExxonMobil's business results are also exposed to potential negative impacts due to changes in interest rates, inflation, currency exchange rates, and other local or regional market conditions.

Government and Political Factors

ExxonMobil's results can be adversely affected by political or regulatory developments affecting our operations.

Access limitations. A number of countries limit access to their oil and gas resources, or may place resources off-limits from development altogether. Restrictions on foreign investment in the oil and gas sector tend to increase in times of high commodity prices, when national governments may have less need of outside sources of private capital. Many countries also restrict the import or export of certain products based on point of origin.

Restrictions on doing business. ExxonMobil is subject to laws and sanctions imposed by the United States or by other jurisdictions where we do business that may prohibit ExxonMobil or certain of its affiliates from doing business in certain countries, or restricting the kind of business that may be conducted. Such restrictions may provide a competitive advantage to competitors who may not be subject to comparable restrictions.

Lack of legal certainty. Some countries in which we do business lack well-developed legal systems, or have not yet adopted, or may be unable to maintain, clear regulatory frameworks for oil and gas development. Lack of legal certainty exposes our operations to increased risk of adverse or unpredictable actions by government officials, and also makes it more difficult for us to enforce our contracts. In some cases these risks can be partially offset by agreements to arbitrate disputes in an international forum, but the adequacy of this remedy may still depend on the local legal system to enforce an award.

Regulatory and litigation risks. Even in countries with well-developed legal systems where ExxonMobil does business, we remain exposed to changes in law or interpretation of settled law (including changes that result from international treaties and accords) that could adversely affect our results, such as:

•	increases in taxes, duties, or government royalty rates (including retroactive claims);
•	price controls;
•	changes in environmental regulations or other laws that increase our cost of compliance or reduce or delay available business opportunities (including changes in laws related to offshore drilling operations, water use, methane emissions, hydraulic fracturing or plastics);
•	adoption of regulations mandating efficiency standards, the use of alternative fuels or uncompetitive fuel components;
•	adoption of government payment transparency regulations that could require us to disclose competitively sensitive commercial information, or that could cause us to violate the non-disclosure laws of other countries; and
•	government actions to cancel contracts, re-denominate the official currency, renounce or default on obligations, renegotiate terms unilaterally, or expropriate assets.

Legal remedies available to compensate us for expropriation or other takings may be inadequate.

We also may be adversely affected by the outcome of litigation, especially in countries such as the United States in which very large and unpredictable punitive damage awards may occur, or by government enforcement proceedings alleging non-compliance with applicable laws or regulations.

Security concerns. Successful operation of particular facilities or projects may be disrupted by civil unrest, acts of sabotage or terrorism, cybersecurity attacks, and other local security concerns. Such concerns may require us to incur greater costs for security or to shut down operations for a period of time.

Climate change and greenhouse gas restrictions. Due to concern over the risks of climate change, a number of countries have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emissions. These include adoption of cap and trade regimes, carbon taxes, minimum renewable usage requirements, restrictive permitting, increased efficiency standards, and incentives or mandates for renewable energy. Such policies could make our products more expensive, less competitive, lengthen project implementation times, and reduce demand for hydrocarbons, as well as shift hydrocarbon demand toward relatively lower-carbon sources such as natural gas. Current and pending greenhouse gas regulations or policies may also increase our compliance costs, such as for monitoring or sequestering emissions.

Government sponsorship of alternative energy. Many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels or technologies. Governments and others are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources. We are conducting our own research both in-house and by working with more than 80 leading universities around the world, including the Massachusetts Institute of Technology, Princeton University, The University of Texas, and Stanford University. Our research projects focus on developing algae-based biofuels, carbon capture and storage, breakthrough energy efficiency processes, advanced energy-saving materials, and other technologies. For example, ExxonMobil is working with Fuel Cell Energy Inc. to explore using carbonate fuel cells to economically capture CO_2 emissions from gas-fired power plants. Our future results may depend in part

on the success of our research efforts and on our ability to adapt and apply the strengths of our current business model to providing the energy products of the future in a cost-competitive manner. See “Operational and Other Factors” below.

Operational and Other Factors

In addition to external economic and political factors, our future business results also depend on our ability to manage successfully those factors that are at least in part within our control. The extent to which we manage these factors will impact our performance relative to competition. For projects in which we are not the operator, we depend on the management effectiveness of one or more co-venturers whom we do not control.

Exploration and development program. Our ability to maintain and grow our oil and gas production depends on the success of our exploration and development efforts. Among other factors, we must continuously improve our ability to identify the most promising resource prospects and apply our project management expertise to bring discovered resources on line as scheduled and within budget.

Project and portfolio management. The long-term success of ExxonMobil's Upstream, Downstream, and Chemical businesses depends on complex, long term, capital intensive projects. These projects in turn require a high degree of project management expertise to maximize efficiency. Specific factors that can affect the performance of major projects include our ability to: negotiate successfully with joint venturers, partners, governments, suppliers, customers, or others; model and optimize reservoir performance; develop markets for project outputs, whether through long-term contracts or the development of effective spot markets; manage changes in operating conditions and costs, including costs of third party equipment or services such as drilling rigs and shipping; prevent, to the extent possible, and respond effectively to unforeseen technical difficulties that could delay project startup or cause unscheduled project downtime; and influence the performance of project operators where ExxonMobil does not perform that role. In addition to the effective management of individual projects, ExxonMobil's success, including our ability to mitigate risk and provide attractive returns to shareholders, depends on our ability to successfully manage our overall portfolio, including diversification among types and locations of our projects.

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

Operational efficiency. An important component of ExxonMobil's competitive performance, especially given the commodity based nature of many of our businesses, is our ability to operate efficiently, including our ability to manage expenses and improve production yields on an ongoing basis. This requires continuous management focus, including technology improvements, cost control, productivity enhancements, regular reappraisal of our asset portfolio, and the recruitment, development, and retention of high caliber employees.

Research and development and technological change. To maintain our competitive position, especially in light of the technological nature of our businesses and the need for continuous efficiency improvement, ExxonMobil's research and development organizations must be successful and able to adapt to a changing market and policy environment, including developing technologies to help reduce greenhouse gas emissions. To remain competitive we must also continuously adapt and capture the benefits of new and emerging technologies.

Safety, business controls, and environmental risk management. Our results depend on management's ability to minimize the inherent risks of oil, gas, and petrochemical operations, to control effectively our business activities, and to minimize the potential for human error. We apply rigorous management systems and continuous focus on workplace safety and avoiding spills or other adverse environmental events. For example, we work to minimize spills through a combined program of effective operations integrity management, ongoing upgrades, key equipment replacements, and comprehensive inspection and surveillance. Similarly, we are implementing cost-effective new technologies and adopting new operating practices to reduce air emissions, not only in response to government requirements but also to address community priorities. We also maintain a disciplined framework of internal controls and apply a controls management system for monitoring compliance with this framework. Substantial liabilities and other adverse impacts could result if our management systems and controls do not function as intended.

Cybersecurity. ExxonMobil is regularly subject to attempted cybersecurity disruptions from a variety of threat actors including state-sponsored actors. ExxonMobil's defensive preparedness includes multi-layered technological capabilities for prevention and detection of cybersecurity disruptions; non-technological measures such as threat information sharing with governmental and industry groups; internal training and awareness campaigns including routine testing of employee awareness and an emphasis on resiliency including business response and recovery. If the measures we are taking to protect against cybersecurity disruptions prove to be insufficient, ExxonMobil as well as our customers, employees, or third parties could be adversely affected. Cybersecurity disruptions could cause physical harm to people or the environment; damage or destroy assets; compromise business systems; result in proprietary information being altered, lost, or stolen; result in employee, customer, or third-party information being compromised; or otherwise disrupt our business operations. We could incur significant costs to remedy the effects of a major

cybersecurity disruption in addition to costs in connection with resulting regulatory actions, litigation or reputational harm.

Preparedness. Our operations may be disrupted by severe weather events, natural disasters, human error, and similar events. For example, hurricanes may damage our offshore production facilities or coastal refining and petrochemical plants in vulnerable areas. Our facilities are designed, constructed, and operated to withstand a variety of extreme climatic and other conditions, with safety factors built in to cover a number of engineering uncertainties, including those associated with wave, wind, and current intensity, marine ice flow patterns, permafrost stability, storm surge magnitude, temperature extremes, extreme rainfall events, and earthquakes. Our consideration of changing weather conditions and inclusion of safety factors in design covers the engineering uncertainties that climate change and other events may potentially introduce. Our ability to mitigate the adverse impacts of these events depends in part upon the effectiveness of our robust facility engineering as well as our rigorous disaster preparedness and response and business continuity planning.

Insurance limitations. The ability of the Corporation to insure against many of the risks it faces as described in this Item 1A is limited by the capacity of the applicable insurance markets, which may not be sufficient.

Competition. As noted in Item 1 above, the energy and petrochemical industries are highly competitive. We face competition not only from other private firms, but also from state-owned companies that are increasingly competing for opportunities outside of their home countries. In some cases, these state-owned companies may pursue opportunities in furtherance of strategic objectives of their government owners, with less focus on financial returns than companies owned by private shareholders, such as ExxonMobil. Technology and expertise provided by industry service companies may also enhance the competitiveness of firms that may not have the internal resources and capabilities of ExxonMobil or reduce the need for resource-owning countries to partner with private-sector oil and gas companies in order to monetize national resources.

Reputation. Our reputation is an important corporate asset. An operating incident, significant cybersecurity disruption, or other adverse event such as those described in this Item 1A may have a negative impact on our reputation, which in turn could make it more difficult for us to compete successfully for new opportunities, obtain necessary regulatory approvals, or could reduce consumer demand for our branded products. ExxonMobil's reputation may also be harmed by events which negatively affect the image of our industry as a whole.

Projections, estimates, and descriptions of ExxonMobil's plans and objectives included or incorporated in Items 1, 1A, 2, 7 and 7A of this report are forward-looking statements. Actual future results, including project completion dates, production rates, capital expenditures, costs, and business plans could differ materially due to, among other things, the factors discussed above and elsewhere in this report.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. Properties

Information with regard to oil and gas producing activities follows:

1. Disclosure of Reserves

A. Summary of Oil and Gas Reserves at Year-End 2018

The table below summarizes the oil-equivalent proved reserves in each geographic area and by product type for consolidated subsidiaries and equity companies. Natural gas is converted to an oil-equivalent basis at six billion cubic feet per one million barrels. The Corporation has reported proved reserves on the basis of the average of the first-day-of-the-month price for each month during the last 12-month period. No major discovery or other favorable or adverse event has occurred since December 31, 2018, that would cause a significant change in the estimated proved reserves as of that date.

	Crude Oil	Natural Gas Liquids	Bitumen	Synthetic Oil	Natural Gas	Oil-Equivalent Total All Products
	(million bbls)	*(million bbls)*	*(million bbls)*	*(million bbls)*	*(billion cubic ft)*	*(million bbls)*
Proved Reserves						
Developed						
Consolidated Subsidiaries						
United States	1,257	439	-	-	12,538	3,786
Canada/Other Americas *(1)*	144	9	3,880	466	605	4,599
Europe	101	22	-	-	1,116	309
Africa	496	82	-	-	581	675
Asia	2,184	101	-	-	3,618	2,888
Australia/Oceania	75	43	-	-	4,336	841
Total Consolidated	4,257	696	3,880	466	22,794	13,098
Equity Companies						
United States	202	6	-	-	152	233
Europe	15	-	-	-	988	180
Africa	-	-	-	-	-	-
Asia	637	282	-	-	11,951	2,911
Total Equity Company	854	288	-	-	13,091	3,324
Total Developed	5,111	984	3,880	466	35,885	16,422
Undeveloped						
Consolidated Subsidiaries						
United States	1,947	669	-	-	8,865	4,093
	385	18	305	-	1,139	898

Canada/Other Americas *(1)*						
Europe	65	13	-	-	196	111
Africa	108	3	-	-	7	112
Asia	1,173	-	-	-	223	1,210
Australia/Oceania	30	5	-	-	3,126	556
Total Consolidated	3,708	708	305	-	13,556	6,980
Equity Companies						
United States	52	4	-	-	73	68
Europe	-	-	-	-	69	12
Africa	6	-	-	-	863	150
Asia	383	50	-	-	1,370	661
Total Equity Company	441	54	-	-	2,375	891
Total Undeveloped	4,149	762	305	-	15,931	7,871
Total Proved Reserves	9,260	1,746	4,185	466	51,816	24,293

(1) Other Americas includes proved developed reserves of 1 million barrels of crude oil and 99 billion cubic feet of natural gas, as well as proved undeveloped reserves of 226 million barrels of crude oil and 423 billion cubic feet of natural gas.

In the preceding reserves information, consolidated subsidiary and equity company reserves are reported separately. However, the Corporation operates its business with the same view of equity company reserves as it has for reserves from consolidated subsidiaries.

The Corporation anticipates several projects will come online over the next few years providing additional production capacity. However, actual volumes will vary from year to year due to the timing of individual project start-ups; operational outages; reservoir performance; performance of enhanced oil recovery projects; regulatory changes; the impact of fiscal and commercial terms; asset sales; weather events; price effects on production sharing contracts; changes in the amount and timing of capital investments that may vary depending on the oil and gas price environment; and other factors described in Item 1A. Risk Factors.

The estimation of proved reserves, which is based on the requirement of reasonable certainty, is an ongoing process based on rigorous technical evaluations, commercial and market assessments and detailed analysis of well and reservoir information such as flow rates and reservoir pressures. Furthermore, the Corporation only records proved reserves for projects which have received significant funding commitments by management made toward the development of the reserves. Although the Corporation is reasonably certain that proved reserves will be produced, the timing and amount recovered can be affected by a number of factors including completion of development projects, reservoir performance, regulatory approvals, government policies, consumer preferences, and significant changes in long-term oil and natural gas price levels. In addition, proved reserves could be affected by an extended period of low prices which could reduce the level of the Corporation’s capital spending and also impact our partners’ capacity to fund their share of joint projects.

B. Technologies Used in Establishing Proved Reserves Additions in 2018

Additions to ExxonMobil’s proved reserves in 2018 were based on estimates generated through the integration of available and appropriate geological, engineering and production data, utilizing well-established technologies that have been demonstrated in the field to yield repeatable and consistent results.

Data used in these integrated assessments included information obtained directly from the subsurface via wellbores, such as well logs, reservoir core samples, fluid samples, static and dynamic pressure information, production test data, and surveillance and performance information. The data utilized also included subsurface information obtained through indirect measurements including high-quality 3-D and 4-D seismic data, calibrated with available well control information. The tools used to interpret the data included proprietary seismic processing software, proprietary reservoir modeling and simulation software, and commercially available data analysis packages.

In some circumstances, where appropriate analog reservoirs were available, reservoir parameters from these analogs were used to increase the quality of and confidence in the reserves estimates.

C. Qualifications of Reserves Technical Oversight Group and Internal Controls over Proved Reserves

ExxonMobil has a dedicated Global Reserves group that provides technical oversight and is separate from the operating organization. Primary responsibilities of this group include oversight of the reserves estimation process for compliance with Securities and Exchange Commission (SEC) rules and regulations, review of annual changes in reserves estimates, and the reporting of ExxonMobil’s proved reserves. This group also maintains the official company reserves estimates for ExxonMobil’s proved reserves of crude oil, natural gas liquids, bitumen, synthetic oil, and natural gas. In addition, the group provides training to personnel involved in the reserves estimation and reporting process within ExxonMobil and its affiliates. The Manager of the Global Reserves group has more than 25 years of experience in reservoir engineering and reserves assessment, has a degree in Engineering and currently serves on the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE). The group is staffed with individuals

that have an average of more than 20 years of technical experience in the petroleum industry, including expertise in the classification and categorization of reserves under the SEC guidelines. This group includes individuals who hold advanced degrees in either Engineering or Geology.

The Global Reserves group maintains a central database containing the official company reserves estimates. Appropriate controls, including limitations on database access and update capabilities, are in place to ensure data integrity within this central database. An annual review of the system's controls is performed by internal audit. Key components of the reserves estimation process include technical evaluations and analysis of well and field performance and a rigorous peer review. No changes may be made to the reserves estimates in the central database, including additions of any new initial reserves estimates or subsequent revisions, unless these changes have been thoroughly reviewed and evaluated by duly authorized personnel within the operating organization. In addition, changes to reserves estimates that exceed certain thresholds require further review and approval of the appropriate level of management within the operating organization before the changes may be made in the central database. Endorsement by the Global Reserves group for all proved reserves changes is a mandatory component of this review process. After all changes are made, reviews are held with senior management for final endorsement.

2. Proved Undeveloped Reserves

At year-end 2018, approximately 7.9 billion oil-equivalent barrels (GOEB) of ExxonMobil's proved reserves were classified as proved undeveloped. This represents 32 percent of the 24.3 GOEB reported in proved reserves. This compares to the 7.3 GOEB of proved undeveloped reserves reported at the end of 2017. During the year, ExxonMobil conducted development activities that resulted in the transfer of approximately 0.8 GOEB from proved undeveloped to proved developed reserves by year end. The largest transfers were related to drilling activity in the United States, the United Arab Emirates, Canada, and Russia. During 2018, extensions and discoveries, primarily in the United States resulted in an addition of approximately 1.7 GOEB of proved undeveloped reserves. Also, the Corporation reclassified approximately 0.3 GOEB of proved undeveloped reserves which no longer met the SEC definition of proved reserves, primarily in the Netherlands at the Groningen gas field and the United States.

Overall, investments of $13.2 billion were made by the Corporation during 2018 to progress the development of reported proved undeveloped reserves, including $13.1 billion for oil and gas producing activities and additional investments for other non-oil and gas producing activities such as the construction of support infrastructure and other related facilities. These investments represented 65 percent of the $20.2 billion in total reported Upstream capital and exploration expenditures.

One of ExxonMobil's requirements for reporting proved reserves is that management has made significant funding commitments toward the development of the reserves. ExxonMobil has a disciplined investment strategy and many major fields require long lead time in order to be developed. Development projects typically take several years from the time of recording proved undeveloped reserves to the start of production and can exceed five years for large and complex projects. Proved undeveloped reserves in the United States, Canada, Australia, and Kazakhstan have remained undeveloped for five years or more primarily due to constraints on the capacity of infrastructure, as well as the time required to complete development for very large projects. The Corporation is reasonably certain that these proved reserves will be produced; however, the timing and amount recovered can be affected by a number of factors including completion of development projects, reservoir performance, regulatory approvals, government policies, consumer preferences, the pace of co venturer/government funding, changes in the amount and timing of capital investments, and significant changes in long-term oil and natural gas price levels. Of the proved undeveloped reserves that have been reported for five or more years, over 80 percent are contained in the aforementioned countries. In Canada, proved undeveloped reserves are related to drilling activities in the offshore Hebron field and onshore Cold Lake operations. In Australia, proved undeveloped reserves are associated with future compression for the Gorgon Jansz LNG project. In Kazakhstan, the proved undeveloped reserves are related to the remainder of the initial development of the producing offshore Kashagan field which is included in the North Caspian Production Sharing Agreement and the Tengizchevroil joint venture which includes a production license in the Tengiz – Korolev field complex. The Tengizchevroil joint venture is producing, and proved undeveloped reserves will continue to move to proved developed as approved development phases progress.

3. Oil and Gas Production, Production Prices and Production Costs

A. Oil and Gas Production

The table below summarizes production by final product sold and by geographic area for the last three years.

	2018		2017		2016	
	(thousands of barrels daily)					
Crude oil and natural gas liquids production	Crude Oil	NGL	Crude Oil	NGL	Crude Oil	NGL
Consolidated Subsidiaries						
United States	395	101	361	96	347	87
Canada/Other Americas *(1)*	62	6	44	6	53	6
Europe	101	27	147	31	171	31
Africa	377	10	412	11	459	15
Asia	398	25	373	26	383	27
Australia/Oceania	31	16	35	19	37	19
Total Consolidated Subsidiaries	1,364	185	1,372	189	1,450	185
Equity Companies						
United States	54	1	55	2	58	2
Europe	4	-	4	-	2	-
Asia	226	62	235	64	232	65
Total Equity Companies	284	63	294	66	292	67
Total crude oil and natural gas liquids production	1,648	248	1,666	255	1,742	252
Bitumen production						
Consolidated Subsidiaries						
Canada/Other Americas	310		305		304	
Synthetic oil production						
Consolidated Subsidiaries						
Canada/Other Americas	60		57		67	
Total liquids production	2,266		2,283		2,365	
	(millions of cubic feet daily)					
Natural gas production available for sale						
Consolidated Subsidiaries						
United States	2,550		2,910		3,052	
Canada/Other Americas *(1)*	227		218		239	
Europe	925		1,046		1,093	
Africa	13		5		7	
Asia	838		906		927	
Australia/Oceania	1,325		1,310		887	

Total Consolidated Subsidiaries	5,878	6,395	6,205
Equity Companies			
United States	24	26	26
Europe	728	902	1,080
Asia	2,775	2,888	2,816
Total Equity Companies	3,527	3,816	3,922
Total natural gas production available for sale	9,405	10,211	10,127
	(thousands of oil-equivalent barrels daily)		
Oil-equivalent production	3,833	3,985	4,053

(1) Other Americas includes crude oil production for 2018 of two thousand barrels daily and natural gas production available for sale for 2018, 2017 and 2016 of 28 million, 24 million, and 22 million cubic feet daily, respectively.

B. Production Prices and Production Costs

The table below summarizes average production prices and average production costs by geographic area and by product type for the last three years.

	United States	Canada/ Other Americas	Europe	Africa	Asia	Australia/ Oceania	Total
During 2018			*(dollars per unit)*				
Consolidated Subsidiaries							
Average production prices							
Crude oil, per barrel	59.84	64.53	69.80	70.84	69.86	66.89	66.91
NGL, per barrel	30.78	37.27	38.53	47.10	26.30	36.34	32.88
Natural gas, per thousand cubic feet	2.14	1.68	6.97	1.96	2.33	6.39	3.87
Bitumen, per barrel	-	28.66	-	-	-	-	28.66
Synthetic oil, per barrel	-	54.85	-	-	-	-	54.85
Average production costs, per oil-equivalent barrel - total	11.64	24.32	13.07	17.28	7.31	6.94	13.34
Average production costs, per barrel - bitumen	-	22.93	-	-	-	-	22.93
Average production costs, per barrel - synthetic oil	-	45.33	-	-	-	-	45.33
Equity Companies							
Average production prices							
Crude oil, per barrel	66.30	-	63.92	-	67.31	-	67.07
NGL, per barrel	27.16	-	-	-	45.10	-	44.64
Natural gas, per thousand cubic feet	2.19	-	5.03	-	6.31	-	6.01
Average production costs, per oil-equivalent barrel - total	24.71	-	16.30	-	1.49	-	4.96
Total							
Average production prices							
Crude oil, per barrel	60.61	64.53	69.57	70.84	68.92	66.89	66.93
NGL, per barrel	30.72	37.27	38.53	47.10	39.69	36.34	35.85
Natural gas, per thousand cubic feet	2.14	1.68	6.11	1.96	5.38	6.39	4.67
Bitumen, per barrel	-	28.66	-	-	-	-	28.66
Synthetic oil, per barrel	-	54.85	-	-	-	-	54.85
Average production costs, per oil-equivalent barrel - total	12.43	24.32	14.06	17.31	3.98	6.94	11.29
Average production costs, per barrel - bitumen	-	22.93	-	-	-	-	22.93
Average production costs, per barrel - synthetic oil	-	45.33	-	-	-	-	45.33
During 2017							
Consolidated Subsidiaries							
Average production prices							
Crude oil, per barrel	46.71	52.42	52.02	54.70	53.26	53.61	51.88
NGL, per barrel	24.20	27.07	30.96	37.38	22.69	33.15	26.88
Natural gas, per thousand cubic feet	2.03	2.03	5.48	1.51	2.05	4.22	3.04

Bitumen, per barrel	-	29.70	-	-	-	-	29.70
Synthetic oil, per barrel	-	52.72	-	-	-	-	52.72
Average production costs, per oil-equivalent barrel - total	10.85	23.44	12.25	13.33	8.07	6.30	12.33
Average production costs, per barrel - bitumen	-	21.39	-	-	-	-	21.39
Average production costs, per barrel - synthetic oil	-	44.21	-	-	-	-	44.21
Equity Companies							
Average production prices							
Crude oil, per barrel	49.13	-	47.69	-	50.27	-	50.02
NGL, per barrel	21.78	-	-	-	38.23	-	37.81
Natural gas, per thousand cubic feet	2.42	-	4.81	-	4.15	-	4.30
Average production costs, per oil-equivalent barrel - total	23.38	-	7.45	-	1.18	-	3.51
Total							
Average production prices							
Crude oil, per barrel	47.03	52.42	51.91	54.70	52.12	53.61	51.56
NGL, per barrel	24.16	27.07	30.96	37.38	33.79	33.15	29.70
Natural gas, per thousand cubic feet	2.03	2.03	5.17	1.51	3.65	4.22	3.51
Bitumen, per barrel	-	29.70	-	-	-	-	29.70
Synthetic oil, per barrel	-	52.72	-	-	-	-	52.72
Average production costs, per oil-equivalent barrel - total	11.61	23.44	10.79	13.33	4.02	6.30	10.12
Average production costs, per barrel - bitumen	-	21.39	-	-	-	-	21.39
Average production costs, per barrel - synthetic oil	-	44.21	-	-	-	-	44.21

	United States	Canada/ Other Americas	Europe	Africa	Asia	Australia/ Oceania	Total
During 2016			*(dollars per unit)*				
Consolidated Subsidiaries							
Average production prices							
Crude oil, per barrel	36.47	39.50	40.57	42.59	41.89	43.33	40.59
NGL, per barrel	16.16	18.91	22.17	26.78	17.12	23.95	18.99
Natural gas, per thousand cubic feet	1.43	1.71	4.26	1.14	1.56	3.46	2.25
Bitumen, per barrel	-	19.30	-	-	-	-	19.30
Synthetic oil, per barrel	-	43.03	-	-	-	-	43.03
Average production costs, per oil-equivalent barrel - total	10.41	21.16	12.78	12.75	6.44	7.12	11.79
Average production costs, per barrel - bitumen	-	18.25	-	-	-	-	18.25
Average production costs, per barrel - synthetic oil	-	33.64	-	-	-	-	33.64
Equity Companies							
Average production prices							
Crude oil, per barrel	38.44	-	36.13	-	39.69	-	39.41
NGL, per barrel	14.85	-	-	-	25.21	-	24.87
Natural gas, per thousand cubic feet	2.03	-	4.19	-	3.59	-	3.75
Average production costs, per oil-equivalent barrel - total	22.26	-	7.92	-	1.80	-	4.21
Total							
Average production prices							
Crude oil, per barrel	36.75	39.50	40.51	42.59	41.06	43.33	40.39
NGL, per barrel	16.13	18.91	22.17	26.78	22.85	23.95	20.56
Natural gas, per thousand cubic feet	1.44	1.71	4.22	1.14	3.09	3.46	2.83
Bitumen, per barrel	-	19.30	-	-	-	-	19.30
Synthetic oil, per barrel	-	43.03	-	-	-	-	43.03
Average production costs, per oil-equivalent barrel - total	11.18	21.16	11.21	12.75	3.77	7.12	9.89
Average production costs, per barrel - bitumen	-	18.25	-	-	-	-	18.25
Average production costs, per barrel - synthetic oil	-	33.64	-	-	-	-	33.64

Average production prices have been calculated by using sales quantities from the Corporation’s own production as the divisor. Average production costs have been computed by using net production quantities for the divisor. The volumes of crude oil and natural gas liquids (NGL) production used for this computation are shown in the oil and gas production table in section 3.A. The volumes of natural gas used in the calculation are the production volumes of natural gas available for sale and are also shown in section 3.A. The natural gas available for sale volumes are different from those shown in the reserves table in the “Oil and Gas Reserves” part of the “Supplemental Information on Oil and Gas Exploration and Production Activities” portion of the Financial Section of this report due to volumes consumed or flared. Natural gas is converted to an oil-equivalent basis at six million cubic feet per one thousand

barrels.

4. Drilling and Other Exploratory and Development Activities

A. Number of Net Productive and Dry Wells Drilled

	2018	2017	2016
Net Productive Exploratory Wells Drilled			
Consolidated Subsidiaries			
United States	1	-	-
Canada/Other Americas	4	5	2
Europe	-	-	1
Africa	1	1	1
Asia	-	-	-
Australia/Oceania	1	-	-
Total Consolidated Subsidiaries	7	6	4
Equity Companies			
United States	-	-	-
Europe	-	-	1
Africa	-	-	-
Asia	-	-	-
Total Equity Companies	-	-	1
Total productive exploratory wells drilled	7	6	5
Net Dry Exploratory Wells Drilled			
Consolidated Subsidiaries			
United States	3	-	-
Canada/Other Americas	-	-	1
Europe	1	-	-
Africa	-	2	1
Asia	-	-	-
Australia/Oceania	2	-	-
Total Consolidated Subsidiaries	6	2	2
Equity Companies			
United States	-	-	-
Europe	-	-	-
Africa	-	-	-
Asia	-	1	-
Total Equity Companies	-	1	-
Total dry exploratory wells drilled	6	3	2

	2018	2017	2016
Net Productive Development Wells Drilled			
Consolidated Subsidiaries			
United States	389	300	335
Canada/Other Americas	32	12	13
Europe	3	6	9
Africa	1	6	7
Asia	14	15	13
Australia/Oceania	-	1	-
Total Consolidated Subsidiaries	439	340	377
Equity Companies			
United States	168	154	121
Europe	3	1	2
Africa	-	-	-
Asia	6	3	3
Total Equity Companies	177	158	126
Total productive development wells drilled	616	498	503
Net Dry Development Wells Drilled			
Consolidated Subsidiaries			
United States	4	4	2
Canada/Other Americas	1	-	-
Europe	-	1	2
Africa	1	-	-
Asia	-	-	-
Australia/Oceania	-	-	-
Total Consolidated Subsidiaries	6	5	4
Equity Companies			
United States	-	-	-
Europe	-	-	-
Africa	-	-	-
Asia	-	-	-
Total Equity Companies	-	-	-
Total dry development wells drilled	6	5	4
Total number of net wells drilled	635	512	514

B. Exploratory and Development Activities Regarding Oil and Gas Resources Extracted by Mining Technologies

Syncrude Operations. Syncrude is a joint venture established to recover shallow deposits of oil sands using open-pit mining methods to extract the crude bitumen, and then upgrade it to produce a high-quality, light (32 degrees API), sweet, synthetic crude oil. Imperial Oil Limited is the owner of a 25 percent interest in the joint venture. Exxon Mobil Corporation has a 69.6 percent interest in Imperial Oil Limited. In 2018, the company's share of net production of synthetic crude oil was about 60 thousand barrels per day and share of net acreage was about 63 thousand acres in the Athabasca oil sands deposit.

Kearl Operations. Kearl is a joint venture established to recover shallow deposits of oil sands using open-pit mining methods to extract the crude bitumen. Imperial Oil Limited holds a 70.96 percent interest in the joint venture and ExxonMobil Canada Properties holds the other 29.04 percent. Exxon Mobil Corporation has a 69.6 percent interest in Imperial Oil Limited and a 100 percent interest in ExxonMobil Canada Properties. Kearl is comprised of six oil sands leases covering about 49 thousand acres in the Athabasca oil sands deposit.

Kearl is located approximately 40 miles north of Fort McMurray, Alberta, Canada. Bitumen is extracted from oil sands and processed through bitumen extraction and froth treatment trains. The product, a blend of bitumen and diluent, is shipped to our refineries and to other third parties. Diluent is natural gas condensate or other light hydrocarbons added to the crude bitumen to facilitate transportation by pipeline and rail. During 2018, average net production at Kearl was about 191 thousand barrels per day.

At year-end 2018, an additional 3.4 billion barrels of bitumen at Kearl qualified as proved reserves under the SEC definition requiring calculations based on the average of the first-day-of-the-month price during the last 12-month period.

5. Present Activities

A. Wells Drilling

	Year-End 2018		Year-End 2017	
	Gross	Net	Gross	Net
Wells Drilling				
Consolidated Subsidiaries				
United States	997	491	820	334
Canada/Other Americas	41	32	30	22
Europe	13	3	12	2
Africa	5	1	10	2
Asia	50	14	58	15
Australia/Oceania	4	2	3	1
Total Consolidated Subsidiaries	1,110	543	933	376
Equity Companies				
United States	7	1	10	1
Europe	1	1	8	3

Asia	17	4	14	4
Total Equity Companies	25	6	32	8
Total gross and net wells drilling	1,135	549	965	384

14

B. Review of Principal Ongoing Activities

UNITED STATES

ExxonMobil's year-end 2018 acreage holdings totaled 12.1 million net acres, of which 0.8 million net acres were offshore. ExxonMobil was active in areas onshore and offshore in the lower 48 states and in Alaska.

During the year, 554.6 net exploration and development wells were completed in the inland lower 48 states. Development activities focused on liquids-rich opportunities in the onshore U.S., primarily in the Permian Basin of West Texas and New Mexico and the Bakken oil play in North Dakota. In addition, gas development activities continued in the Marcellus Shale of Pennsylvania and West Virginia, the Utica Shale of Ohio and the Haynesville Shale of East Texas and Louisiana.

ExxonMobil's net acreage in the Gulf of Mexico at year-end 2018 was 0.7 million acres. A total of 3.5 net exploration and development wells were completed during the year.

Participation in Alaska production and development continued with a total of 7.3 net development wells completed.

CANADA / OTHER AMERICAS

Canada

Oil and Gas Operations: ExxonMobil's year-end 2018 acreage holdings totaled 6.9 million net acres, of which 3.6 million net acres were offshore. A total of 20.3 net development wells were completed during the year.

In Situ Bitumen Operations: ExxonMobil's year-end 2018 in situ bitumen acreage holdings totaled 0.7 million net onshore acres. A total of 10 net development wells at Cold Lake were completed during the year.

Argentina

ExxonMobil's net acreage totaled 0.3 million onshore acres at year-end 2018, and there were 3.6 net exploration and development wells completed during the year.

Guyana

ExxonMobil's net acreage totaled 4.7 million offshore acres at year-end 2018, and there were 2.8 net exploration wells completed during the year. Development activities continued on the Liza Phase 1 project.

EUROPE

Germany

A total of 2.3 million net onshore acres were held by ExxonMobil at year-end 2018, with 0.1 net development well completed during the year.

Netherlands

ExxonMobil's net interest in licenses totaled approximately 1.4 million acres at year-end 2018, of which 1.1 million acres were onshore. A total of 2.9 net exploration and development wells were completed during the year. In 2018, the

Dutch Cabinet notified Parliament of its intention to further reduce previously legislated Groningen gas extraction in response to seismic events over the last several years. Affiliates of the Corporation and their partners have actively been in discussions with the government on the associated implementation measures which resulted in a signed Heads of Agreement and the execution of additional implementation agreements.

Norway

ExxonMobil's net interest in licenses at year-end 2018 totaled approximately 0.1 million acres, all offshore. A total of 2.7 net development wells were completed in 2018.

United Kingdom

ExxonMobil's net interest in licenses at year-end 2018 totaled approximately 0.6 million acres, all offshore. A total of 0.6 net development wells were completed during the year. Development activities continued on the Penguins Redevelopment project.

AFRICA

Angola

ExxonMobil’s net acreage totaled 0.2 million offshore acres at year-end 2018, with 2.0 net exploration and development wells completed during the year. On Block 32, development activities continued on the Kaombo Split Hub project as the Norte floating production storage and offloading (FPSO) vessel started up in 2018 and construction progressed on the Sul FPSO.

Chad

At year-end 2018, ExxonMobil’s net acreage holdings totaled 46 thousand onshore acres.

Equatorial Guinea

ExxonMobil’s acreage totaled 0.5 million net offshore acres at year-end 2018, with 0.8 net development well completed during the year. In 2018, ExxonMobil acquired deepwater acreage in Block EG-11.

Mozambique

ExxonMobil’s net acreage totaled approximately 2.6 million offshore acres at year-end 2018. ExxonMobil acquired an interest in offshore blocks Angoche A5-B, Zambezi Z5-C, and Zambezi Z5-D in December 2018. Development activities continued on the Coral South Floating LNG project during 2018.

Nigeria

ExxonMobil’s net acreage totaled 0.8 million offshore acres at year-end 2018, with 0.2 net development well completed during the year. In 2018, ExxonMobil relinquished approximately 0.3 million net acres offshore.

ASIA

Azerbaijan

At year-end 2018, ExxonMobil's net acreage totaled 7 thousand offshore acres. A total of 1.0 net development wells were completed during the year. The production sharing agreement (PSA) for the development of the Azeri-Chirag-Gunashli field was amended in September 2017 to extend the term by 25 years to 2049.

Indonesia

At year-end 2018, ExxonMobil had 0.1 million net acres onshore. The Kedung Keris project was funded in 2018.

Iraq

At year-end 2018, ExxonMobil’s onshore acreage was 0.1 million net acres. A total of 1.7 net development wells were completed at the West Qurna Phase I oil field during the year. Oil field rehabilitation activities continued during 2018 and across the life of this project will include drilling of new wells, working over of existing wells, and optimization and debottlenecking of existing facilities. In the Kurdistan Region of Iraq, ExxonMobil has continued exploration activities.

Kazakhstan

ExxonMobil's net acreage totaled 0.1 million acres onshore and 0.2 million acres offshore at year-end 2018. A total of 7.2 net development wells were completed during 2018. Development activities continued on the Tengiz Expansion project.

Malaysia

ExxonMobil's interests in production sharing contracts covered 2.4 million net acres offshore at year-end 2018. During the year, a total of 0.5 net development well was completed.

Qatar

Through our joint ventures with Qatar Petroleum, ExxonMobil's net acreage totaled 65 thousand acres offshore at year-end 2018. ExxonMobil participated in 62.2 million tonnes per year gross liquefied natural gas capacity and 2.0 billion cubic feet per day of flowing gas capacity at year-end. Development activities continued on the Barzan project in 2018.

Russia

ExxonMobil's net acreage holdings in Sakhalin at year-end 2018 were 85 thousand acres, all offshore. A total of 3.0 net development wells were completed.

ExxonMobil withdrew from the joint ventures with Rosneft for the Kara, Laptev, Chukchi and Black Seas and western Siberia, effective April 30, 2018. ExxonMobil continues to remain in compliance with all laws applicable to its operations and investments in the Russian Federation.

Thailand

ExxonMobil's net onshore acreage in Thailand concessions totaled 21 thousand acres at year-end 2018.

United Arab Emirates

ExxonMobil's net acreage in the Abu Dhabi offshore Upper Zakum oil concession was 81 thousand acres at year-end 2018. A total of 6.7 net development wells were completed. During 2018, development activities continued on the Upper Zakum 750 project, and work progressed on the Upper Zakum 1MBD project.

AUSTRALIA / OCEANIA

Australia

ExxonMobil's net acreage totaled 1.9 million acres offshore and 31 thousand acres onshore at year-end 2018. A total of 2.0 net exploration wells were completed during the year in the Bass Strait. The West Barracouta project was funded in 2018.

The co-venturer-operated Gorgon Jansz liquefied natural gas development consists of a subsea infrastructure for offshore production and transportation of the gas, a 15.6 million tonnes per year liquefied natural gas facility and a 280 million cubic feet per day domestic gas plant located on Barrow Island, Western Australia. The Gorgon Stage Two project was funded in 2018.

Papua New Guinea

A total of 9.9 million net acres were held by ExxonMobil at year-end 2018, of which 5.4 million net acres were offshore. A total of 0.5 net exploration well was completed during the year. The Papua New Guinea (PNG) liquefied natural gas integrated development includes gas production and processing facilities in the southern PNG Highlands, onshore and offshore pipelines, and a 6.9 million tonnes per year liquefied natural gas facility near Port Moresby. During 2018, operations were temporarily interrupted following a magnitude 7.5 earthquake.

WORLDWIDE EXPLORATION

At year-end 2018, exploration activities were under way in several areas in which ExxonMobil has no established production operations and thus are not included above. A total of 28.4 million net acres were held at year-end 2018 and 1.4 net exploration wells were completed during the year in these countries.

6. Delivery Commitments

ExxonMobil sells crude oil and natural gas from its producing operations under a variety of contractual obligations, some of which may specify the delivery of a fixed and determinable quantity for periods longer than one year. ExxonMobil also enters into natural gas sales contracts where the source of the natural gas used to fulfill the contract can be a combination of our own production and the spot market. Worldwide, we are contractually committed to deliver approximately 57 million barrels of oil and 2,400 billion cubic feet of natural gas for the period from 2019 through 2021. We expect to fulfill the majority of these delivery commitments with production from our proved developed reserves. Any remaining commitments will be fulfilled with production from our proved undeveloped reserves and spot market purchases as necessary.

7. Oil and Gas Properties, Wells, Operations and Acreage

A. Gross and Net Productive Wells

	Year-End 2018				Year-End 2017			
	Oil		Gas		Oil		Gas	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Gross and Net Productive Wells								
Consolidated Subsidiaries								
United States	20,996	8,460	25,061	14,396	20,679	8,366	27,700	15,979
Canada/Other Americas	5,037	4,781	4,262	1,650	4,877	4,618	4,273	1,646
Europe	981	256	648	261	1,016	267	664	268
Africa	1,221	472	12	5	1,222	474	15	6
Asia	891	286	133	79	900	299	139	82
Australia/Oceania	577	123	81	33	588	129	73	30
Total Consolidated Subsidiaries	29,703	14,378	30,197	16,424	29,282	14,153	32,864	18,011
Equity Companies								
United States	13,126	5,398	4,503	577	13,796	5,247	4,227	491
Europe	57	20	602	187	59	21	617	195
Asia	164	41	126	30	144	36	125	30
Total Equity Companies	13,347	5,459	5,231	794	13,999	5,304	4,969	716
Total gross and net productive wells	43,050	19,837	35,428	17,218	43,281	19,457	37,833	18,727

There were 28,847 gross and 24,696 net operated wells at year end 2018 and 30,263 gross and 25,827 net operated wells at year-end 2017. The number of wells with multiple completions was 947 gross in 2018 and 1,366 gross in 2017.

B. Gross and Net Developed Acreage

	Year-End 2018		Year-End 2017	
	Gross	Net	Gross	Net
	(thousands of acres)			
Gross and Net Developed Acreage				
Consolidated Subsidiaries				
United States	13,900	8,399	14,836	9,026
Canada/Other Americas *(1)*	3,596	2,325	3,604	2,328
Europe	2,937	1,315	2,970	1,335
Africa	2,492	866	2,492	866
Asia	1,939	563	1,983	586
Australia/Oceania	3,262	1,068	3,262	1,068
Total Consolidated Subsidiaries	28,126	14,536	29,147	15,209
Equity Companies				
United States	929	208	930	208
Europe	4,110	1,287	4,170	1,317
Asia	628	155	628	155
Total Equity Companies	5,667	1,650	5,728	1,680
Total gross and net developed acreage	33,793	16,186	34,875	16,889

(1) Includes developed acreage in Other Americas of 375 gross and 244 net thousands of acres for 2018 and 375 gross and 244 net thousands of acres for 2017.

Separate acreage data for oil and gas are not maintained because, in many instances, both are produced from the same acreage.

C. Gross and Net Undeveloped Acreage

	Year-End 2018		Year-End 2017	
	Gross	Net	Gross	Net
	(thousands of acres)			
Gross and Net Undeveloped Acreage				
Consolidated Subsidiaries				
United States	7,421	3,427	7,506	3,489
Canada/Other Americas *(1)*	34,932	15,340	29,495	13,410
Europe	9,168	4,191	7,576	3,622
Africa	44,556	24,000	37,699	26,705
Asia	7,195	2,964	5,802	2,680
Australia/Oceania	15,337	10,756	15,976	11,125
Total Consolidated Subsidiaries	118,609	60,678	104,054	61,031
Equity Companies				
United States	203	76	207	77
Europe	100	25	100	25

Africa	596	149	596	149
Asia	73	5	191,147	63,633
Total Equity Companies	972	255	192,050	63,884
Total gross and net undeveloped acreage	119,581	60,933	296,104	124,915

(1) Includes undeveloped acreage in Other Americas of 23,872 gross and 9,595 net thousands of acres for 2018 and 18,625 gross and 8,053 net thousands of acres for 2017.

ExxonMobil's investment in developed and undeveloped acreage is comprised of numerous concessions, blocks and leases. The terms and conditions under which the Corporation maintains exploration and/or production rights to the acreage are property specific, contractually defined and vary significantly from property to property. Work programs are designed to ensure that the exploration potential of any property is fully evaluated before expiration. In some instances, the Corporation may elect to relinquish acreage in advance of the contractual expiration date if the evaluation process is complete and there is not a business basis for extension. In cases where additional time may be required to fully evaluate acreage, the Corporation has generally been successful in obtaining extensions. The scheduled expiration of leases and concessions for undeveloped acreage over the next three years is not expected to have a material adverse impact on the Corporation.

D. Summary of Acreage Terms

UNITED STATES

Oil and gas exploration and production rights are acquired from mineral interest owners through a lease. Mineral interest owners include the Federal and State governments, as well as private mineral interest owners. Leases typically have an exploration period ranging from one to ten years, and a production period that normally remains in effect until production ceases. Under certain circumstances, a lease may be held beyond its exploration term even if production has not commenced. In some instances regarding private property, a “fee interest” is acquired where the underlying mineral interests are owned outright.

CANADA / OTHER AMERICAS

Canada

Exploration licenses or leases in onshore areas are acquired for varying periods of time with renewals or extensions possible. These licenses or leases entitle the holder to continue existing licenses or leases upon completing specified work. In general, these license and lease agreements are held as long as there is proven production capability on the licenses and leases. Exploration licenses in offshore eastern Canada and the Beaufort Sea are held by work commitments of various amounts and rentals. They are valid for a maximum term of nine years. Offshore production licenses are valid for 25 years, with rights of extension for continued production. Significant discovery licenses in the offshore, relating to currently undeveloped discoveries, do not have a definite term.

Argentina

The Federal Hydrocarbon Law was amended in December 2014. The onshore concession terms granted prior to the amendment are up to six years, divided into three potential exploration periods, with an optional extension for up to one year depending on the classification of the area. Pursuant to the amended law, the production term for a conventional production concession would be 25 years, and 35 years for an unconventional concession, with unlimited ten-year extensions possible, once a field has been developed.

Guyana

The Petroleum (Exploration and Production) Act authorizes the government of Guyana to grant petroleum prospecting and production licenses and to enter into petroleum agreements for the exploration and production of hydrocarbons. Petroleum agreements provide for an exploration period of up to 10 years with a production period of 20 years with a 10 year extension.

EUROPE

Germany

Exploration concessions are granted for an initial maximum period of five years, with an unlimited number of extensions of up to three years each. Extensions are subject to specific, minimum work commitments. Production licenses are normally granted for 20 to 25 years with multiple possible extensions as long as there is production on the license.

Netherlands

Under the Mining Law, effective January 1, 2003, exploration and production licenses for both onshore and offshore areas are issued for a period as explicitly defined in the license. The term is based on the period of time necessary to perform the activities for which the license is issued. License conditions are stipulated in the license and are based on the Mining Law.

Production rights granted prior to January 1, 2003, remain subject to their existing terms, and differ slightly for onshore and offshore areas. Onshore production licenses issued prior to 1988 were indefinite; from 1988 they were issued for a period as explicitly defined in the license, ranging from 35 to 45 years. Offshore production licenses issued before 1976 were issued for a fixed period of 40 years; from 1976 they were again issued for a period as explicitly defined in the license, ranging from 15 to 40 years.

Norway

Licenses issued between 1972 and 1997 were for an initial period of up to six years (with extension of the initial period of one year at a time up to ten years after 1985), and an extension period of up to 30 years, with relinquishment of at least one-half of the original area required at the end of the initial period. Licenses issued after July 1, 1997, have an initial period of up to ten years and a normal extension period of up to 30 years or in special cases of up to 50 years, and with relinquishment of at least one-half of the original area required at the end of the initial period.

United Kingdom

Acreage terms are fixed by the government and are periodically changed. For example, many of the early licenses issued under the first four licensing rounds provided for an initial term of six years with relinquishment of at least one-half of the original area at the end of the initial term, subject to extension for a further 40 years. At the end of any such 40-year term, licenses may continue in producing areas until cessation of production; or licenses may continue in development areas for periods agreed on a case-by-case basis until they become producing areas; or licenses terminate in all other areas. The majority of traditional licenses currently issued have an initial exploration term of four years with a second term extension of four years, and a final production term of 18 years, with a mandatory relinquishment of 50 percent of the acreage after the initial term and of all acreage that is not covered by a development plan at the end of the second term.

Terms for exploration acreage in technically challenged areas are governed by frontier production licenses, generally covering a larger initial area than traditional licenses, with an initial exploration term of six or nine years with a second term extension of six years, and a final production term of 18 years, with relinquishment of 75 percent of the original area after three years and 50 percent of the remaining acreage after the next three years. Innovate licenses issued replace traditional and frontier licenses and offer greater flexibility with respect to periods and work program commitments.

AFRICA

Angola

Exploration and production activities are governed by production sharing agreements with an initial exploration term of four years and an optional second phase of two to three years. The production period is 25 years, and agreements generally provide for a negotiated extension.

Chad

Exploration permits are issued for a period of five years, and are renewable for one or two further five-year periods. The terms and conditions of the permits, including relinquishment obligations, are specified in a negotiated convention. The production term is 30 years and in 2017 was extended by 20 years to 2050.

Equatorial Guinea

Exploration, development and production activities are governed by production sharing contracts (PSCs) negotiated with the State Ministry of Mines and Hydrocarbons. A new PSC was ratified in 2018; the initial exploration period is five years for oil and gas, with multi-year extensions available at the discretion of the Ministry and limited relinquishments in the absence of commercial discoveries. The production period for crude oil ranges from 25 to 30 years, while the production period for natural gas ranges from 25 to 50 years.

Mozambique

Exploration and production activities are generally governed by concession contracts with the Government of the Republic of Mozambique, represented by the Ministry of Mineral Resources and Energy. An interest in Area 4 offshore Mozambique was acquired in 2017. Terms for Area 4 are governed by the Exploration and Production Concession Contract (EPCC) for Area 4 Offshore of the Rovuma Block. The EPCC expires 30 years after the approval of a plan of development for a given discovery area.

In 2018 an interest was acquired in offshore blocks, A5-B, Z5-C and Z5-D. Terms for the three blocks are governed by their respective EPCCs, which have an initial exploration phase that expires in 2022 with the possibility of two additional exploration phases expiring in 2024 and 2025. The EPCCs provide a development and production period that expires 30 years after the approval of a plan of development.

Nigeria

Exploration and production activities in the deepwater offshore areas are typically governed by production sharing contracts (PSCs) with the national oil company, the Nigerian National Petroleum Corporation (NNPC). NNPC typically holds the underlying Oil Prospecting License (OPL) and any resulting Oil Mining Lease (OML). The terms of the PSCs are generally 30 years, including a ten-year exploration period (an initial exploration phase that can be divided into multiple optional periods) covered by an OPL. Upon commercial discovery, an OPL may be converted to an OML. Partial relinquishment is required under the PSC at the end of the ten-year exploration period, and OMLs have a 20-year production period that may be extended.

Some exploration activities are carried out in deepwater by joint ventures with local companies holding interests in an OPL. OPLs in deepwater offshore areas are valid for 10 years, while in all other areas the licenses are for five years. Demonstrating a commercial discovery is the basis for conversion of an OPL to an OML.

OMLs granted prior to the 1969 Petroleum Act (i.e., under the Mineral Oils Act 1914, repealed by the 1969 Petroleum Act) were for 30 years onshore and 40 years in offshore areas and have been renewed, effective December 1, 2008, for a further period of 20 years, with a further renewal option of 20 years. Operations under these pre-1969 OMLs are conducted under a joint venture agreement with NNPC rather than a PSC. Commercial terms applicable to the existing joint venture oil production are defined by the Petroleum Profits Tax Act.

OMLs granted under the 1969 Petroleum Act, which include all deepwater OMLs, have a maximum term of 20 years without distinction for onshore or offshore location and are renewable, upon 12 months' written notice, for another period of 20 years. OMLs not held by NNPC are also subject to a mandatory 50-percent relinquishment after the first 10 years of their duration.

ASIA

Azerbaijan

The production sharing agreement (PSA) for the development of the Azeri-Chirag-Gunashli field was established for an initial period of 30 years starting from the PSA execution date in 1994. The PSA was amended in September 2017 to extend the term by 25 years to 2049.

Other exploration and production activities are governed by PSAs negotiated with the national oil company of Azerbaijan. The exploration period typically consists of three or four years with the possibility of a one to three-year extension. The production period, which includes development, is for 25 years or 35 years with the possibility of one or two five-year extensions.

Indonesia

Exploration and production activities in Indonesia are generally governed by cooperation contracts, usually in the form of a production sharing contract (PSC), negotiated with BPMIGAS, a government agency established in 2002 to manage upstream oil and gas activities. In 2012, Indonesia's Constitutional Court ruled certain articles of law relating to BPMIGAS to be unconstitutional, but stated that all existing PSCs signed with BPMIGAS should remain in force until their expiry, and the functions and duties previously performed by BPMIGAS are to be carried out by the relevant Ministry of the Government of Indonesia until the promulgation of a new oil and gas law. By presidential decree, SKKMIGAS became the interim successor to BPMIGAS. The current PSCs have an exploration period of six years, which can be extended up to 10 years, and an exploitation period of 20 years. PSCs generally require the contractor to relinquish 10 percent to 20 percent of the contract area after three years and generally allow the contractor to retain no more than 50 percent to 80 percent of the original contract area after six years, depending on the acreage and terms.

Iraq

Development and production activities in the state-owned oil and gas fields are governed by contracts with regional oil companies of the Iraqi Ministry of Oil. An ExxonMobil affiliate entered into a contract with Basra Oil Company of the Iraqi Ministry of Oil for the rights to participate in the development and production activities of the West Qurna Phase I oil and gas field effective March 1, 2010. The term of the contract is 20 years with the right to extend for five years. The contract provides for cost recovery plus per-barrel fees for incremental production above specified levels.

Exploration and production activities in the Kurdistan Region of Iraq are governed by production sharing contracts (PSCs) negotiated with the regional government of Kurdistan in 2011. The exploration term is for five years, with extensions available as provided by the PSCs and at the discretion of the regional government of Kurdistan. Current

PSCs remain in effect by agreement of the regional government to allow additional time for exploration or evaluation of commerciality. The production period is 20 years with the right to extend for five years.

Kazakhstan

Onshore exploration and production activities are governed by the production license, exploration license and joint venture agreements negotiated with the Republic of Kazakhstan. Existing production operations have a 40-year production period that commenced in 1993.

Offshore exploration and production activities are governed by a production sharing agreement negotiated with the Republic of Kazakhstan. The exploration period is six years followed by separate appraisal periods for each discovery. The production period for each discovery, which includes development, is 20 years from the date of declaration of commerciality with the possibility of two ten-year extensions.

Malaysia

Production activities are governed by production sharing contracts (PSCs) negotiated with the national oil company. The PSCs have exploration and production terms ranging up to 38 years. All extensions are subject to the national oil company’s prior written approval. The production periods range from 15 to 29 years, depending on the provisions of the respective contract.

Qatar

The State of Qatar grants gas production development project rights to develop and supply gas from the offshore North Field to permit the economic development and production of gas reserves sufficient to satisfy the gas and LNG sales obligations of these projects.

Russia

Terms for ExxonMobil's Sakhalin acreage are fixed by the current production sharing agreement (PSA) between the Russian government and the Sakhalin-1 consortium, of which ExxonMobil is the operator.

ExxonMobil withdrew from the joint ventures with Rosneft for the Kara, Laptev, Chukchi and Black Seas, effective April 30, 2018. ExxonMobil continues to remain in compliance with all laws applicable to its operations and investments in the Russian Federation.

Thailand

The Petroleum Act of 1971 allows production under ExxonMobil's concession for 30 years with a ten-year extension at terms generally prevalent at the time. The term of the concession expires in 2021.

United Arab Emirates

An interest in the development and production activities of the Upper Zakum field, a major offshore field, was acquired in 2006. In 2017 the governing agreements were extended to 2051.

AUSTRALIA / OCEANIA

Australia

Exploration and production activities conducted offshore in Commonwealth waters are governed by Federal legislation. Exploration permits are granted for an initial term of six years with two possible five-year renewal periods. Retention leases may be granted for resources that are not commercially viable at the time of application, but are expected to become commercially viable within 15 years. These are granted for periods of five years and renewals may be requested. Prior to July 1998, production licenses were granted initially for 21 years, with a further renewal of 21 years and thereafter "indefinitely", i.e., for the life of the field. Effective from July 1998, new production licenses are granted "indefinitely". In each case, a production license may be terminated if no production operations have been carried on for five years.

Papua New Guinea

Exploration and production activities are governed by the Oil and Gas Act. Petroleum Prospecting licenses are granted for an initial term of six years with a five-year extension possible (an additional extension of three years is possible in certain circumstances). Generally, a 50-percent relinquishment of the license area is required at the end of the initial six-year term, if extended. Petroleum Development licenses are granted for an initial 25-year period. An extension of up to 20 years may be granted at the Minister's discretion. Petroleum Retention licenses may be granted for gas resources that are not commercially viable at the time of application, but may become commercially viable within the maximum possible retention time of 15 years. Petroleum Retention licenses are granted for five-year terms, and may be extended, at the Minister's discretion, twice for the maximum retention time of 15 years. Extensions of Petroleum Retention licenses may be for periods of less than one year, renewable annually, if the Minister considers at the time

of extension that the resources could become commercially viable in less than five years.

Information with regard to the Downstream segment follows:

ExxonMobil's Downstream segment manufactures, trades and sells petroleum products. The refining and supply operations encompass a global network of manufacturing plants, transportation systems, and distribution centers that provide a range of fuels, lubricants and other products and feedstocks to our customers around the world.

Refining Capacity At Year-End 2018 *(1)*

		ExxonMobil Share KBD *(2)*	ExxonMobil Interest %
United States			
Joliet	Illinois	236	100
Baton Rouge	Louisiana	503	100
Billings	Montana	60	100
Baytown	Texas	561	100
Beaumont	Texas	369	100
Total United States		1,729	
Canada			
Strathcona	Alberta	191	69.6
Nanticoke	Ontario	113	69.6
Sarnia	Ontario	119	69.6
Total Canada		423	
Europe			
Antwerp	Belgium	307	100
Fos-sur-Mer	France	133	82.9
Gravenchon	France	240	82.9
Karlsruhe	Germany	78	25
Trecate	Italy	132	74.8
Rotterdam	Netherlands	192	100
Slagen	Norway	116	100
Fawley	United Kingdom	262	100
Total Europe		1,460	
Asia Pacific			
Altona	Australia	86	100
Fujian	China	67	25
Jurong/PAC	Singapore	592	100
Sriracha	Thailand	167	66
Total Asia Pacific		912	
Middle East			
Yanbu	Saudi Arabia	200	50
Total Worldwide		4,724	

(1) Capacity data is based on 100 percent of rated refinery process unit stream-day capacities under normal operating conditions, less the impact of shutdowns for regular repair and maintenance activities, averaged over an extended period of time. The listing excludes refining capacity for a minor interest held through equity securities in New Zealand, and the Laffan Refinery in Qatar for which results are reported in the Upstream segment.

(2) Thousands of barrels per day (KBD). ExxonMobil share reflects 100 percent of atmospheric distillation capacity in operations of ExxonMobil and majority-owned subsidiaries. For companies owned 50 percent or less, ExxonMobil share is the greater of ExxonMobil's interest or that portion of distillation capacity normally available to ExxonMobil.

The marketing operations sell products and services throughout the world through our *Exxon*, *Esso* and *Mobil* brands.

Retail Sites At Year-End 2018

United States			
	Owned/leased		-
	Distributors/resellers		10,760
		Total United States	10,760
Canada			
	Owned/leased		-
	Distributors/resellers		2,035
		Total Canada	2,035
Europe			
	Owned/leased		197
	Distributors/resellers		5,636
		Total Europe	5,833
Asia Pacific			
	Owned/leased		580
	Distributors/resellers		1,013
		Total Asia Pacific	1,593
Latin America			
	Owned/leased		-
	Distributors/resellers		177
		Total Latin America	177
Middle East/Africa			
	Owned/leased		225
	Distributors/resellers		183
		Total Middle East/Africa	408
Worldwide			
	Owned/leased		1,002
	Distributors/resellers		19,804
		Total Worldwide	20,806

Information with regard to the Chemical segment follows:

ExxonMobil's Chemical segment manufactures and sells petrochemicals. The Chemical business supplies olefins, polyolefins, aromatics, and a wide variety of other petrochemicals.

Chemical Complex Capacity At Year-End 2018 *(1)(2)*

		Ethylene	Polyethylene	Polypropylene	Paraxylene	ExxonMobil Interest %
North America						
Baton Rouge	Louisiana	1.1	1.3	0.4	-	100
Baytown	Texas	3.8	-	0.7	0.6	100
Beaumont	Texas	0.9	1.0	-	0.3	100
Mont Belvieu	Texas	-	2.3	-	-	100
Sarnia	Ontario	0.3	0.5	-	-	69.6
Total North America		6.1	5.1	1.1	0.9	
Europe						
Antwerp	Belgium	-	0.4	-	-	100
Fife	United Kingdom	0.4	-	-	-	50
Gravenchon	France	0.4	0.4	0.3	-	100
Meerhout	Belgium	-	0.5	-	-	100
Rotterdam	Netherlands	-	-	-	0.7	100
Total Europe		0.8	1.3	0.3	0.7	
Middle East						
Al Jubail	Saudi Arabia	0.6	0.7	-	-	50
Yanbu	Saudi Arabia	1.0	0.7	0.2	-	50
Total Middle East		1.6	1.4	0.2	-	
Asia Pacific						
Fujian	China	0.3	0.2	0.2	0.2	25
Singapore	Singapore	1.9	1.9	0.9	1.8	100
Sriracha	Thailand	-	-	-	0.5	66
Total Asia Pacific		2.2	2.1	1.1	2.5	
Total Worldwide		10.7	9.9	2.7	4.1	

(1) Capacity for ethylene, polyethylene, polypropylene and paraxylene in millions of metric tons per year.

(2) Capacity reflects 100 percent for operations of ExxonMobil and majority owned subsidiaries. For companies owned 50 percent or less, capacity is ExxonMobil's interest.

Item 3. Legal Proceedings

In a matter reported in the Corporation's Form 10-Q for the second quarter of 2018, the State of Ohio Department of Natural Resources, Division of Oil & Gas Resources Management (ODNR) and XTO Energy Inc. (XTO) signed a Compliance Agreement on December 21, 2018, regarding alleged violations by XTO of the Ohio Revised Code, Ohio Administrative Code, and implementing regulations arising out of the Schnegg well incident in Belmont County, Ohio, in early 2018. The Compliance Agreement settles the following alleged actions of XTO: (1) causing brine to be discharged and contact the ground and/or surface water; (2) failure to place cement in the casing string per Ohio codes; (3) allowing a well to flow gas uncontrolled; (4) failure to construct, drill and operate a well in the manner as permitted and planned; and (5) failure to notify the ODNR upon discovery a well had sustained annular pressure above the prescribed pressure. The penalty assessment was $850,000, half paid to the ODNR on January 15, 2019, and half to be paid to 29 agencies located in Belmont County as designated by the ODNR.

In another matter relating to the Schnegg well incident, reported in the Corporation's Form 10-Q for the second quarter of 2018, the State of Ohio Environmental Protection Agency (OEPA) and XTO signed Final Findings and Orders on December 28, 2018, regarding OEPA allegations that XTO violated the Ohio Revised Code and implementing regulations, including but not limited to: (1) failure to maintain and operate its facility in a manner using good pollution control practices; (2) failure to provide a malfunction report; (3) failure to complete and properly report quarterly inspections; and (4) failure to submit site-specific work practice plans within applicable time limits. The penalty assessment of $150,000 was paid on January 21, 2019, half to the OEPA and half to a Supplemental Environmental Project.

As reported in the Corporation's Form 10-Q for the first quarter of 2018, the Corporation received a proposed agreed order from the Texas Commission on Environmental Quality (TCEQ), dated March 15, 2018, related to routine Title V air operating permit investigations conducted by the TCEQ in 2017 of the Baytown Refinery in Texas. The proposed agreed order alleged that the refinery failed to authorize, monitor, or keep records on certain equipment and to comply with certain flare or fuel gas monitoring system availability requirements or concentration limits. After receipt of additional information from ExxonMobil and further evaluation of the alleged violations, the TCEQ has issued a revised proposed agreed order, reducing the number of alleged violations and agreeing to an administrative penalty of $56,596 in settlement of these matters. The Agreed Order was signed by ExxonMobil on December 18, 2018, and ExxonMobil paid $28,298 on January 10, 2019. The balance will be paid to a Supplemental Environmental Project upon endorsement by the TCEQ.

As last reported in the Corporation's Form 10-Q for the third quarter of 2018, on July 20, 2017, the United States Department of Treasury, Office of Foreign Assets Control (OFAC) assessed a civil penalty against Exxon Mobil Corporation, ExxonMobil Development Company and ExxonMobil Oil Corporation for violating the Ukraine-Related Sanctions Regulations, 31 C.F.R. part 589. The assessed civil penalty is in the amount of $2,000,000. ExxonMobil and its affiliates have been and continue to be in compliance with all sanctions and disagree that any violation has occurred. ExxonMobil and its affiliates filed a complaint on July 20, 2017, in the United States Federal District Court, Northern District of Texas seeking judicial review of, and to enjoin, the civil penalty under the Administrative Procedures Act and the United States Constitution, including on the basis that it represents an arbitrary and capricious action by OFAC and a violation of the Company's due process rights.

Refer to the relevant portions of "Note 16: Litigation and Other Contingencies" of the Financial Section of this report for additional information on legal proceedings.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Executive Officers of the Registrant [pursuant to Instruction 3 to Regulation S-K, Item 401(b)]

(positions and ages as of February 27, 2019)

Darren W. Woods	*Chairman of the Board*	
Held current title since:	January 1, 2017	Age: 54
Mr. Darren W. Woods was President of ExxonMobil Refining & Supply Company August 1, 2012 – July 31, 2014 and Vice President of Exxon Mobil Corporation August 1, 2012 – May 31, 2014. He was Senior Vice President of Exxon Mobil Corporation June 1, 2014 – December 31, 2015. He became a Director and President of Exxon Mobil Corporation on January 1, 2016, and Chairman of the Board and Chief Executive Officer on January 1, 2017, positions he continues to hold as of this filing date.		
Neil A. Chapman	*Senior Vice President*	
Held current title since:	January 1, 2018	Age: 56
Mr. Neil A. Chapman was Senior Vice President, ExxonMobil Chemical Company April 1, 2011 – December 31, 2014. He was President of ExxonMobil Chemical Company and Vice President of Exxon Mobil Corporation January 1, 2015 – December 31, 2017. He became Senior Vice President of Exxon Mobil Corporation on January 1, 2018, a position he continues to hold as of this filing date.		
Andrew P. Swiger	*Senior Vice President*	
Held current title since:	April 1, 2009	Age: 62
Mr. Andrew P. Swiger became Senior Vice President of Exxon Mobil Corporation on April 1, 2009, a position he continues to hold as of this filing date.		
Jack P. Williams, Jr.	*Senior Vice President*	
Held current title since:	June 1, 2014	Age: 55
Mr. Jack P. Williams, Jr. was Executive Vice President of ExxonMobil Production Company June 1, 2013 – June 30, 2014. He became Senior Vice President of Exxon Mobil Corporation on June 1, 2014, a position he continues to hold as of this filing date.		
Peter P. Clarke	*Vice President*	
Held current title since:	March 1, 2018	Age: 53
Mr. Peter P. Clarke was Business Planning & Analysis Manager, ExxonMobil Gas & Power Marketing Company May 1, 2011 – April 30, 2014. He was Vice President, Asia Pacific, Africa & Power, ExxonMobil Gas & Power Marketing Company May 1, 2014 – February 28, 2015. He was Vice President, Asia Pacific, Africa, & Americas, ExxonMobil Gas & Power Marketing Company March 1, 2015 – June 30, 2015. He was Vice President, International Gas for ExxonMobil Gas & Power Marketing Company July 1, 2015 – February 28, 2018. He became President of ExxonMobil Gas & Power Marketing Company and Vice President of Exxon Mobil Corporation on March 1, 2018, positions he continues to hold as of this filing date.		

Bradley W. Corson	*Vice President*	
Held current title since:	March 1, 2015	Age: 57
Mr. Bradley W. Corson was Regional Vice President, Europe/Caspian for ExxonMobil Production Company May 1, 2009 – April 30, 2014. He was Vice President, ExxonMobil Upstream Ventures May 1, 2014 – February 28, 2015. He became President of ExxonMobil Upstream Ventures and Vice President of Exxon Mobil Corporation on March 1, 2015, positions he continues to hold as of this filing date.		

Neil W. Duffin	*Vice President*	
Held current title since:	January 1, 2017	Age: 62
Mr. Neil W. Duffin was President of ExxonMobil Development Company April 13, 2007 – December 31, 2016. He became President of ExxonMobil Production Company and Vice President of Exxon Mobil Corporation on January 1, 2017, positions he continues to hold as of this filing date.		
Randall M. Ebner	*Vice President and General Counsel*	
Held current title since:	November 1, 2016	Age: 63
Mr. Randall M. Ebner was Assistant General Counsel of Exxon Mobil Corporation January 1, 2009 – October 31, 2016. He became Vice President and General Counsel of Exxon Mobil Corporation on November 1, 2016, positions he continues to hold as of this filing date.		
Stephen M. Greenlee	*Vice President*	
Held current title since:	September 1, 2010	Age: 61
Mr. Stephen M. Greenlee became President of ExxonMobil Exploration Company and Vice President of Exxon Mobil Corporation on September 1, 2010, positions he continues to hold as of this filing date.		
Neil A. Hansen	*Vice President – Investor Relations and Secretary*	
Held current title since:	July 1, 2018	Age: 44
Mr. Neil A. Hansen was Affiliate Finance Manager, Treasurer's, Exxon Mobil Corporation May 1, 2013 – June 30, 2014. He was Thailand Lead Country Manager and Business Services Manager, Esso (Thailand) Public Company Ltd. July 1, 2014 – March 31, 2017. He was Controller, ExxonMobil Fuels, Lubricants & Specialties Marketing Company April 1, 2017 – December 31, 2017. He was Value Chain Controller, ExxonMobil Fuels & Lubricants Company January 1, 2018 – June 30, 2018. He became Vice President – Investor Relations and Secretary of Exxon Mobil Corporation on July 1, 2018, positions he continues to hold as of this filing date.		
Liam M. Mallon	*President, ExxonMobil Development Company*	
Held current title since:	January 1, 2017	Age: 56
Mr. Liam M. Mallon was Vice President, Africa, ExxonMobil Production Company June 1, 2012 – January 31, 2014. He was Executive Vice President, ExxonMobil Development Company February 1, 2014 – December 31, 2016. He became President of ExxonMobil Development Company on January 1, 2017, a position he continues to hold as of this filing date.		
Bryan W. Milton	*Vice President*	
Held current title since:	August 1, 2016	Age: 54
Mr. Bryan W. Milton was President of ExxonMobil Global Services Company April 1, 2011 – July 31, 2016. He was President of ExxonMobil Fuels, Lubricants & Specialties Marketing Company and Vice President of Exxon Mobil Corporation August 1, 2016 – December 31, 2017. He became President of ExxonMobil Fuels & Lubricants Company and Vice President of Exxon Mobil Corporation on January 1, 2018, positions he continues to hold as of this filing		

date.

Sara N. Ortwein	*President, XTO Energy Inc., a subsidiary of the Corporation*	
Held current title since:	November 1, 2016	Age: 60
Ms. Sara N. Ortwein was President of ExxonMobil Upstream Research Company September 1, 2010 – October 31, 2016. She became President of XTO Energy Inc. on November 1, 2016, a position she continues to hold as of this filing date.		
David S. Rosenthal	*Vice President and Controller*	
Held current title since:	October 1, 2008 (Vice President) September 1, 2014 (Controller)	Age: 62
Mr. David S. Rosenthal was Vice President – Investor Relations and Secretary of Exxon Mobil Corporation October 1, 2008 – August 31, 2014. He became Vice President and Controller of Exxon Mobil Corporation on September 1, 2014, positions he continues to hold as of this filing date.		

Robert N. Schleckser	*Vice President and Treasurer*	
Held current title since:	May 1, 2011	Age: 62
Mr. Robert N. Schleckser became Vice President and Treasurer of Exxon Mobil Corporation on May 1, 2011, positions he continues to hold as of this filing date.		
James M. Spellings, Jr.	*Vice President and General Tax Counsel*	
Held current title since:	March 1, 2010	Age: 57
Mr. James M. Spellings, Jr. became Vice President and General Tax Counsel of Exxon Mobil Corporation on March 1, 2010, positions he continues to hold as of this filing date.		
John R. Verity	*Vice President*	
Held current title since:	January 1, 2018	Age: 60
Mr. John R. Verity was Vice President, Polyolefins, ExxonMobil Chemical Company October 17, 2008 – March 31, 2014. He was Vice President, Plastics & Resins, ExxonMobil Chemical Company April 1, 2014 – December 31, 2014. He was Senior Vice President, Polymers, ExxonMobil Chemical Company January 1, 2015 – December 31, 2017. He became President of ExxonMobil Chemical Company and Vice President of Exxon Mobil Corporation on January 1, 2018, positions he continues to hold as of this filing date.		
Theodore J. Wojnar, Jr.	*Vice President – Corporate Strategic Planning*	
Held current title since:	August 1, 2017	Age: 59
Mr. Theodore J. Wojnar, Jr. was President of ExxonMobil Research and Engineering Company April 1, 2011 – July 31, 2017. He became Vice President – Corporate Strategic Planning of Exxon Mobil Corporation on August 1, 2017, a position he continues to hold as of this filing date.		

Officers are generally elected by the Board of Directors at its meeting on the day of each annual election of directors, with each such officer serving until a successor has been elected and qualified.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Reference is made to the "Quarterly Information" portion of the Financial Section of this report and Item 12 in Part III of this report.

Issuer Purchases of Equity Securities for Quarter Ended December 31, 2018

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 2018	-		-	
November 2018	-		-	
December 2018	-		-	
Total	-		-	(See Note 1)

During the fourth quarter, the Corporation did not purchase any shares of its common stock for the treasury, and did not issue or sell any unregistered equity securities.

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

Item 6. Selected Financial Data

	Years Ended December 31,				
	2018	2017	2016	2015	2014
	(millions of dollars, except per share amounts)				
Sales and other operating revenue	279,332	237,162	200,628	239,854	367,647
Net income attributable to ExxonMobil	20,840	19,710	7,840	16,150	32,520
Earnings per common share	4.88	4.63	1.88	3.85	7.60
Earnings per common share - assuming dilution	4.88	4.63	1.88	3.85	7.60

Cash dividends per common share	3.23	3.06	2.98	2.88	2.70
Total assets	346,196	348,691	330,314	336,758	349,493
Long-term debt	20,538	24,406	28,932	19,925	11,653

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Reference is made to the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Financial Section of this report.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Reference is made to the section entitled "Market Risks, Inflation and Other Uncertainties", excluding the part entitled "Inflation and Other Uncertainties", in the Financial Section of this report. All statements, other than historical information incorporated in this Item 7A, are forward-looking statements. The actual impact of future market changes could differ materially due to, among other things, factors discussed in this report.

Item 8. Financial Statements and Supplementary Data

Reference is made to the following in the Financial Section of this report:

•	Consolidated financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated February 27, 2019, beginning with the section entitled "Report of Independent Registered Public Accounting Firm" and continuing through "Note 19: Income and Other Taxes";
•	"Quarterly Information" (unaudited);
•	"Supplemental Information on Oil and Gas Exploration and Production Activities" (unaudited); and
•	"Frequently Used Terms" (unaudited).

Financial Statement Schedules have been omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Management's Evaluation of Disclosure Controls and Procedures

As indicated in the certifications in Exhibit 31 of this report, the Corporation's Chief Executive Officer, Principal Financial Officer and Principal Accounting Officer have evaluated the Corporation's disclosure controls and procedures as of December 31, 2018. Based on that evaluation, these officers have concluded that the Corporation's disclosure controls and procedures are effective in ensuring that information required to be disclosed by the Corporation in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to them in a manner that allows for timely decisions regarding required disclosures and are effective in ensuring that such information is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

Management's Report on Internal Control Over Financial Reporting

Management, including the Corporation's Chief Executive Officer, Principal Financial Officer and Principal Accounting Officer, is responsible for establishing and maintaining adequate internal control over the Corporation's financial reporting. Management conducted an evaluation of the effectiveness of internal control over financial reporting based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that Exxon Mobil Corporation's internal control over financial reporting was effective as of December 31, 2018.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, audited the effectiveness of the Corporation's internal control over financial reporting as of December 31, 2018, as stated in their report included in the

Financial Section of this report.

Changes in Internal Control Over Financial Reporting

There were no changes during the Corporation's last fiscal quarter that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Reference is made to the section of this report titled "Executive Officers of the Registrant [pursuant to Instruction 3 to Regulation S-K, Item 401(b)]".

Incorporated by reference to the following from the registrant's definitive proxy statement for the 2019 annual meeting of shareholders (the "2019 Proxy Statement"):

•	The section entitled "Election of Directors";
•	The portion entitled "Section 16(a) Beneficial Ownership Reporting Compliance" of the section entitled "Director and Executive Officer Stock Ownership";
•	The portions entitled "Director Qualifications", "Board Succession" and "Code of Ethics and Business Conduct" of the section entitled "Corporate Governance"; and
•	The "Audit Committee" portion, "Director Independence" portion and the membership table of the portions entitled "Board Meetings and Annual Meeting Attendance" and "Board Committees" of the section entitled "Corporate Governance".

Item 11. Executive Compensation

Incorporated by reference to the sections entitled "Director Compensation", "Compensation Committee Report", "Compensation Discussion and Analysis", "Executive Compensation Tables" and "Pay Ratio" of the registrant's 2019 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required under Item 403 of Regulation S-K is incorporated by reference to the sections "Director and Executive Officer Stock Ownership" and "Certain Beneficial Owners" of the registrant's 2019 Proxy Statement.

Equity Compensation Plan Information

	(a)	*(b)*	*(c)*
	Number of Securities to be Issued Upon Exercise of	**Weighted-Average Exercise Price of Outstanding Options,**	**Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans [Excluding**

Plan Category	Outstanding Options, Warrants and Rights	Warrants and Rights	Securities Reflected in Column (a)]
Equity compensation plans approved by security holders	39,847,820*(1)*	-	82,918,471*(2)(3)*
Equity compensation plans not approved by security holders	-	-	-
Total	39,847,820	-	82,918,471

(1) The number of restricted stock units to be settled in shares.

(2) Available shares can be granted in the form of restricted stock, options, or other stock-based awards. Includes 82,444,271 shares available for award under the 2003 Incentive Program and 474,200 shares available for award under the 2004 Non Employee Director Restricted Stock Plan.

(3) Under the 2004 Non-Employee Director Restricted Stock Plan approved by shareholders in May 2004, and the related standing resolution adopted by the Board, each non-employee director automatically receives 8,000 shares of restricted stock when first elected to the Board and, if the director remains in office, an additional 2,500 restricted shares each following year. While on the Board, each non-employee director receives the same cash dividends on restricted shares as a holder of regular common stock, but the director is not allowed to sell the shares. The restricted shares may be forfeited if the director leaves the Board early.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Incorporated by reference to the portions entitled “Related Person Transactions and Procedures” and “Director Independence” of the section entitled “Corporate Governance” of the registrant’s 2019 Proxy Statement.

Item 14. Principal Accounting Fees and Services

Incorporated by reference to the portion entitled “Audit Committee” of the section entitled “Corporate Governance” and the section entitled “Ratification of Independent Auditors” of the registrant’s 2019 Proxy Statement.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) (1) and (2) Financial Statements:

See Table of Contents of the Financial Section of this report.

(a) (3) Exhibits:

See Index to Exhibits of this report.

Item 16. FORM 10-K SUMMARY

None.

FINANCIAL SECTION

TABLE OF CONTENTS

BUSINESS PROFILE

Financial	Earnings After Income Taxes 2018	Earnings After Income Taxes 2017	Average Capital Employed 2018	Average Capital Employed 2017	Return on Average Capital Employed 2018	Return on Average Capital Employed 2017	Capital and Exploration Expenditures 2018	Capital and Exploration Expenditures 2017
	(millions of dollars)				*(percent)*		*(millions of dollars)*	
Upstream								
United States	1,739	6,622	69,981	64,896	2.5	10.2	7,670	3,716
Non-U.S.	12,340	6,733	107,893	109,778	11.4	6.1	12,524	12,979
Total	14,079	13,355	177,874	174,674	7.9	7.6	20,194	16,695
Downstream								
United States	2,962	1,948	8,725	7,936	33.9	24.5	1,186	823
Non-U.S.	3,048	3,649	17,015	14,578	17.9	25.0	2,243	1,701
Total	6,010	5,597	25,740	22,514	23.3	24.9	3,429	2,524
Chemical								
United States	1,642	2,190	12,171	10,672	13.5	20.5	1,747	1,583
Non-U.S.	1,709	2,328	18,249	16,844	9.4	13.8	488	2,188
Total	3,351	4,518	30,420	27,516	11.0	16.4	2,235	3,771
Corporate and financing	(2,600)	(3,760)	(1,660)	(2,073)	-	-	65	90
Total	20,840	19,710	232,374	222,631	9.2	9.0	25,923	23,080

See Frequently Used Terms for a definition and calculation of capital employed and return on average capital employed.

Operating	2018	2017
	(thousands of barrels daily)	
Net liquids production		
United States	551	514
Non-U.S.	1,715	1,769
Total	2,266	2,283
	(millions of cubic feet daily)	
Natural gas production available for sale		
United States	2,574	2,936
Non-U.S.	6,831	7,275
Total	9,405	10,211
	(thousands of oil-equivalent barrels daily)	
Oil-equivalent production *(1)*	3,833	3,985

	2018	2017
	(thousands of barrels daily)	
Refinery throughput		
United States	1,588	1,508
Non-U.S.	2,684	2,783
Total	4,272	4,291
	(thousands of barrels daily)	
Petroleum product sales *(2)*		
United States	2,210	2,190
Non-U.S.	3,302	3,340
Total	5,512	5,530
	(thousands of metric tons)	
Chemical prime product sales *(2) (3)*		
United States	9,824	9,307

Non-U.S.	17,045	16,113
Total	26,869	25,420

(1) Natural gas is converted to an oil-equivalent basis at six million cubic feet per one thousand barrels.

(2) Petroleum product and chemical prime product sales data reported net of purchases/sales contracts with the same counterparty.

(3) Prime product sales are total product sales including ExxonMobil's share of equity company volumes and finished-product transfers to the Downstream.

FINANCIAL INFORMATION

	2018	2017	2016	2015	2014
	(millions of dollars, except where stated otherwise)				
Sales and other operating revenue	279,332	237,162	200,628	239,854	367,647
Earnings					
Upstream	14,079	13,355	196	7,101	27,548
Downstream	6,010	5,597	4,201	6,557	3,045
Chemical	3,351	4,518	4,615	4,418	4,315
Corporate and financing	(2,600)	(3,760)	(1,172)	(1,926)	(2,388)
Net income attributable to ExxonMobil	20,840	19,710	7,840	16,150	32,520
Earnings per common share (dollars)	4.88	4.63	1.88	3.85	7.60
Earnings per common share – assuming dilution (dollars)	4.88	4.63	1.88	3.85	7.60
Earnings to average ExxonMobil share of equity (percent)	11.0	11.1	4.6	9.4	18.7
Working capital	(9,165)	(10,637)	(6,222)	(11,353)	(11,723)
Ratio of current assets to current liabilities (times)	0.84	0.82	0.87	0.79	0.82
Additions to property, plant and equipment	20,051	24,901	16,100	27,475	34,256
Property, plant and equipment, less allowances	247,101	252,630	244,224	251,605	252,668
Total assets	346,196	348,691	330,314	336,758	349,493
Exploration expenses, including dry holes	1,466	1,790	1,467	1,523	1,669
Research and development costs	1,116	1,063	1,058	1,008	971
Long-term debt	20,538	24,406	28,932	19,925	11,653
Total debt	37,796	42,336	42,762	38,687	29,121
Debt to capital (percent)	16.0	17.9	19.7	18.0	13.9
Net debt to capital (percent) *(1)*	14.9	16.8	18.4	16.5	11.9
ExxonMobil share of equity at year-end	191,794	187,688	167,325	170,811	174,399
ExxonMobil share of equity per common share (dollars)	45.27	44.28	40.34	41.10	41.51
Weighted average number of common shares outstanding (millions)	4,270	4,256	4,177	4,196	4,282
Number of regular employees at year-end (thousands) *(2)*	71.0	69.6	71.1	73.5	75.3

(1) Debt net of cash.

(2) Regular employees are defined as active executive, management, professional, technical and wage employees who work full time or part time for the Corporation and are covered by the Corporation's benefit plans and programs. Regular employees do not include employees of the company-operated retail sites (CORS). The number of CORS employees is not significant.

FREQUENTLY USED TERMS

Listed below are definitions of several of ExxonMobil's key business and financial performance measures. These definitions are provided to facilitate understanding of the terms and their calculation.

Cash Flow From Operations and Asset Sales

Cash flow from operations and asset sales is the sum of the net cash provided by operating activities and proceeds associated with sales of subsidiaries, property, plant and equipment, and sales and returns of investments from the Consolidated Statement of Cash Flows. This cash flow reflects the total sources of cash from both operating the Corporation's assets and from the divesting of assets. The Corporation employs a long-standing and regular disciplined review process to ensure that all assets are contributing to the Corporation's strategic objectives. Assets are divested when they are no longer meeting these objectives or are worth considerably more to others. Because of the regular nature of this activity, we believe it is useful for investors to consider proceeds associated with asset sales together with cash provided by operating activities when evaluating cash available for investment in the business and financing activities, including shareholder distributions.

Cash flow from operations and asset sales	**2018**	**2017**	**2016**
		(millions of dollars)	
Net cash provided by operating activities	36,014	30,066	22,082
Proceeds associated with sales of subsidiaries, property, plant and equipment, and sales and returns of investments	4,123	3,103	4,275
Cash flow from operations and asset sales	40,137	33,169	26,357

Capital Employed

Capital employed is a measure of net investment. When viewed from the perspective of how the capital is used by the businesses, it includes ExxonMobil's net share of property, plant and equipment and other assets less liabilities, excluding both short-term and long-term debt. When viewed from the perspective of the sources of capital employed in total for the Corporation, it includes ExxonMobil's share of total debt and equity. Both of these views include ExxonMobil's share of amounts applicable to equity companies, which the Corporation believes should be included to provide a more comprehensive measure of capital employed.

Capital employed	**2018**	**2017**	**2016**
		(millions of dollars)	
Business uses: asset and liability perspective			
Total assets	346,196	348,691	330,314
Less liabilities and noncontrolling interests share of assets and liabilities			
Total current liabilities excluding notes and loans payable	(39,880)	(39,841)	(33,808)

Total long-term liabilities excluding long-term debt	(69,992)	(72,014)	(79,914)
Noncontrolling interests share of assets and liabilities	(7,958)	(8,298)	(8,031)
Add ExxonMobil share of debt-financed equity company net assets	3,914	3,929	4,233
Total capital employed	232,280	232,467	212,794
Total corporate sources: debt and equity perspective			
Notes and loans payable	17,258	17,930	13,830
Long-term debt	20,538	24,406	28,932
ExxonMobil share of equity	191,794	187,688	167,325
Less noncontrolling interests share of total debt	(1,224)	(1,486)	(1,526)
Add ExxonMobil share of equity company debt	3,914	3,929	4,233
Total capital employed	232,280	232,467	212,794

FREQUENTLY USED TERMS

Return on Average Capital Employed

Return on average capital employed (ROCE) is a performance measure ratio. From the perspective of the business segments, ROCE is annual business segment earnings divided by average business segment capital employed (average of beginning and end-of-year amounts). These segment earnings include ExxonMobil's share of segment earnings of equity companies, consistent with our capital employed definition, and exclude the cost of financing. The Corporation's total ROCE is net income attributable to ExxonMobil excluding the after-tax cost of financing, divided by total corporate average capital employed. The Corporation has consistently applied its ROCE definition for many years and views it as the best measure of historical capital productivity in our capital-intensive, long-term industry, both to evaluate management's performance and to demonstrate to shareholders that capital has been used wisely over the long term. Additional measures, which are more cash flow based, are used to make investment decisions.

Return on average capital employed	**2018**	**2017**	**2016**
	(millions of dollars)		
Net income attributable to ExxonMobil	20,840	19,710	7,840
Financing costs (after tax)			
Gross third-party debt	(912)	(709)	(683)
ExxonMobil share of equity companies	(192)	(204)	(225)
All other financing costs – net	498	515	423
Total financing costs	(606)	(398)	(485)
Earnings excluding financing costs	21,446	20,108	8,325
Average capital employed	232,374	222,631	212,226
Return on average capital employed – corporate total	9.2%	9.0%	3.9%

QUARTERLY INFORMATION

	2018					2017				
	First Quarter	**Second Quarter**	**Third Quarter**	**Fourth Quarter**	**Year**	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**	**Year**
Volumes										
Production of crude oil,				*(thousands of barrels daily)*						
natural gas liquids, synthetic oil and bitumen	2,216	2,212	2,286	2,348	2,266	2,333	2,269	2,280	2,251	2,283
Refinery throughput	4,293	4,105	4,392	4,298	4,272	4,324	4,345	4,287	4,207	4,291
Petroleum product sales *(1)*	5,432	5,502	5,616	5,495	5,512	5,395	5,558	5,542	5,624	5,530
Natural gas production				*(millions of cubic feet daily)*						
available for sale	10,038	8,613	9,001	9,974	9,405	10,908	9,920	9,585	10,441	10,211