

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

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

For the quarterly period ended March 31, 1998

OR

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

For the transition period from _____ to _____

Commission File Number 1-2256

EXXON CORPORATION

(Exact name of registrant as specified in its charter)

NEW JERSEY

13-5409005

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification Number)

5959 Las Colinas Boulevard, Irving, Texas

75039-2298

(Address of principal executive offices)

(Zip Code)

(972) 444-1000

(Registrant's telephone number, including area code)

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

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

Class	Outstanding as of March 31, 1998
Common stock, without par value	2,446,791,735

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EXXON CORPORATION

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1998

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

<TABLE>
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	Three Months Ended March 31,	
	1998	1997
	<C>	<C>
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REVENUE		
Sales and other operating revenue, including excise taxes	\$29,658	\$34,720
Earnings from equity interests and other revenue	570	483
Total revenue	30,228	35,203
COSTS AND OTHER DEDUCTIONS		
Crude oil and product purchases	12,100	15,427
Operating expenses	3,025	3,302
Selling, general and administrative expenses	2,011	2,030
Depreciation and depletion	1,388	1,395
Exploration expenses, including dry holes	184	165
Interest expense	67	76
Excise taxes	3,447	3,599
Other taxes and duties	5,167	5,563
Income applicable to minority and preferred interests	110	107
Total costs and other deductions	27,499	31,664

INCOME BEFORE INCOME TAXES	2,729	3,539
Income taxes	839	1,364
NET INCOME	<u>\$ 1,890</u>	<u>\$ 2,175</u>
	=====	=====
Net income per common share (dollars)	\$ 0.77	\$ 0.87
Net income per common share - assuming dilution (dollars)	\$ 0.76	\$ 0.86
Average number common shares outstanding (millions)	2,451	2,484
Average number common shares outstanding - assuming dilution (millions)	2,483	2,517
Dividends per common share	\$ 0.410	\$ 0.395

Net income per share is based on net income less preferred stock dividends and the weighted average number of outstanding common shares.

Net income per common share - assuming dilution is based on net income and the weighted average number of outstanding common shares, including the additional common shares that would have been outstanding if dilutive potential common shares (incentive program stock and preferred stock) had been issued.

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EXXON CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
(millions of dollars)

	March 31, 1998	Dec. 31, 1997
	<C>	<C>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,841	\$ 4,047
Other marketable securities	20	15
Notes and accounts receivable - net	9,967	10,702
Inventories		
Crude oil, products and merchandise	4,466	4,725
Materials and supplies	743	762
Prepaid taxes and expenses	1,004	941
Total current assets	<u>20,041</u>	<u>21,192</u>
Property, plant and equipment - net	66,726	66,414
Investments and other assets	8,186	8,458
TOTAL ASSETS	<u>\$94,953</u>	<u>\$96,064</u>
	=====	=====
LIABILITIES		
Current liabilities		
Notes and loans payable	\$ 2,753	\$ 2,902
Accounts payable and accrued liabilities	13,573	14,683
Income taxes payable	2,250	2,069
Total current liabilities	<u>18,576</u>	<u>19,654</u>
Long-term debt	7,077	7,050
Annuity reserves, deferred credits and other liabilities	25,555	25,700
TOTAL LIABILITIES	<u>51,208</u>	<u>52,404</u>
	-----	-----
SHAREHOLDERS' EQUITY		
Preferred stock, without par value:		
Authorized: 200 million shares		
Outstanding: 3 million shares at Mar. 31, 1998	174	
3 million shares at Dec. 31, 1997		190
Guaranteed LESOP obligation	(225)	(225)
Common stock, without par value:		
Authorized: 3,000 million shares		
Issued: 2,984 million shares	2,323	2,323
Earnings reinvested	53,096	52,214
Cumulative foreign exchange translation adjustment	(1,148)	(1,119)
Common stock held in treasury:		
537 million shares at Mar. 31, 1998	(10,475)	
527 million shares at Dec. 31, 1997		(9,723)
TOTAL SHAREHOLDERS' EQUITY	<u>43,745</u>	<u>43,660</u>
	-----	-----

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY \$94,953 \$96,064
===== =====

</TABLE>

The number of shares of common stock issued and outstanding at March 31, 1998 and December 31, 1997 were 2,446,791,735 and 2,456,315,299, respectively.

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

<TABLE>

<CAPTION>

	Three Months Ended March 31,	
	1998	1997
	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$1,890	\$2,175
Depreciation and depletion	1,388	1,395
Changes in operational working capital, excluding cash and debt	(45)	(210)
All other items - net	(159)	1,206
	<hr/>	<hr/>
Net Cash Provided By Operating Activities	3,074	4,566
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,709)	(1,492)
Sales of subsidiaries and property, plant and equipment	125	55
Other investing activities - net	407	332
	<hr/>	<hr/>
Net Cash Used In Investing Activities	(1,177)	(1,105)
	<hr/>	<hr/>
NET CASH GENERATION BEFORE FINANCING ACTIVITIES	1,897	3,461
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Additions to long-term debt	206	175
Reductions in long-term debt	(69)	(58)
Additions/(reductions) in short-term debt - net	(323)	176
Cash dividends to Exxon shareholders	(1,009)	(986)
Cash dividends to minority interests	(74)	(75)
Changes in minority interests and sales / (purchases) of affiliate stock	(27)	4
Acquisitions of Exxon shares - net	(797)	(166)
	<hr/>	<hr/>
Net Cash Used In Financing Activities	(2,093)	(930)
	<hr/>	<hr/>
Effects Of Exchange Rate Changes On Cash	(10)	31
	<hr/>	<hr/>
Increase/(Decrease) In Cash And Cash Equivalents	(206)	2,562
Cash And Cash Equivalents At Beginning Of Period	4,047	2,951
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$3,841</u>	<u>\$5,513</u>
	=====	=====
SUPPLEMENTAL DISCLOSURES		
Income taxes paid	\$ 566	\$ 703
Cash interest paid	\$ 350	\$ 157

</TABLE>

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EXXON CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis Of Financial Statement Preparation

These unaudited condensed consolidated financial statements should be read in the context of the consolidated financial statements and notes thereto filed with the S.E.C. in the corporation's 1997 Annual Report

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

During the third quarter of 1997, the corporation increased its ownership in General Sekiyu K.K. (GSK) from 49.0% to 50.1%. These financial statements reflect the consolidation of GSK retroactive to the beginning of 1997. GSK was previously accounted for as an equity company. The January 1, 1997 balance sheet of GSK had total assets of \$3.9 billion and total liabilities of \$3.2 billion. Consolidated net income was unchanged as a result of the restatement of prior quarter statements of income.

2. Recently Issued Statements of Financial Accounting Standards

In June 1997, the Financial Accounting Standards Board released Statement No. 131, "Disclosures about Segments of an Enterprise and Related Information." This statement requires disclosure of certain information about operating segments and geographic areas of operation. This statement, which will be adopted in 1998, will not have any effect upon the corporation's consolidated financial condition or operations.

3. Litigations and Other Contingencies

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

On September 24, 1996, the United States District Court for the District of Alaska entered a judgment in the amount of \$5.058 billion in the Exxon Valdez civil trial that began in May 1994. The District Court awarded approximately \$19.6 million in compensatory damages to fisher plaintiffs, \$38 million in prejudgment interest on the compensatory damages and \$5 billion in punitive damages to a class composed of all persons and entities who asserted claims for punitive damages from the corporation as a result of the Exxon Valdez grounding. The District Court also ordered that these awards shall bear interest from and after entry of the judgment. The District Court stayed execution on the judgment pending appeal based on a \$6.75 billion letter of credit posted by the corporation. Exxon has appealed the judgment. A motion for new trial is currently pending before the District Court and consideration of Exxon's appeal is stayed pending resolution of that motion. The corporation continues to believe that the punitive damages in this case are unwarranted and that the judgment should be set aside or substantially reduced by the appellate courts if the District Court does not grant Exxon's pending motion for new trial.

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EXXON CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

German and Dutch affiliated companies are the concessionaires of a natural gas field subject to a treaty between the governments of Germany and the Netherlands under which the gas reserves in an undefined border or common area are to be shared equally. Entitlement to the reserves is determined by calculating the amount of gas which can be recovered from this area. Based on the final reserve determination, the German affiliate has received more gas than its entitlement. Arbitration proceedings, as provided in the agreements, have been underway to determine the manner of resolving the issues between the German and Dutch affiliated companies.

On July 8, 1996, an interim ruling was issued establishing a provisional compensation payment for the excess gas received. Additional compensation, if any, remains subject to further arbitration proceedings or negotiation. Other substantive matters remain outstanding, including recovery of royalties paid on such excess gas and the taxes payable on the final compensation amount. The net financial impact on the corporation is not

possible to predict at this time given these outstanding issues. However, the ultimate outcome is not expected to have a materially adverse effect upon the corporation's consolidated financial condition or operations.

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

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

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

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

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EXXON CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

4. Nonowner Changes in Shareholders' Equity

Statement of Financial Accounting Standards (FAS) No. 130 "Reporting Comprehensive Income" was implemented in January 1998. This statement establishes standards for reporting and display of total nonowner changes in shareholders' equity. For the corporation, total nonowner changes in shareholders' equity include net income and the change in the cumulative foreign exchange translation adjustment component of shareholders' equity. The total nonowner changes in shareholders' equity for the three months ended March 31, 1998 and 1997 were \$1,861 million and \$1,278 million, respectively. FAS 130 did not have any effect on the corporation's consolidated financial condition or operations.

EXXON CORPORATION

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

FUNCTIONAL EARNINGS SUMMARY

	First Quarter	
	1998	1997
	(millions of dollars)	
Petroleum and natural gas		
Exploration and production		
United States	\$ 227	\$ 554
Non-U.S.	683	890
Refining and marketing		
United States	100	57
Non-U.S.	496	297
Total petroleum and natural gas	<u>1,506</u>	<u>1,798</u>
Chemicals		
United States	232	192
Non-U.S.	142	118
Other operations	89	128
Corporate and financing	(79)	(61)
NET INCOME	<u>\$1,890</u> =====	<u>\$2,175</u> =====

FIRST QUARTER 1998 COMPARED WITH FIRST QUARTER 1997

Exxon Corporation estimated first quarter 1998 net income of \$1,890 million, down 13 percent from \$2,175 million in first quarter 1997. On a per share basis, net income was \$0.77 in the first quarter of 1998 compared to \$0.87 in the prior year's quarter.

Exxon's net income of \$1.9 billion was down \$285 million or 13 percent, reflecting weaker crude oil prices which on average were about \$7 per barrel or 33 percent lower than last year. This year's first quarter results benefited from improved downstream margins, higher petroleum product and chemicals sales, and lower unit operating expenses.

Crude oil prices weakened across the quarter, driven by the slowdown in Asian economies, mild winter weather, and a surplus of crude oil supplies. Liquids production was higher than first quarter 1997. Natural gas sales and prices declined from 1997's first quarter due to warmer weather in Europe and North America. In the downstream, petroleum product sales increased in most geographic areas, achieving the highest first quarter level since 1979. Earnings were up 68 percent, benefiting from higher industry refining margins in Europe and the improved retail environment in the U.K. Chemicals earnings improved as a result of record first quarter sales. Margins improved relative to last year as declining commodity prices were offset by lower feedstock costs. Earnings from other operations decreased relative to the prior year due to lower copper and coal prices.

During the quarter, Exxon continued its active investment program, spending over \$2 billion on capital and exploration projects.

EXXON CORPORATION

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

OTHER COMMENTS ON FIRST QUARTER COMPARISON

Exploration and production earnings were adversely impacted by substantially lower crude oil prices which have been under pressure and falling since early in the fourth quarter of 1997, averaging about \$7 per barrel less than the first quarter of 1997. U.S. natural gas prices were lower on average than last year in response to milder weather. European gas realizations were lower due to the stronger U.S. dollar in 1998.

Liquids production of 1,627 kbd (thousand barrels per day) was up from 1,625 kbd in the first quarter of 1997. Production increases in Australia and Malaysia, new developments in the North Sea, and initial production from Azerbaijan were largely offset by lower volumes in the U.S. Worldwide natural gas production of 7,224 mcf/d (million cubic feet per day) was down 4 percent from 1997 due to the impact of warmer European weather and corresponding lower demand.

Earnings from U.S. exploration and production were \$227 million compared with \$554 million last year. Outside the U.S., earnings from exploration and production were \$683 million, versus \$890 million in the first quarter 1997.

Petroleum product sales of 5,418 kbd increased 68 kbd from last year's first quarter with higher volumes in North America, Latin America and Europe. Sales volumes were lower in Asia-Pacific. Downstream earnings benefited from higher European industry refining margins, improvement in the U.K. retail market, stronger lube basestock margins, and higher Latin American marketing margins. Turnaround impacts were also lower, reflecting less planned maintenance in the U.S. compared to the first quarter 1997.

In the U.S., refining and marketing earnings were \$100 million, up \$43 million from the prior year. Refining and marketing operations outside the U.S. earned \$496 million, an increase of \$199 million from 1997.

Chemical earnings were \$374 million, up \$64 million from the first quarter 1997. First quarter record prime product sales of 4,322 kt (thousand metric tons) were 4 percent higher than the year ago period. Although most commodity chemical prices were lower, overall margins improved somewhat relative to last year as a result of lower feedstock costs.

Earnings from other operations, including coal, minerals and power, totaled \$89 million, compared to \$128 million in the first quarter of 1997. Both copper and coal prices decreased from last year. Corporate and financing expenses of \$79 million compared with \$61 million in the first quarter of last year.

Net cash generation before financing activities was \$1,897 million in the first three months of 1998 versus \$3,461 million in the same period last year. Operating activities provided net cash of \$3,074 million, a decrease of \$1,492 million from 1997's first three months, influenced by lower net income and the absence of an insurance settlement in 1997. Investing activities used net cash of \$1,177 million, \$72 million more than the year ago period on a higher level of capital investment.

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EXXON CORPORATION

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

OTHER COMMENTS ON FIRST QUARTER COMPARISON

Net cash used in financing activities was \$2,093 million in the first quarter of 1998 versus \$930 million in the same quarter last year. During the first quarter of 1998, Exxon purchased 14.9 million shares of Exxon common stock for the treasury at a cost of \$942 million, representing a continuation of purchases to offset shares issued in conjunction with the company's benefit plans and programs, as well as the increased share repurchases announced in the first quarter of 1997. Shares outstanding were reduced from 2,456.3 million at the end of the fourth quarter of 1997

EXXON CORPORATION

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Information about market risks for the three months ended March 31, 1998 does not differ materially from that discussed under Item 7A of the registrant's Annual Report on Form 10-K for 1997.

PART II. OTHER INFORMATION

Item 2. Changes in Securities

In accordance with the registrant's 1997 Nonemployee Director Restricted Stock Plan, a newly elected nonemployee director was granted 4,000 shares of restricted stock on April 29, 1998. This grant is exempt from registration under bonus stock interpretations such as the "no-action" letter to Pacific Telesis Group (June 30, 1992).

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

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

b) Reports on Form 8-K

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

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EXXON CORPORATION

SIGNATURE

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

EXXON CORPORATION

Date: May 13, 1998

/s/ DONALD D. HUMPHREYS

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

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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM EXXON'S CONDENSED CONSOLIDATED BALANCE SHEET AT MARCH 31, 1998 AND EXXON'S CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE FIRST QUARTER 1998, THAT ARE CONTAINED IN EXXON'S FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1998. THE SCHEDULE IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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