

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

**MOBIL CORP**

CIK: **67182** | IRS No.: **132850309** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **001-07555** | Film No.: **98669653**  
SIC: **2911** Petroleum refining

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FAIRFAX VA 22037-0001

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549-1004

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D)  
OF THE SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): JULY 22, 1998

MOBIL CORPORATION  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	1-7555	13-2850309
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(COMMISSION FILE NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

3225 GALLOWS ROAD  
FAIRFAX, VIRGINIA 22037-0001  
TELEPHONE: (703) 846-3000  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

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Item 5. Other Events

The Registrant hereby incorporates by reference herein the information set forth in its News Release dated July 22, 1998, a copy of which is annexed hereto as exhibit 99.

Item 7. Financial Statements, Pro Forma Financial Information And Exhibits.

(C) Exhibits.

99. Mobil Corporation News Release dated July 22, 1998 reporting estimated earnings for the second quarter of 1998.

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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 hereunto duly authorized.

REGISTRANT                    MOBIL CORPORATION

BY  
NAME AND TITLE    Gordon G. Garney, Senior Assistant Secretary

DATE                    July 22, 1998

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EXHIBIT INDEX

EXHIBIT

SUBMISSION MEDIA

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99.        Mobil Corporation,  
          News Release dated  
          July 22, 1998

Electronic

## MOBIL ANNOUNCES SECOND QUARTER 1998 OPERATING EARNINGS OF \$655 MILLION

<TABLE>  
<CAPTION>

	Second Quarter		
	1997	1998	Change
	----	----	-----
<S>	<C>	<C>	<C>
Operating Earnings (\$ millions)	870	655	(215)
per share (\$)	1.09	0.82	(0.27)
assuming dilution (\$)	1.07	0.81	(0.26)
Net Income (\$ millions)	850	642	(208)
per share (\$)	1.06	0.81	(0.25)
assuming dilution (\$)	1.04	0.79	(0.25)

</TABLE>

- Self-help initiatives of an additional \$90 million, including 4% higher downstream product trade sales, higher chemical sales and other performance improvements, cushioned the impact of sharp declines in industry fundamentals.
- Worldwide downstream earnings were strong reflecting improved operating performance.
  - U.S. Marketing and Refining matched last year's record second quarter earnings and set a new six-month earnings record.
  - Benefits from our European alliance with BP continued to grow, in line with expectations.
  - Asia-Pacific earnings were up despite weak fundamentals in the region, reflecting strong performance and benefits from initiatives.
  - Lube earnings improved, benefiting from initiatives and lower feedstock costs.
- Upstream production was down, largely as a result of temporary constraining factors including OPEC quota reductions and a drop in Asian LNG demand.

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FAIRFAX, VA, JULY 22, 1998 MOBIL CORPORATION today reported second quarter 1998 estimated operating earnings of \$655 million. This is a decrease of \$215 million, or 25%, from the \$870 million earned in the same period last year. Operating earnings per common share, assuming dilution, were \$0.81, compared with \$1.07 in the second quarter of 1997. Including special items, net income for the quarter was \$642 million, or \$0.79 per common share, versus \$850 million, or \$1.04 per share, last year. This year's second quarter net income included a \$13 million special charge for on-going implementation costs associated with the BP European downstream alliance, while last year's second quarter net income included a charge of \$20 million for these implementation costs.

"In addition to significantly lower crude oil prices, down about \$5 per barrel from the same period last year, weak industry fundamentals in many of our businesses hurt earnings in the second quarter," said Mobil Chairman and CEO Lucio A. Noto. International natural gas prices trended lower, particularly for LNG; Asia-Pacific downstream margins, both refining and marketing, weakened considerably; and petrochemical margins remained under downward pressure. Considering these fundamentals, Mobil's earnings held up fairly well due to about \$90 million of benefits from self-help programs. During the first six months, self-help has contributed almost \$200 million to Mobil's 1998 earnings.

"In the Downstream, self-help included continued growth in trade sales volumes, strong refinery performance and contributions from on-going initiatives. In the U.S., strong refinery performance and the effects of successful marketing programs to increase gasoline sales contributed to record second quarter and six months earnings. Benefits from the BP downstream alliance in Europe continued

to grow, and in Asia-Pacific, earnings were up despite significantly lower margins, benefiting from numerous initiatives implemented over the last year and improved refinery performance. Lube earnings were higher, benefiting from initiatives and increased margins due to lower feedstock costs.

"In the Upstream, lower worldwide crude oil and international natural gas prices impacted earnings by over \$200 million. Additionally, Mobil's year-to-date production declined by over 1% versus the same period last year, largely due to temporary constraining factors. These factors include economic conditions in Asia, which have resulted in the deferral of LNG cargoes from Indonesia, and cutbacks in OPEC quotas, which primarily impact our Nigerian operations. Longer term, our goal to grow production by an average of 4 % per year, remains unchanged."

Noto concluded, "This year's collapse of crude oil prices is evidence of the continuing volatility in industry conditions to which Mobil is subjected. Due to uncertainty with respect to the pace of economic recovery in Asia and the outlook for crude oil supplies in the near term, Mobil will continue to focus on self-help initiatives to sustain and grow earnings."

The following comments address the operating performance of the major business segments during the second quarter of 1998 as compared with the same quarter in 1997 (refer to Table 2):

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COMPARISON OF SECOND QUARTER 1998 WITH SECOND QUARTER 1997  
-----

- o Exploration & Producing operating earnings of \$235 million were \$223 million  
-----  
lower than last year's \$458 million.

In the United States, earnings of \$44 million decreased \$83 million as significantly lower crude oil prices and higher exploration expenses were only partly offset by higher natural gas prices.

International earnings of \$191 million were \$140 million lower, primarily reflecting a large decline in average crude oil and natural gas prices. The effects of higher liquids volumes in Canada, Equatorial Guinea and Australia were offset by the effects of OPEC constraints, mainly in Nigeria, and the deferral of LNG cargoes from Indonesia.

- o Marketing & Refining operating earnings of \$417 million were \$3 million lower  
-----  
than in 1997.

Operating earnings in the United States were \$194 million, matching last year's record second quarter results. This quarter's strong results were driven by excellent operating performance, strong integrated margins and the success of various marketing programs. Gasoline trade sales were 6% higher than last year and lube income was up due to improved margins and product mix.

International earnings of \$223 million were \$3 million lower than in 1997. In Europe, earnings were higher due to stronger integrated margins and additional benefits from the Mobil-BP alliance. Earnings were also stronger in Asia-Pacific, despite the significant deterioration in both refining and marketing margins. Earnings benefited from performance initiatives in the region, improved refinery performance and higher trade sales volumes. Other international earnings were negatively impacted by the scheduled turnaround at our Yanbu, Saudi Arabia joint venture refinery and lower margins for product exports from this facility.

- o Chemical earnings of \$58 million were \$33 million lower than last year as a  
-----  
result of lower polyethylene and paraxylene margins, somewhat offset by the effects of higher volumes.
- o Corporate and Financing expenses of \$55 million were \$44 million lower than  
-----  
in the second quarter of 1997 primarily due to lower average net debt balances, the timing of expenses and certain one-time benefits in this year's second quarter.

COMPARISON OF SIX MONTHS 1998 WITH SIX MONTHS 1997  
-----

Mobil's first half 1998 net income was \$1,347 million, compared with \$1,676 million for the same period in 1997. This year's net income included special charges of \$23 million for implementation costs for the Mobil-BP downstream European alliance. First half 1997 net income included special charges of \$38 million for Mobil-BP alliance implementation costs.

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Excluding special items, first half operating earnings of \$1,370 million were down \$344 million, or 20%, from the comparable period in 1997. The decline was primarily due to the significant drop in worldwide average crude oil and natural gas prices and lower downstream margins in Asia-Pacific, partly offset by self-help initiatives and stronger downstream margins in the U.S. and Europe. Self-help included the overall favorable effects of volumes, excellent refinery performance and benefits from the Mobil-BP European downstream alliance. Additionally, Asia-Pacific downstream benefited from on-going restructuring initiatives throughout the region.

Estimates of key financial and operating data are shown below and on the attached tables.

Investment Spending for the second quarter of 1998 was \$1,507 million, \$49 million higher than in the comparable period last year. For the first six months of 1998, investment spending was \$2,360 million, compared with \$2,292 million for the same period last year.

Mobil's Return on Average Capital Employed for the twelve months ended June 30, 1998, based on operating earnings (excluding special items), was 11.9%, compared with 14.0% for calendar year 1997. On a net income basis, returns were 11.4% and 13.4% for the same periods.

Return on Average Shareholders' Equity for the twelve months ended June 30, 1998, based on operating earnings (excluding special items), was 15.8%, compared with 17.8% for calendar year 1997. On a net income basis, returns were 15.1% and 17.0% for the same periods.

Mobil's Debt-to-Capitalization Ratio was 30% at June 30, 1998, and 25% at December 31, 1997.

Common Stock Dividends were \$0.57 per share in the second quarter of 1998, up by \$0.04 per share from the second quarter of last year and by \$0.08 per share on a year-to-date basis.

Table 1

MOBIL CORPORATION

<TABLE>  
<CAPTION>

INCOME (\$MM)	Second Quarter			Six Months		
	1997	1998	Incr/ (Decr)	1997	1998	Incr/ (Decr)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Petroleum Operations						
E&P: United States	127	44	(83)	351	124	(227)
International	331	191	(140)	801	501	(300)
Total Exploration & Producing	458	235	(223)	1,152	625	(527)
M&R: United States	194	194	-	152	280	128
International	206	210	4	380	439	59
Total Marketing & Refining	400	404	4	532	719	187
Total Petroleum	858	639	(219)	1,684	1,344	(340)
Chemical	91	58	(33)	176	125	(51)
Corporate and Financing (a)	(99)	(55)	44	(184)	(122)	62
Net Income	850	642	(208)	1,676	1,347	(329)

	=====	=====	=====	=====	=====	=====
COMMON SHARES OUTSTANDING (MM)						
End of Period				787.1	781.6	(5.5)
Average	787.0	781.6	(5.4)	787.6	781.8	(5.8)
Average -- Assuming Dilution	815.6	811.1	(4.5)	815.8	810.7	(5.1)
NET INCOME PER COMMON SHARE (\$) (b)	1.06	0.81	(0.25)	2.10	1.69	(0.41)
Assuming Dilution (c)	1.04	0.79	(0.25)	2.05	1.65	(0.40)
DIVIDENDS						
Common Stock						
Total Paid (\$MM)	417	446	29	835	891	56
Per Share (\$)	0.53	0.57	0.04	1.06	1.14	0.08
Preferred Stock (\$MM)	13	12	(1)	26	25	(1)

- (a) Includes corporate administrative expenses, net financing expense and other items.
- (b) The net income per common share calculation is based on income, less preferred stock dividend requirements, divided by the weighted average number of common shares outstanding.
- (c) Net income per common share assuming dilution includes the dilutive effects of stock options and convertible preferred stock.

Table 2

MOBIL CORPORATION

	Second Quarter			Six Months		
	1997	1998	Incr/ (Decr)	1997	1998	Incr/ (Decr)
	<C>	<C>	<C>	<C>	<C>	<C>
INCOME ADJUSTED FOR SPECIAL ITEMS (\$MM)						
Petroleum Operations						
E&P: United States	127	44	(83)	351	124	(227)
International	331	191	(140)	801	501	(300)
Total Exploration & Producing	458	235	(223)	1,152	625	(527)
M&R: United States	194	194	-	152	280	128
International	226	223	(3)	418	462	44
Total Marketing & Refining	420	417	(3)	570	742	172
Total Petroleum	878	652	(226)	1,722	1,367	(355)
Chemical	91	58	(33)	176	125	(51)
Corporate and Financing (a)	(99)	(55)	44	(184)	(122)	62
Operating Earnings (Before Special Items)	870	655	(215)	1,714	1,370	(344)
Special Items	(20)	(13)	7	(38)	(23)	15
Net Income	850	642	(208)	1,676	1,347	(329)

EARNINGS PER COMMON SHARE (\$) BASED ON:

Operating Earnings (Before Special Items) (b)	1.09	0.82	(0.27)	2.14	1.72	(0.42)
Assuming Dilution(c)	1.07	0.81	(0.26)	2.10	1.68	(0.42)
Net Income (b)	1.06	0.81	(0.25)	2.10	1.69	(0.41)
Assuming Dilution(c)	1.04	0.79	(0.25)	2.05	1.65	(0.40)

- (a) Includes corporate administrative expenses, net financing expense and other items.
- (b) The earnings per common share calculation is based on income, less preferred stock dividend requirements, divided by the weighted average number of common shares outstanding.

(c) Earnings per common share assuming dilution includes the dilutive effects of stock options and convertible preferred stock.

</TABLE>

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Table 3

MOBIL CORPORATION

<TABLE>

<CAPTION>

SPECIAL ITEMS AFFECTING INCOME (\$MM)	1997 by Quarter and Year					1998	
	1Q	2Q	3Q	4Q	YEAR	1Q	2Q
<S>	<C>	<C>	<S>	<C>	<C>	<C>	<C>
E&P United States							
Asset Sales	-	-	53	-	53	-	-
Litigation	-	-	(12)	-	(12)	-	-
Employee Performance Award	-	-	(4)	-	(4)	-	-
E&P International							
Asset Sales	-	-	-	41	41	-	-
Employee Performance Award	-	-	(4)	-	(4)	-	-
M&R United States							
Asset Impairment	-	-	-	(18)	(18)	-	-
LIFO/Other Inv. Adj.	-	-	-	8	8	-	-
Employee Performance Award	-	-	(10)	-	(10)	-	-
M&R International							
LIFO/Other Inv. Adj.	-	-	-	12	12	-	-
Restructuring	(18)	(20)	(72)	(148)	(258)	(10)	(13)
Employee Performance Award	-	-	(21)	-	(21)	-	-
Chemical							
Asset Sales	-	-	48	-	48	-	-
Litigation	-	-	10	-	10	-	-
Employee Performance Award	-	-	(5)	-	(5)	-	-
Corporate and Financing							
Asset Sales	-	-	39	-	39	-	-
Litigation	-	-	(31)	-	(31)	-	-
Employee Performance Award	-	-	(6)	-	(6)	-	-
<b>Total Special Items</b>	<b>(18)</b>	<b>(20)</b>	<b>(15)</b>	<b>(105)</b>	<b>(158)</b>	<b>(10)</b>	<b>(13)</b>

</TABLE>

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TABLE 4

MOBIL CORPORATION

<TABLE>

<CAPTION>

INVESTMENT SPENDING (\$MM)	Second Quarter			Six Months		
	1997	1998	Incr/ (Decr)	1997	1998	Incr/ (Decr)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Capital and Exploration Expenditures						
Petroleum Operations						
Exploration & Producing						
United States	136	174	38	208	272	64
International	629	765	136	1,095	1,266	171
<b>Total E&amp;P</b>	<b>765</b>	<b>939</b>	<b>174</b>	<b>1,303</b>	<b>1,538</b>	<b>235</b>
Marketing & Refining						
United States	77	103	26	152	163	11
International	150	70	(80)	244	113	(131)



Total M&R	227	173	(54)	396	276	(120)
Total Petroleum	992	1,112	120	1,699	1,814	115
Chemical	70	70	-	124	96	(28)
Other	20	70	50	31	98	67
Total Capital and Exploration Expenditures	1,082	1,252	170	1,854	2,008	154
Cash Investments in Equity Companies	376	255	(121)	438	352	(86)
Total Investment Spending	1,458	1,507	49	2,292	2,360	68
Memo: Exploration expenses charged to income, included above						
United States	11	32	21	16	49	33
International	71	65	(6)	141	122	(19)
Total Exploration Expenses	82	97	15	157	171	14
=====						
OTHER FINANCIAL DATA (\$MM)						
Total Revenues	16,749	13,233	(3,516)	32,935	26,863	(6,072)
Depreciation, Depletion, and Amortization	615	621	6	1,258	1,220	(38)
Income Taxes	738	392	(346)	1,602	921	(681)
AVERAGE U.S. PRICES						
Crude (\$/BBL) -- Mobil	16.92	11.73	(5.19)	18.37	12.50	(5.87)
Crude (\$/BBL) -- Mobil + Aera	15.90	10.38	(5.52)	17.21	11.06	(6.15)
NGL (\$/BBL)	11.02	8.44	(2.58)	12.10	9.07	(3.03)
Natural Gas (\$/MCF)	1.88	2.07	0.19	2.34	2.05	(0.29)
AVERAGE INT'L. PRICES						
Crude (\$/BBL)	17.83	12.70	(5.13)	18.99	13.15	(5.84)
Natural Gas (\$/MCF)	2.63	2.12	(0.51)	2.84	2.29	(0.55)

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TABLE 5

MOBIL CORPORATION

<TABLE>

<CAPTION>

OPERATING HIGHLIGHTS	Second Quarter			Six Months		
	1997	1998	Incr/ (Decr)	1997	1998	Incr/ (Decr)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
NET PRODUCTION OF LIQUIDS (TBD)						
United States	248	242	(6)	241	241	-
Australia	33	41	8	30	36	6
Canada	46	60	14	45	61	16
Equatorial Guinea	31	46	15	28	46	18
Indonesia	47	41	(6)	52	43	(9)
Kazakhstan	42	42	-	38	42	4
Nigeria	251	239	(12)	247	241	(6)
Norway	82	76	(6)	80	77	(3)
United Kingdom	74	60	(14)	75	62	(13)
Middle East/Other	68	72	4	69	71	2
Total International	674	677	3	664	679	15
Worldwide	922	919	(3)	905	920	15
=====						
NET PRODUCTION OF NATURAL GAS (MMCFD)						

United States	1,136	1,119	(17)	1,172	1,121	(51)
Canada	375	461	86	373	446	73
Germany	402	407	5	497	478	(19)
Indonesia (a)	1,527	1,252	(275)	1,593	1,367	(226)
United Kingdom	644	592	(52)	733	669	(64)
Other	311	362	51	306	363	57
	-----	-----	-----	-----	-----	-----
Total International	3,259	3,074	(185)	3,502	3,323	(179)
	-----	-----	-----	-----	-----	-----
Worldwide	4,395	4,193	(202)	4,674	4,444	(230)
	=====	=====	=====	=====	=====	=====
TOTAL NET						
PRODUCTION (TBOE)	1,718	1,679	(39)	1,752	1,725	(27)
	=====	=====	=====	=====	=====	=====

</TABLE>

(a) Year-to-date production reflects a downward restatement of first quarter 1998.

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TABLE 6

MOBIL CORPORATION

<TABLE>

<CAPTION>

	SECOND QUARTER			SIX MONTHS		
	1997	1998	Incr/ (Decr)	1997	1998	Incr/ (Decr)
OPERATING HIGHLIGHTS	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
REFINERY RUNS (TBD)						
United States	978	941	(37)	919	921	2
Europe (a)	377	365	(12)	365	366	1
Asia-Pacific	574	726	152	634	737	103
All Other	188	133	(55)	186	156	(30)
	-----	-----	-----	-----	-----	-----
Worldwide	2,117	2,165	48	2,104	2,180	76
	=====	=====	=====	=====	=====	=====
PETROLEUM PRODUCT SALES (b)						
(TBD)						
United States						
Automotive Gasoline						
Sales to Trade	573	606	33	559	584	25
Supply/Other Sales	288	250	(38)	245	214	(31)
	-----	-----	-----	-----	-----	-----
Total Automotive Sales	861	856	(5)	804	798	(6)
Distillates/Jet Fuel	332	330	(2)	369	344	(25)
Other	256	266	10	231	264	33
	-----	-----	-----	-----	-----	-----
Total United States	1,449	1,452	3	1,404	1,406	2
Europe (a)	704	651	(53)	697	663	(34)
Asia-Pacific	767	830	63	814	835	21
All Other	360	434	74	376	443	67
	-----	-----	-----	-----	-----	-----
Total International	1,831	1,915	84	1,887	1,941	54
	-----	-----	-----	-----	-----	-----
Worldwide	3,280	3,367	87	3,291	3,347	56
	=====	=====	=====	=====	=====	=====
CHEMICAL SALES (MM LBS)						
Worldwide Polyethylene Resin	679	705	26	1,377	1,406	29
Worldwide Paraxylene	337	488	151	684	946	262
CHEMICAL SALES BY PRODUCT						
CATEGORY (\$MM)						
Petrochemicals	524	420	(104)	1,051	892	(159)
Films Products	194	171	(23)	385	338	(47)
Chemical Products	34	41	7	67	79	12
	-----	-----	-----	-----	-----	-----
Total	752	632	(120)	1,503	1,309	(194)
	=====	=====	=====	=====	=====	=====

</TABLE>

- 
- (a) Includes Mobil's share for the M&R alliance with BP in Europe.
  - (b) Includes trade and supply sales.