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ExxonMobil

July 29, 2011

Ms. Mary Schapiro, Chairman
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: File Number 4-600, Commission Statement in Support of Convergence and Global Accounting Standards

Dear Chairman Schapiro:

Exxon Mobil Corporation appreciates the opportunity to provide the Commission with our views on the Staff Paper dated May 26, 2011, "Work Plan for the Consideration of Incorporating International Financial Reporting Standards into the Financial Reporting System for U.S. Issuers – Exploring a Possible Method of Incorporation". We are supportive of the long-term goal of moving to a single set of global accounting standards. If the Commission completes its assessment of the areas of concern outlined in the Work Plan and after due process recommends incorporation of IFRS, then the "condorsement" approach, as outlined in the Staff Paper, is a practical approach for the United States to accomplish this goal.

Global Accounting Standards

ExxonMobil supports the development of a single set of global accounting standards that are uniformly applied in the world's capital markets. However, the SEC must ensure the process to develop these standards takes into consideration the regulatory and legal environments of the U.S. as well as other constituents. Only full compliance with these standards and consistent application within and between jurisdictions will benefit users.

The current status of the four joint IASB and FASB prioritized MoU projects raises concern about the ability to achieve consistency across jurisdictions. The Boards reached different conclusions about the principles for offsetting financial instrument transactions in the *Balance Sheet – Offsetting* project. In addition, the Boards reached different conclusions in the *Accounting for Financial Instruments* project on two primary tenets of the standard – impairments and hedging. In both of these projects, the Boards considered well-reasoned arguments by knowledgeable professionals in support of their respective positions, making a decision each perceived to be the best for its stakeholders. The Boards thus elected to proceed knowing that these decisions would result in differences in accounting standards. The consequence of these decisions is that U.S. GAAP may remain permanently inconsistent with IFRS or U.S. companies may ultimately be required to implement, during the "condorsement" process, the IFRS version of these standards which the FASB has already rejected.

The SEC must contemplate the evolution of these projects in evaluating the practicality of the U.S. moving toward compliance with IFRS. The examples above indicate the U.S. system may not be ready to accept the decisions of the IASB. The Commission should evaluate whether or not the IASB standard-setting process fully takes into consideration the U.S. legal and regulatory environment in the development of its standards.

A prime attraction of global accounting standards is comparability across capital markets. The robustness of the regulatory environment, the quality of audit standards and practices, and the effectiveness of the interpretive body will affect the consistency of application of such standards. If the level of rigor is different across jurisdictions, users will have a false sense of comparability as differences in interpretations and practices result in inconsistent applications of the standards. Before committing U.S. issuers to a different set of accounting standards based on the benefit of improved comparability, the Commission should consider whether the following are in place in key capital markets:

- **Robust regulatory environments** – Home country regulators must regularly and rigorously review application of the standards by issuers to ensure compliance. The deterrent effect of potential restatement for inappropriate application of global standards must be real and credible.

- **High quality auditing standards and practices** – The development of a high quality global set of auditing standards and rigorous oversight of audit practices are critical to consistent application across jurisdictions. The Commission will need to consider the role of the Public Company Accounting Oversight Board in developing and maintaining worldwide standards.

- **An active and effective interpretive body** – When diversity in application is identified, actions must be taken by an organization such as the International Financial Reporting Standards Interpretation Committee (IFRIC) to provide binding guidance. This interpretive body must take into consideration the legal and regulatory environment of its U.S. constituents in developing its interpretations.

"Condorsement" Framework

The "condorsement" framework outlined in the Work Plan, which involves incorporation of IFRS into U.S. GAAP over time, is a more practical approach for U.S. stakeholders than conversion to IFRS. This approach addresses the concern that legal agreements or regulations that refer to U.S. GAAP would require revision. However, the changes that result from different recognition and measurement attributes of IFRS will likely require revision of many legal agreements or regulations (e.g. debt to equity ratio provisions).

In implementing the “condorsement” framework, FASB is well-positioned to have an active role representing the U.S. in the international accounting arena; to assist in the development and promotion of high-quality, globally-accepted accounting standards; to be proactive in identifying new and emerging financial reporting issues; and to ensure that U.S. interests are suitably addressed in the development of those standards. Under this approach, the FASB should be in a position to readily endorse future IASB modifications to IFRS and incorporate those changes into U.S. GAAP. However, the Commission should take the following into consideration to promote successful implementation of this approach:

- **Development of a Detailed Plan** – The Commission must recognize the significant internal and external resources required by preparers to implement the incorporated standards on a global basis. Timing and practicality considerations, and a robust cost-benefit analysis of each element of the plan for incorporating IFRSs into U.S. GAAP, are paramount to an effective implementation. Regarding the categories discussed in the Work Plan:

  - For Category 1, *MoU projects,* this plan should specifically address the process for MoU projects that may result in IFRS and U.S. GAAP standards that are different in recognition, measurement, presentation or disclosure.
  - For Category 2*, IFRSs Subject to Standard Setting*, the plan should be more specific about the process for projects that are removed from the agenda or could be delayed beyond the U.S. transition period for incorporation.
  - For Category 3, *IFRSs Not Subject to Standard-Setting*, the Commission should direct FASB to thoughtfully consider, with appropriate stakeholder input, the appropriateness of such IFRSs before incorporating them into U.S. GAAP.

  The Commission should add a new category to include areas covered in U.S. GAAP that are not currently covered by IFRS, such as industry guidance. The plan should include a process to evaluate each area to determine if the U.S. GAAP standard is consistent with the principles of IFRS. If so, the FASB should determine if the guidance is necessary or if the standards should be eliminated. In some cases, it may not be necessary for the IASB to add an agenda item to address these IFRS gaps which are already included in U.S. GAAP. An example is ASC topic 932, *Extractive Activities – Oil and Gas.* The U.S. standard and the recently revised SEC oil and gas disclosures requirements are well understood and accepted by both users and preparers. The IASB would be well-served to adopt a similar approach.

  Finally, the incorporation process for each category above should be subject to due process in the U.S. FASB should issue an exposure document seeking input on issues that should be raised in the incorporation or standard setting process.

- **Clarity Regarding Transition** – The Commission must be explicit in its description of transition requirements and clearly differentiate those new standards that require retrospective, modified retrospective, or prospective application. Standards subject to prospective application should be broken into two categories. The first category would require prospective application for transactions entered into subsequent to the incorporation effective date. The second category would require prospective application limited to transactions entered into subsequent to the earliest period presented in the financial statements. On a related point, the Commission should give due consideration to selectively reducing the number of comparative periods required in financial statements in order to ease the transition burden.

- **Protocol and Due Process Associated with FASB's ability to Modify or Add to Requirements** – Both the FASB and U.S. constituents must be involved in the development and improvement of new IASB standards through the IASB's due process. In addition, the FASB should be subject to a protocol prior to modifying or adding to IFRS requirements. FASB should exhaust other avenues of resolving differences prior to issuing standards that conflict with IFRS and use a due process that takes into consideration stakeholder input for revisions to incorporated IASB standards.

- **Role of Emerging Issues Task Force (EITF)** – The framework proposed in the Staff Paper should specifically address the role of the EITF. Based on the description in the Staff Paper of the FASB's participation in the IASB's standard-setting process, it appears that the FASB might assume the existing role of the EITF in the U.S. If this is indeed the case, the Commission must ensure a protocol is established for determining if and when the FASB will consider addressing an interpretation issue directly, and how it will interact with the IFRIC.

We thank the Commission for the opportunity to provide our comments and would be pleased to discuss them in further detail with the staff as the project progresses.

Sincerely,

Patrick J. Mulva

Vice President and Controller

c: Ms. Leslie F. Seidman, Chairman, FASB
Mr. Hans Hoogervorst, Chairman, IASB