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**Patrick T. Mulva**  
Vice President and Controller



September 29, 2011

Public Company Accounting Oversight Board  
Attention: Office of the Secretary  
1666 K Street, NW  
Washington, DC 20006-2803

**Re: Concept Release 2011-003, Possible Revisions to PCAOB Standards Related to Reports on Audited Financial Statements, Rulemaking Docket Matter No. 34**

Exxon Mobil Corporation appreciates the opportunity to provide the PCAOB with our views on the Concept Release dated June 21, 2011, "Possible Revisions to PCAOB Standards Related to Reports on Audited Financial Statements" (the "Release"). We agree that both high quality financial reporting and high quality audits are necessary to sustain investor confidence. Efforts to make real improvements in these areas should receive all due consideration from preparers, auditors, and regulators. As such, we support the comment letter recently submitted to the PCAOB by the Financial Executives International (FEI) Committee on Corporate Reporting (CCR).

The PCAOB standard setting initiative should not change the fundamental responsibilities of management, the audit committee or auditors. Management is responsible for preparation and reporting of the financial statements. Management has more perspective, knowledge, and detailed information about the entity than the auditor or audit committee. Management's responsibilities in these areas should be preserved. In addition, audit committee oversight responsibilities should be maintained, including oversight of management's conduct in the financial reporting process and the integrity of the financial statements and other financial information. The independent auditor's responsibility should continue to be auditing the financial statements and internal controls over financial reporting and providing an opinion on the financial statements taken as a whole.

Where the PCAOB's Release aligns with and strengthens the principles noted above, we provide our support. However, to the extent alternatives within the Release blur the responsibilities described above and could promote investor and user confusion, we take strong exception. Our specific comments and observations are noted below.

## **Auditor's Discussion and Analysis**

ExxonMobil does not support the Auditor's Discussion and Analysis (AD&A) alternative presented in the Release. The expansion of the auditor's role in developing an AD&A is inconsistent with the expectation that the auditor should not be the original source of disclosures about an entity. We are concerned that the AD&A would give undue prominence to items of lesser significance and ultimately be confusing to investors and other users. Variability in the AD&A across entities in the same industry will cause investors to misinterpret the inclusion or exclusion of a matter in a particular entity's audit report and draw erroneous conclusions. As a result, we suspect the disclosures would become "boilerplate" as entities and auditors work to reduce the inconsistency of AD&A disclosures.

## **Use of Emphasis Paragraphs**

We do not support a requirement to include emphasis paragraphs in each audit report. We expect this requirement would lead to "boilerplate" disclosures, similar to the situation described above. Auditing standards currently allow auditors to include an emphasis paragraph in their opinions on the financial statements, therefore no cause for action exists.

ExxonMobil does not support disclosure of the nature or extent of audit procedures in emphasis paragraphs for any matter, including matters of critical importance. The nature and extent of audit procedures can vary widely from company to company based on the auditors' risk assessments, professional judgment, and the entities' control environments. Putting the audit procedures in the proper context would require extensive discussion whose meaning would be lost on most users.

## **Auditor Assurance Outside of Financial Statements**

We do not support auditor assurance on other information outside the financial statements. The auditor currently reviews the information outside the financial statements and considers whether the information is consistent with its knowledge of the entity. Disclosures outside of financial statements include forward-looking statements, discussion of operations, and analysis of the business environment based on management's perspective, none of which an auditor would be reasonably able to attest. However, we do support including a statement in the auditor's report clarifying what its role is regarding other parts of a filing.

## **Clarification of the Standard Auditor's Report**

ExxonMobil is supportive of the Board's alternative to include clarifying language in the existing standard auditor's report. While such information is readily and publicly

available through many other sources, including additional language within filings may enhance investors' and other users' understanding of the auditor's roles and responsibilities. The clarifying language around the auditor's responsibility for information outside the financial statements should be limited to items included in the annual report on Form 10-K.

Prior to proceeding with any of the proposed changes, the PCAOB should perform a robust cost / benefit analysis that clearly articulates the benefits expected to be realized from each of the proposals as well as the related costs.

We thank the PCAOB for undertaking the effort to consider improvements to the Audit Report and for providing an opportunity for stakeholders to comment. We would be pleased to discuss our observations and suggestions in further detail as the project progresses.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick T. Mulva". The signature is fluid and cursive, with a large initial "P" and a long, sweeping underline.

Patrick T. Mulva  
Vice President and Controller

cc: Ms. Mary Schapiro, Chairman Securities and Exchange Commission