Exxon Mobil Corporation
5959 Las Colinas Boulevard
Irving, Texas 75039
972 444 1202 Telephone
972 444 1221 Facsimile

Patrick T. Mulva
Vice President and Controller

ExxonMobil

December 11, 2013

Ms. Phoebe W. Brown, Secretary
Public Company Accounting Oversight Board (PCAOB)
1666 K Street, N.W.
Washington, D.C. 20006-2803
Sent by email to comments@pcaobus.org

RE: PCAOB Rulemaking Docket Matter No. 034, The Auditor's Report and The Auditor's Responsibilities Regarding Other Information

Dear Ms. Brown,

Exxon Mobil Corporation appreciates the opportunity to respond to the referenced Proposed Auditing Standards (the "Proposals"). We have concerns regarding disclosures of critical audit matters ("CAMs"), disclosures of the tenure of the audit firm, and the change in the level of assurance in the auditor's responsibilities regarding other information. We support similar observations expressed in the letter submitted by the Financial Executives International ("FEI") Committee on Corporate Reporting ("CCR"). Our most critical concerns are outlined below.

Auditor's Reporting Model

ExxonMobil agrees an opportunity exists for targeted improvements in the auditor's reporting model. We support the Proposal's enhancement to the language regarding the auditor's responsibilities for fraud and the notes to the financial statements. However, other elements of the auditor's report are working effectively and do not merit further change. Specifically, we support retaining the existing pass/fail model which both clearly and concisely conveys the auditor's opinion regarding whether the financial statements are fairly presented. As further explained below, we do not support the disclosure of CAMs or disclosure of audit tenure.

- *Critical Accounting Matters*

  The disclosure of CAMs will have an adverse effect on the clarity of management responsibilities for, and ownership of, the financial statements. Under the Proposals, the auditor's report would include information that duplicates items reported in Management's Discussion and Analysis or the financial statements. We therefore question its incremental value to users. We are also concerned that users may be confused regarding the opinion of the auditor and the relevance of the information found in this expanded auditor's report. The Board defines CAMs as those audit matters that involved the most

difficult, subjective, or complex auditor judgments; posed the most difficulty to the auditor in obtaining sufficient appropriate evidence; and posed the most difficulty to the auditor in forming an opinion on the financial statements. Based on the Proposals, the auditors would identify all potential CAMs and presumably screen the list to determine what would be disclosed. If the auditor determines that certain items should be excluded from disclosure, the auditor would need to justify that decision in the work papers. These judgments, like others of similar importance made during the audit, would be subject to review and exception by PCAOB inspectors. Most auditors, we believe, would err on the side of including more rather than fewer CAMs in their reports. This additional degree of subjectivity, and the prominence the disclosure would be given in the auditor report under the Proposals, will cause confusion among users regarding the overall opinion on the financial statements. In addition, the Proposals potentially would lead to the disclosure of items of lesser significance that were ultimately deemed immaterial or resolved satisfactorily, and could in fact dilute focus on those issues of more importance.

- *Audit Tenure*

  Including a statement containing the year the auditor began serving consecutively as the company's auditor is not relevant or useful to users. The background information in Appendix 5 of the Proposals indicates that academic research is mixed as to whether short or long term audit relationships are more likely to adversely affect audit quality. To require inclusion of that data point lends unwarranted importance to it and could lead investors to draw erroneous conclusions.

Other Information

ExxonMobil supports language that clarifies the auditor's responsibility regarding information outside the financial statements. However, we do not support the change in the level of assurance to "read and evaluate" qualitative and quantitative information. This implicit increase in the level of assurance would require the auditor to perform additional procedures and would correspondingly result in higher costs to preparers. In addition to the added cost to preparers and increase in the volume of procedures auditors would perform during a critical audit period, users may misinterpret the extent of procedures performed by the auditors. The language should simply clarify that the auditor's level of assurance is "read and consider", consistent with existing requirements, but require no change in audit procedures.

Conclusion

ExxonMobil supports the comment letter submitted by the FEI CCR on the Proposals. As noted above, we do support certain clarifications in the auditor's report. However, we do not support the disclosure of CAMs, the disclosure of the audit tenure, or an increase in the level of auditor's assurance of other information. We strongly encourage the PCAOB to engage in outreach or

field testing designed to determine if the Proposals are justified from a cost / benefit perspective. Unless the Proposals clearly meet that hurdle, implementing them will simply contribute to the ongoing dilemma of disclosure overload. We appreciate the Board's consideration of our input and welcome the opportunity to discuss it further.

Sincerely,

c: Martin Baumann, PCAOB Chief Auditor
Paul Beswick, SEC Chief Accountant
Brian Croteau, SEC Deputy Chief Accountant