

ExxonMobil

September 14, 2001

Mr. Timothy Lucas
Director of Technical Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT. 06856-5116

Letter of Comment No: 14
File Reference: 1122-001
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Dear Mr. Lucas:

ExxonMobil wishes to comment on the two proposals for new agenda projects entitled, *Reporting Information about the Financial Performance of Business Enterprises* and *Disclosure of Information about Intangible Assets not Recognized in Financial Statements*.

Reporting Information about the Financial Performance of Business Enterprises

We recognize that there are concerns about certain financial reporting practices that may be obscuring the importance of net income. This is particularly evident in the use of the term "pro forma" earnings. While this trend may be subject to some abuse, we do not believe that it is an issue that should be addressed by the FASB even under the minimum approach outlined by the Project. Defining certain line items, subtotals, and totals and requiring their display might possibly exacerbate the problem because it could make those items more important than net income. Net income should always be the primary measurement of operating results and any other performance barometers should be reported only in the context of net income. What purpose would be served by raising the prominence of, say, EBITDA? Companies will continue to report what they want outside of the financial statements and may be more inclined to use EBITDA rather than net income as the benchmark for explaining results if EBDITA is a defined term in the financial statements. We believe that the market and self-policing efforts similar to the earnings press release guidelines jointly issued by the FEI and the NIRI will be more effective for improving the quality of financial performance reporting than additional FASB required disclosures.

In our opinion, guidance by the FASB is also not needed on any of the various financial performance metrics that companies are reporting. Instead the market should be allowed to drive the changes and analysts need to be more diligent in probing for the facts behind the numbers. In addition, companies in the same industry tend to report similar statistics to respond to the analysts that follow those industries. These statistics are not always the same across all industries and it would be unreasonable for the FASB to try to standardize them.

Disclosure of Information about Intangible Assets not recognized in Financial Statements

ExxonMobil also does not support adding this project to the FASB's agenda. We do not believe there would be any benefits derived from such a project that could possibly justify the enormous cost required accumulating the information.

The proposed project emphasizes that the lack of comparability between the accounting for internally generated intangibles and those that are acquired is a primary reason for addressing the issue. We are not troubled by this difference, as it is consistent with the current transaction based accounting model. We are surprised that the FASB would attempt such a project when it has so far, and in our opinion correctly so, not addressed fair value for tangible assets. The fact that internally generated intangibles do not have transaction costs associated with them should not result in a major project that would have a likely outcome of requiring significant compliance efforts while yielding subjective information of limited use. Intangible assets, whether they are acquired and recorded or developed internally and recorded at no value should not be treated differently than other assets. Until the FASB is prepared to undertake a comprehensive project of full fair value accounting of all assets, it should withdraw the proposed project on intangible assets.

Very truly yours,

A handwritten signature in black ink, appearing to read "Don Humphreys". The signature is fluid and cursive, with a long horizontal stroke at the end.