

April 11, 2008

Ms. Carla-Marie Hait
Chief Accountant, Corporate Finance
British Columbia Securities Commission
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Ms. Sylvie Anctil-Bavas
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Subject: CSA Concept Paper 52-402

Possible changes to securities rules relating to International Financial Reporting Standards

Dear Ms. Hait and Ms. Anctil-Bavas:

I am writing, on behalf of Imperial Oil Limited (Imperial), in response to your request to comment on the "*Possible Changes to Securities Rules Relating to Internal Financial Reporting Standards*". Imperial appreciates the opportunity to provide comments.

Imperial Oil is a Canadian incorporated company, a leading member of Canada's petroleum industry, and with a market capitalization of over \$45 billion, it is amongst the top 10 companies traded on the TSX. Imperial is also a large accelerated *Form 10-K* filer with the United States (U.S.) Securities and Exchange Commission (SEC) and is actively traded on the American Stock Exchange.

The Canadian Securities Administrators (CSA) tentative conclusion to eliminate the current NI 52-107 provision that allows a Canadian issuer who files with the SEC to report only in generally accepted accounting principles of the United States (U.S. GAAP) is of significant concern to Imperial.

Prior to NI 52-107, Imperial publicly reported its financial results in Canadian GAAP along with reconciliation to U.S. GAAP. For consolidation purposes, Imperial also provided its results internally to its majority shareholder on a U.S. GAAP basis. In 2004, as permitted by NI 52-107, Imperial adopted U.S. GAAP as its sole basis of reporting. At that time, over 84% of Imperial's outstanding shares were owned by U.S. residents and, to a majority of Imperial's investors, U.S. GAAP financials are more comprehensible and a more direct comparison to other international oil companies. Imperial competes in a North American and global energy market where results are routinely reviewed with analysts and investors based on SEC information. After incurring initial transition costs, financial reporting using one single set of standards has enabled Imperial to significantly reduce its ongoing reporting costs while providing its shareholders and potential investors with information consistent with that reported by competitors.

While Imperial supports the eventual convergence to one global set of accounting standards, we are very concerned with the CSA's tentative conclusion to eliminate U.S. GAAP filings in Canada by January 1, 2013. Companies like Imperial rely on the U.S. capital markets and therefore need to provide investors with quality and understandable financial reporting currently provided through U.S. GAAP standards. Notwithstanding the SEC's decision to accept financial reports prepared using IFRS-IASB without reconciliation to U.S. GAAP for foreign private issuers, Imperial would be required to carry two sets of financial statements and incur higher costs to meet the needs of our investors, until U.S. GAAP converges with IFRS .

Today, there are important and significant differences between U.S. GAAP and IFRS for our industry. U.S. GAAP has specific reporting standards for the oil and gas industry while IFRS does not. Also, U.S. GAAP permits current cost inventory accounting using LIFO (last-in-first-out) which is the accounting basis primarily used by integrated oil and gas companies and more consistent with the pricing mechanisms for North American and international markets for our products. Current cost inventory accounting is so important that some large international integrated oil and gas competitors (non-U.S.) that use IFRS for statutory reporting publish their earnings on an estimated current cost basis to provide for competitive comparisons across the industry. These estimated results are typically non-audited.

Imperial reiterates that it is supportive of the eventual adoption of one global standard for financial reporting; however to maintain competitive transparency and cost efficiency, Canadian SEC issuers like Imperial that are currently using U.S. GAAP should be permitted to continue to report under U.S. GAAP and follow the path of U.S. GAAP to IFRS.

In addition to our comments on the continued use of U.S. GAAP, we offer the following comments on the CSA's two other tentative conclusions.

Imperial supports the early adoption of IFRS if elected by Canadian issuers before January 2011. Early adoption would allow preparers to realize lower financial reporting costs sooner in the same way it did for Imperial when we converted to report only in U.S. GAAP as soon as regulations permitted. Preparers who are ready ahead of the final conversion date should not be prevented from capitalizing on their own efficiency.

Also Imperial agrees with the CSA's tentative conclusion to change the standards reference to IFRS-IASB rather than Canadian GAAP. We agree that continued reference to Canadian GAAP may raise concerns there is a modified version of IFRS in Canada. We also believe that Canadian standard setters need to have a strong influence in the development and sustainment of these standards within the international framework.

If you wish further information or would like to discuss our comments, please contact Sean Carleton at (403) 237-3825 or via email at sean.r.carleton@esso.ca.

Yours truly,

/s/ P.A. Smith

c: Fred Snell, Chief Accountant, Alberta Securities Commission
John Carchrae, Chief Accountant, Ontario Securities Commission
Marion Kirsh, Associate Chief Accountant, Ontario Securities Commission