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October 22, 2010

Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Subject: Concept Release on the U.S. Proxy System (the "Concept Release")
Release Nos. 34-62495; IA-3052; IC-29340
File No. S7-14-10

Dear Ms. Murphy:

I am Vice President - Investor Relations and Secretary of Exxon Mobil Corporation ("ExxonMobil"). ExxonMobil is one of the most widely-held public companies in America, with over two and a half million registered and beneficial shareholder accounts. I am writing on behalf of ExxonMobil to comment on the Concept Release.

We commend the Commission for taking up these issues. We believe an updated and reformed proxy system, based on the key governance principles of transparency and accountability, would enhance corporate governance and benefit both companies and shareholders. We also believe proxy system reform, based on the principles outlined in this letter, is essential if U.S. markets are to retain their competitive position as the most trusted markets in the world.

Outlined below are four key principles we believe should inform efforts to improve the U.S. proxy system.

Integrity of the Vote

A basic premise of the corporate form is that shareholders, who own and therefore have an economic stake in the success of the corporation, elect directors and vote on other key matters. To the extent voting rights can be exercised by persons other than economic owners, this basic premise is undermined. In the extreme case, actors with a financial interest in the failure of a firm -- through short positions, credit default swaps, or other instruments -- could intentionally seek to vote proxies in a detrimental manner.

We do not question the legitimate hedging and other purposes that financial instruments such as swaps can serve. However, we believe the long-term viability of the U.S. public company -- and the health of the U.S. economy -- depend on the traditional model in which voting rights are tied to real economic ownership. Reform of the federal proxy rules must be designed to encourage this result, including by requiring nominee holders to pass voting rights to the beneficial shareowners via omnibus proxies.

A matter as important as proxy voting must also be open to audit and to accurate reconciliation. Today, this is not the case. Lack of accountability undermines investor confidence and, we believe, contributes to low participation rates for individual investors in proxy voting. All shareholders should be able to trust that their votes have been accurately recorded. Management also must be able to assess the extent to which voting outcomes reflect the intentions of a company's actual shareholders.[1]

Transparency and Accountability of Proxy Advisors

Guidance from both the SEC and the Department of Labor makes it clear that investment managers subject to regulation by those authorities have a legal duty to vote proxies in the best interest of the ultimate beneficial owners. At the same time, many managers are not able to devote sufficient in-house resources to enable them to analyze and make informed voting decisions with respect to the thousands of proxy issues these managers face each year.

Given these realities, we understand why proxy advisors have come to wield such influence in the proxy process.[2] However, we are concerned that this influence is being exercised without an appropriate level of transparency and accountability. We have seen examples in which advisor reports contain factual errors; rely on flawed analytical methodologies; and make voting recommendations based on mechanistic formulas that do not properly take account of the facts and circumstances of particular companies. Some advisors do not even disclose the analysis behind their recommendations.

In order for the information marketplace to function efficiently and allow investors to make the best possible voting decisions, proxy advisor recommendations must be fully transparent. This means proxy advisors must be required to make full and complete disclosure of the policies and methodologies (including performance metrics) they use to arrive at specific voting recommendations.[3]

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[1] Ensuring that beneficial owners hold proxy voting rights should also make it easier to reconcile, audit, and confirm proxy votes.

[2] Based on our experience in recent proxy seasons, institutions representing approximately 20-25% of votes cast automatically follow proxy advisor recommendations on certain proposals. These numbers are likely higher at many other companies with a higher percentage of institutional ownership.

[3] The September 23, 2010 Report of the NYSE Commission on Corporate Governance (which includes representatives of issuers, investors and other governance experts) similarly calls for proxy advisory firms to "disclose the policies and methodologies the firms use to formulate specific voting recommendations," among other requirements. See Principle 8, p. 6: http://www.nyse.com/pdfs/CCGReport.pdf

Full disclosure by proxy advisors would allow companies to correct errors in an advisor's analysis and explain to shareholders why management may consider an advisor's analysis to be flawed or inappropriate for that company. Full disclosure would also allow investment managers to monitor advisor performance and ensure that advisors are properly discharging their responsibilities.[4] Finally, full disclosure would allow all shareholders to judge the credibility of an advisor's recommendations.

In addition to disclosure, we also believe the quality of proxy advisor recommendations would be improved by certain process reforms. Specifically, we urge the Commission to require that all proxy advisors be required to give issuers a fair and reasonable opportunity to comment on the advisor's analysis before issuing final voting recommendations. Advisors should also be required to maintain reasonable procedures for receiving and resolving complaints and correcting errors before issuing reports to shareholders.[5]

Ownership Transparency

Directors should know the identities of shareholders on whose behalf the directors serve. This means eliminating the OBO/NOBO distinction in the current proxy rules and allowing all shareholders -- whether they hold shares directly or through a broker -- to be consolidated on a single shareholders list.

Ownership transparency is necessary to enable freer, more effective communication (see further discussion below) and, more fundamentally, so that directors can better know and represent the long-term best interest of their shareholders.

We understand the concern many shareholders have for personal privacy, and believe this interest can be appropriately protected while still allowing companies to know their shareholders. For example, the proxy rules could limit use of the master shareholder list to management and to company shareholders with a legitimate purpose. We also note that directors have fiduciary obligations to their shareholders, which include an obligation not to misuse a shareholder's personal information.

Open Communications

Open, two-way communication between companies and shareholders is essential, especially in light of the recent Dodd-Frank legislation. However the current shareholder communications system works counter to this objective.

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[4] The ability to exercise fully-informed oversight is especially important for investment managers that have delegated voting authority to a proxy advisor, since proxy advisors normally do not have an economic stake in the companies whose proxies they vote.

[5] The role of proxy advisors in analyzing governance performance is similar to the role of rating agencies in analyzing financial performance. Accordingly, the regulatory model established for rating agencies under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") -- which includes disclosure requirements and process reforms -- may provide a useful model for proxy advisor regulation.

At present, company communications with beneficial owners, as well as the tabulation of beneficial owner voting instructions, must be handled by a single provider chosen by the brokerage community. The provider is compensated by issuers, but issuers have no ability to negotiate terms of service. This model provides little incentive for cost efficiency or service innovation, and results in inappropriate cost-shifting.[6]

We believe the communications system for both companies and shareholders would be improved if all qualified providers were able to compete to provide these services. Accordingly, we urge the Commission to reform the proxy rules so that issuers are free to engage their own agents for purposes of distributing communications to beneficial owners and tabulating beneficial owner votes.[7]

We thank the Commission for the opportunity to comment on these important issues. We would be happy to discuss any of these matters in more detail or to provide additional information at the staff's request.

Sincerely,

David S. Rosenthal

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Vice President, Investor Relations
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[6] For example, issuers are charged fees to "suppress" the distribution of proxy materials to holders of broker-managed accounts, even though such account holders do not retain voting rights and are not entitled to receive proxy materials in the first place.

[7] Brokers could continue to engage their own agent to compile beneficial owner account information, as long as this information is made available for use by the issuer's agent for purposes of handling shareholder communications and vote tabulation. This would be similar to the current system for registered shareholders, in which the transfer agent maintains the registered shareholder list but other agents can be engaged to distribute communications or tabulate proxy votes.