

**Imperial Oil Limited**  
111 St Clair Ave W  
PO Box 4029 Stn A  
Toronto ON M5W 1K3

Paul A. Smith  
Controller and  
Senior Vice-President  
Finance and Administration

Tel: (416) 968-4315  
Fax: (416) 968-4105

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Alberta Securities Commission  
British Columbia Securities Commission  
Manitoba Securities Commission  
Securities Administration Branch, New Brunswick  
Securities Commission of Newfoundland and Labrador  
Registrar of Securities, Department of Justice, Government of the Northwest Territories  
Nova Scotia Securities Commission  
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut  
Ontario Securities Commission  
Office of the Attorney General, Prince Edward Island  
Commission des valeurs mobilières du Québec  
Saskatchewan Securities Commission  
Registrar of Securities, Government of Yukon

Peter Brady, Chair of the Continuous Disclosure Harmonization Committee  
British Columbia Securities Commission  
PO Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, British Columbia V7Y 1L2  
Fax: (604) 899-6814 (e-mail : pbrady@bcsc.bc.ca)

Denise Brosseau, Secretary  
Commission des valeurs mobilières du Québec  
Stock Exchange Tower  
800 Victoria Square  
P.O. Box 246, 22nd Floor  
Montréal, Québec H4Z 1G3  
Fax : (514) 864-6381 (e-mail : consultation-en-cours@cvmq.com)

Dear Sir/Madam,

We are pleased to offer our comments on the proposed National Instrument 51-102 "Continuous Disclosure Obligations".

Imperial Oil Limited supports the proposal in National Instrument 51-102 that would permit the option of filing financial statements under US GAAP. The increasing integration of the Canadian and US marketplace, coupled with recent moves towards uniform North American accounting and reporting standards, suggests that companies should have the option to file their financial statements with Canadian securities commissions in accordance with US GAAP. Changes to the Canada Business Corporations Act, the equivalent provincial acts, and the Income Tax Act would fully realize the benefits of accepting statements in US GAAP.

Imperial also supports the elimination of mandatory delivery of financial statements and MD&A. These documents are currently available on most company's web sites contemporaneously with securities commission filings.

We disagree, however, with the proposed reconciliation of US GAAP statements back to Canadian GAAP (NI 51-102, Section 4.7). The provision of Canadian GAAP/US GAAP comparative statements when first filing US GAAP statements, as well as having to provide a GAAP reconciliation for a two-year period, will only add to the confusion of investors. Reconciliation from US to Canadian GAAP will not enhance either the quality or usefulness of the financial statement information presented and will add unnecessary cost for preparation. The quality of financial information stems from the due diligence followed in the preparation. Usefulness, in our view, is primarily a function of consistency from period to period.

We also disagree with NI 51-102, Section 4.7(5) that requires the presentation of Canadian GAAP/US GAAP comparative information on the face of the balance sheet and the statements of income, retained earnings, and cash flow. The primary financial statements should use the same accounting principles for all periods presented. The proposed presentation would force companies such as Imperial to prepare statements for the initial filing years in a significantly different format and to prepare two sets of financial statements in order to satisfy both US and Canadian GAAP requirements. Summarized comparative results in a note to the financial statements would be less confusing for the reader and more cost effective for the preparer.

Imperial, as an "SEC issuer", is currently subject to and would be unaffected by the filing deadlines proposed in NI 51-102. However, the company does have concerns regarding the quarterly 35-day and annual 60-day filing deadlines recently implemented by the SEC. Imperial's reporting would be subject to these deadlines under NI 51-102, Sections 4.2 and 4.5. As many US companies have indicated the pressures from tighter deadlines could lead to erroneous and incomplete reports at a time when the SEC is pushing for fuller, more accurate disclosure.

Respondents were also asked to consider whether the CSA should reflect the SEC requirements proposed in Release 33-8098. The SEC proposals call for the identification of estimates requiring assumptions of highly uncertain matters. Proposed disclosure in the MD&A of such items as the methodology, underlying assumptions and effects on financial presentation are, in our view, duplicative of existing GAAP. For example, CICA Handbook, Section 1508 (Measurement Uncertainty) addresses these disclosure requirements in the context of the financial statements. Similar requirements are documented in AICPA SoP 94-6 for US GAAP reporting. Duplication of GAAP disclosures in the MD&A does not serve a useful purpose.

Yours truly,

Original signed by  
Paul A. Smith

cc: T.J. Hearn