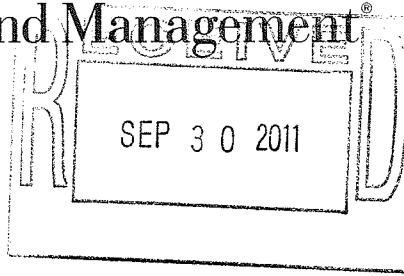




# Capital Research and Management®



September 29, 2011

Office of the Secretary  
Public Company Accounting Oversight Board  
1666 K Street, NW  
Washington, D.C. 20006-2803

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Chairman of the Board

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## Re: PCAOB No. 2011-003 Rulemaking Docket #34

Dear Messrs. Doty, Ferguson, Goelzer, Hanson and Harris:

Thank you very much for the opportunity to participate in the Roundtable on September 15, 2011 in Washington. This will be a brief summary of my remarks at the Roundtable and serve as my comments on the Public Company Accounting Oversight Board's *Concept Release on Possible Revisions to PCAOB Standards Related to Reports on Audited Financial Statements No. 2011-003, PCAOB Rulemaking Docket Matter #34*.

Capital Research and Management Company serves as investment adviser to the American Funds, one of the oldest and largest mutual fund families in the nation. As I pointed out at the Roundtable, I have reached out within Capital to our investment analysts who use financial statements extensively in evaluating prospective investments, as well as to our accounting associates who prepare financial statements for the funds and the advisory organization and who interact with our independent auditors. Although my comments were clearly informed by the experiences of my colleagues, the views expressed at the Roundtable and in this letter are mine alone.

1. It seems clear that something additional can and should be communicated by auditors beyond the current pass-fail opinion. My analyst colleagues cited numerous occasions on which a brief perspective from the auditors about some aspect of the financial statements or the audit would have been extremely useful to the analysts in evaluating a company or anticipating material issues. In each case it was a perspective that would have been uniquely within the knowledge of the auditors and also would not have required extensive effort or expense to bring to the attention of the investing public.
2. The auditor's perspective should be very brief and simply point out sensitive areas, material assumptions, material disagreements with management, material measurement issues, etc. It need not-- and should not-- be "transparent" by attempting to reflect every matter on which the auditors spent extra time or about which they communicated with the audit committee.

3. The additional commentary need not-- and should not-- change the respective roles of management, the auditors and the audit committee with respect to the financial statements.
4. The additional commentary should be brief. Among other things, this would help reduce expense, address any liability concerns and prevent it from becoming boilerplate, each of which was properly cited as a concern by several commentators at the Roundtable.
5. While I do not feel strongly about the location of the additional auditor's commentary-- Standard Auditor's Report (SAR), Auditor's Discussion and Analysis (ADA) or elsewhere-- I do tend to favor use of an emphasis paragraph within the SAR. The disclosure is more likely to remain brief and pointed if it is simply an additional paragraph within a letter that currently contains only three or four paragraphs.
6. I do not believe that the auditors should expand their opinion to cover unaudited disclosures such as Management's Discussion and Analysis (MDA) or earnings guidance; current rules regarding disclosure of direct conflicts between these statements and the financials are sufficient.
7. Additional disclosures about the nature of an audit are unnecessary, although probably harmless.
8. Finally, it is my view that some form of additional auditor commentary likely would result in a modest strengthening of the hand of auditors relative to management and audit committees, to the overall benefit of financial disclosure. While "tilting the playing field" is not clearly part of PCAOB's mandate, I hope this benefit can be recognized as you go forward to consider next steps.

Thank you again for inviting me to participate in the Roundtable and for accepting my comments on these important issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul G. Haaga Jr.", written in a cursive style.

Paul G. Haaga Jr.