

December 11, 2013

Office of the Secretary
PCAOB
1666 K Street, NW
Washington, DC 20006-2803



Re: PCAOB Release No. 2013-005, *The Auditor's Report On An Audit Of Financial Statements When The Auditor Expresses An Unqualified Opinion; The Auditor's Responsibilities Regarding Other Information in Certain Documents Containing Audited Financial Statements And The Related Auditor's Report; and Related Amendments to PCAOB Standards* (together "The Proposed Standard")

Dear Members and Staff of the Public Company Accounting Oversight Board:

TRW Automotive Holdings Corp. ("TRW") appreciates the opportunity to comment on the Proposed Standard. TRW is among the world's largest suppliers of automotive systems, modules, and components to global automotive manufacturers and related aftermarkets. TRW is also a large accelerated filer with the Securities and Exchange Commission ("SEC") and thus subject to audit under the standards issued by the PCAOB.

TRW supports the stated objectives of the Proposed Standard, and believes that enhanced auditor communications and augmented information would be useful to financial statement users and management. However, we do not support certain aspects of the Proposed Standard and have some significant concerns, many of which are the same concerns presented in our comment letter on the original 2011 Concept Release. Our primary concerns are summarized below, and detailed responses to select questions posed by the PCAOB are contained in Appendix A.

Critical Matters

First, while we support possible clarifications to the auditor's report, we do not support the communication of critical matters to financial statement users by the auditor. Such a change must be demonstrably meaningful to financial statement users and we do not believe there is any incremental benefit provided to users by auditors discussing critical matters. Critical accounting matters are already presented by issuers, and it does not appear likely that any such matters presented by auditors would differ from those already discussed by management.

As we previously noted in our 2011 response, management is responsible for the financial statements as stated in all applicable financial reporting frameworks and PCAOB auditing standards. As such, it does not appear beneficial, and is likely to cause confusion as to who is ultimately responsible for the financial statements, by requiring auditors to disclose the same information already disclosed by management.

We are concerned that any such discussions of critical matters will unnecessarily distract readers, who are arguably generally unfamiliar with audit theory and methodologies, such



that misinterpretations of the critical matter discussion may skew their understanding of financial statements that are not deficient in any way.

Other Information Changes

Second, we do not support changing the auditor's responsibility for other information outside of the financial statements. We have significant concerns about the incremental cost that would be incurred related to the auditor's work around other information. Given the increased scope of audit procedures, audit fees would clearly increase, and incremental ancillary internal preparer costs could also result. Such costs borne by companies (as well as auditors and users) would significantly exceed any perceived benefit.

Furthermore, we believe users would likely perceive a level of assurance based on the auditor's responsibility for increased scope outside the financial statements, when in fact there is no such assurance. We believe the current requirement of auditors to review other information is sufficient and should remain unchanged.

Summary

As noted above and in our detailed responses to the questions in Appendix A to this letter, while TRW supports the stated objectives of the Proposed Standard, we nonetheless feel that the proposed changes will not adequately address such objectives in a cost efficient or effective manner.

We thank the PCAOB for its consideration of our comments, and would be pleased to discuss these issues with the PCAOB, or its staff.

Sincerely,



Tammy S. Mitchell
Vice President & Corporate Controller

Appendix A: Answers to Selected Questions for Respondents

Critical Matter Questions

Question 5: The proposed auditor reporting standard would require the auditor to include in the auditor's report a statement containing the year the auditor began serving consecutively as the company's auditor.

- a. Would information regarding auditor tenure in the auditor's report be useful to investors and other financial statement users? Why or why not? What other benefits, disadvantages, or unintended consequences, if any are associated with including such information in the auditor's report?**
- b. Are there any additional challenges the auditor might face in determining or reporting the year the auditor began serving consecutively as the company's auditor?**
- c. Is information regarding tenure more likely to be useful to investors and other financial statement users if included in the auditor's report in addition to EDGAR and other sources? Why or why not?**

TRW Response: This question seems to best illustrate some of our concerns with the Proposed Standard. We question why the Board would require information that the Board itself, on page A5-14 through page A5-16, recognizes as statistically inconclusive and therefore unhelpful to readers. We do not believe it is advantageous for any interested parties to require information for the sole purpose of having another data point in the report which, as the Board indicates on page A5-16, is the purpose of this information. In our view, this information has no substantiated meaning when it comes to understanding the financial statements. If no real relationship between auditor tenure and audit quality can be established, then we don't see how this would be helpful to an investor, but we do see how this information could unnecessarily, and subjectively, distract an investor from informative information contained elsewhere in the registrant's filing.

Any additional information included in the auditor's report should have an objective, substantive and conclusive meaning to financial statement users.

Question 10: Would the auditor's communication of critical audit matters be relevant and useful to investors and other financial statement users? If not, what other alternatives should the Board Consider?

TRW Response: We believe that the current "pass/fail" model of financial statement audits should be retained. A set of financial statements either conforms to the applicable financial reporting framework or it does not. Should the Board go forward with requiring the auditor's communication of critical audit matters and any related audit procedures performed, the usefulness of such information would be extremely limited to only a few users and audit reports would become so lengthy, that lack of clarity, conciseness and intended meaning would result. We acknowledge this communication could be useful in highlighting non-recurring transactions and/or changes in accounting policy, but this information would/should already be discussed in the footnotes to the financial statements.

Further, as noted previously, management already provides critical accounting matters. Inclusion of such information by auditors would be redundant and confusing to users, as it is likely that the critical matters discussed by auditors would be the same as those presented by management.

We are also uncertain how the discussion of critical audit matters or the related audit procedures would or should influence the decision-making process of a financial statement user. We see the audit report as an indication of whether the financial statements can be relied upon, and whether such financial statements are free of material misstatements. Thus, we believe the inclusion of such information would be misunderstood by the average investor who does not have a background in audit theory, practice or methodologies, thereby unnecessarily distracting the investor from more pertinent and useful information.

In addition, the inclusion (or exclusion) of a certain number of critical matters may cause users to perceive a difference in audit quality when there is none when comparing registrants, their financial statements and/or audit firms. Similarly, the inclusion of several critical matters could lead the average investor to believe the auditor had difficulty determining whether the financial statements were fairly stated in accordance with US GAAP, thus causing doubt when there should be none.

We see absolutely no benefit in providing audit procedures. Including audit procedures in the audit report inappropriately presumes every reader will be able to determine whether the procedures are sufficient. Further, presenting audit procedures will most certainly result in significantly increased risk of litigation to auditors. Thus, we are concerned that litigation costs, for both auditors and management, could significantly increase under the proposal.

We cannot contrive a situation where the discussion of a critical matter included in an unqualified audit report would provide any additional benefit to users above the required information already included in registrants' filings. We encourage the Board to provide examples of situations whereby including the suggested critical matter discussion would have been more informative and protective to the financial statement users.

Questions 11 through 15: TRW Response: See our response to Question 10 above.

Question 21: What are the additional costs, including indirect costs, or other considerations related to the auditor's determination, communication, and documentation of critical audit matters that the Board should take into account? Are these costs or other considerations the same for all types of audits?

TRW Response: Since the auditor is already required to perform this work for discussion with registrants' audit committees, there should not be a significant increase in monetary costs to companies. However, in practice, we are concerned that costs could in fact increase given the now proposed public nature of such disclosures. We do believe there would be a significant indirect cost to users of the financial statements, who would need to filter through yet more information that is duplicative with other parts of registrants' filings.

Question 25: Do the illustrative examples in the Exhibit to this Appendix provide useful and relevant information of critical audit matters and at an appropriate level of detail? Why or why not?

TRW Response: We are unsure how investors would use this information. Presumably, such issues are already addressed as key risk factors, critical accounting estimates or accounting policies in the registrant's filing.

Further, as noted in our response to Question 10, we believe the audit report is either an unqualified opinion or it is not. If unqualified, then the financial statement users should focus on the existing disclosures already required and contained in the financial statements and footnotes to evaluate their risks.

Question 28: What effect, if any, would the auditor's communication of critical audit matters under the proposed auditor reporting standard have on an auditor's potential liability in private litigation? Would this communication lead to an unwarranted increase in private liability? Are there other aspects of the proposed auditor reporting Standard that could affect an auditor's potential liability in private litigation? Are there steps the Board could or should take to mitigate the likelihood of increasing an auditor's potential liability in private litigation?

TRW Response: TRW believes the new Standard, if adopted as is, will significantly increase the potential liability to auditors. Furthermore, this will likely cause the auditor to do more work than is normally necessary, thus increasing our costs.

Other Information Questions

Question 1: Is the scope of the proposed other information standard clear and appropriate? Why or why not? Are there Exchange Act documents, other than annual reports, that the Board should consider including in the scope of the proposed other information standard?

And

Question 2: Is it appropriate to apply the proposed other information standard to information incorporated by reference? Why or why not?

TRW Response: As we discussed in our response to the Concept Release, TRW does not support the PCAOB's proposals to extend auditor assurance on other information outside of the financial statements. While we do see some benefits associated with the Proposed Standard, TRW believes that the costs associated with the proposals would greatly exceed the benefits that users of financial statements would derive. In particular, TRW believes that extending auditor assurance would increase the workload on auditors, leading to higher audit fees, could create difficulties for the auditors in attempting to audit management opinions and forecasts, and could result in creating investor confusion about the suitability of the financial reporting framework under audit.

TRW does not support the change to the auditor's responsibility regarding other information outside of the financial statements. Again, we encourage the Board to provide examples of how such information would have proved useful in protecting financial statement users in advance of, and during, the financial crisis, which is cited by the Board as an impetus behind the Proposed Standard on page 9.

Question 24: What effect, if any, would the reporting under the proposed other information standard have on an auditor's potential liability in private litigation? Would this reporting lead to an unwarranted increase in private liability? Are there steps the Board could or should take related to the other information requirement to mitigate the likelihood of increasing an accounting firm's potential liability in private litigation?

TRW Response: While we are not in a position to opine on the legal liability this might pose for audit firms, similar to our response to Critical Matter question 28, we do believe there will be an increased liability exposure borne by audit firms which we believe would negatively impact our costs and those of other preparers.