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Mr. Mark Olson
Chairman
Public Company Accounting Oversight Board
1666 K Street NW
Washington, DC 20006-2803

Dear Mark:

I had a brief conversation with you and Bill Gradison about my concerns on the language in the proposed Auditing Standard #7. We had a Boeing board meeting last week and I had a chance to go over the issues with my fellow Audit Committee members. They encouraged me to write a letter to you expressing our views.

I have been chairman of the Boeing Audit Committee during the entire period of implementation of Section 404. Given my past interest in this subject and my experience at JPMorganChase and Boeing, I did get a good view of how the process worked.

We believe at Boeing that very substantial improvements in the controls of the company have occurred as a result of our significant and very expensive efforts. The direct costs for Boeing itself were extremely high as were the extra charges by our external auditor for their role.

On balance I think I can speak for all of us as saying it was a good thing to have imposed on us but that the implementation was very expensive and that there were some unnecessary expenses due to the very broad interpretations of Auditing Standard #2.

We believe many of these extra costs were not intended or anticipated by the PCAOB.

We have made substantial recovery in our expense levels as the compliance with AS5 becomes "business as usual" and our auditor has been able to bring down their costs.

All this is by way of preamble for my unusual position as a member of your Advisory Committee and also chairman of a prominent company's auditing committee in urging caution on some of the language in the proposed Auditing Standard #7.

First off the date is extremely awkward and of real concern for us. We have already developed our audit plan for 2008 with its fee structure and do not quite know what to make of the additional costs we should prepare for the concurring auditor.

Our time tables for our 2008 press releases and SEC filings are fairly firmly set. If changes in the concurring review process were to cause a delay in the completion of our auditors' work, we expect it would be quite difficult to adjust our related schedules for the release of our financial information.

Many of the provisions of the Standard are understandable and seem to me not controversial.

However, the standard for the concurring auditor or "engagement quality reviewer" seems significantly different from what has been expected in the past. I am sure you are aware of this difference.

As I see it, the old standard focused on the concurring auditor examining closely the work product of the audit team with primary responsibility. This appeals to me as a kind of real time quality "peer review".

The proposed standard however, goes conceivably much farther than this with the phrase "concurrent partner has to have knowledge of matters that 'he or she knows or should know rather than matters that have come to his/her attention'".

I note that in every audit blowup that I am aware of, the "should have known" language is very prominent in lawsuits and media comment.

I would think someone considering a rule as a concurring partner would wonder what responsibility has been placed on him with this new language. The implications of that I am sure are obvious to all of you at the PCAOB.

For instance does the concurring partner have to be supported in a much more elaborate way to find out those things that "he should have known"? Is this language somehow more far reaching than the basic obligation of the audit firm

and primary partner? Also does this pose very severe problems for a small audit firm in finding an outside person to become the reviewing partner?

I would think that the basic purpose of the concurring partner is part of the process by which firms and the PCAOB can improve the internal quality controls of the auditing firms. I would not think its purpose is to extend the responsibility overall of the firm or of individuals within it—that responsibility is already quite broad.

The language on documentation seems reasonable to me but our colleagues at Deloitte & Touche have concerns which I am sure they will express directly to you.

I express these views on behalf of the Boeing Audit Committee and myself in this spirit of supporting the goals we have all had for the PCAOB in ensuring high quality audits. We need them as much now as we did at the time of the hearings at Senator Sarbanes' committee on the need for the Sarbanes-Oxley legislation. We are not in the camp of those who seek to roll back the important protections investors have received through the creation of the PCAOB.

As I said frequently to you and others of my colleagues in business, I believe the PCAOB is doing exactly the job all of us who were advocates of Sarbanes-Oxley hoped for.

Sincerely,

A handwritten signature in cursive script, appearing to read "John H. Biggs".

John H. Biggs