



December 10, 2013

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

Re: PCAOB Rulemaking Docket Matter No. 34

Dear Office of the Secretary:

Nucor Corporation appreciates the opportunity to provide comments to the Public Company Accounting Oversight Board (PCAOB) on *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion and The Auditor's Responsibilities Regarding Other Information in Certain Documents Containing Audited Financial Statements and the Related Auditor's Report (together the "Proposed Standards")*.

Nucor is a large accelerated filer with approximately \$15.1 billion of assets as of the end of our third quarter of 2013. Nucor is a manufacturer of steel and steel products. We also process and broker ferrous and nonferrous metals and manufacture Direct Reduced Iron. We are the largest recycler in North America, using scrap steel as the primary raw material in producing steel and steel products. Most of our operating facilities and customers are located in North America.

We have the following comments on the PCAOB's proposals outlined in the proposed standards:

Critical Audit Matters (CAM)

We are strongly opposed to the inclusion of CAMs in the auditor's report. We believe that management, with oversight provided by the audit committee, is best suited to provide information about the company's financial condition. Since management is responsible for making all judgments and estimates in a company's application of accounting policies and practices and resolving difficult accounting and disclosure issues, it should be exclusively responsible for communicating information about these matters to readers. Auditors should not be the original source of any disclosure about a company. Regardless of how extensive audit procedures are now or will be in the

future, an auditor's knowledge about the company will never be as extensive as management's.

We are also concerned that the criteria for determining which matters should be designated as CAMs is too broad and could lead to the disclosure of classes of items that are not disclosed under the current reporting model. For example, some of the criteria that the proposed standards list for identifying CAMs are "the nature and significance, quantitatively or qualitatively, of corrected and accumulated uncorrected misstatements related to the matter" and "the severity of control deficiencies identified relevant to the matter." We are concerned that uncorrected misstatements or control deficiencies that are currently accumulated by the auditor solely for review by management and the audit committee, but that do not reach the level of materiality that would cause an auditor to issue an other than unqualified opinion, may now be incorporated into the auditor's report as CAMs. Additionally, even if the aforementioned items are not listed as CAMs in the auditor's report, we believe that significant effort will be required by auditors in documenting and defending why those matters are not CAMs. Although we believe that CAMs are not necessary, if they do become a requirement we believe that the criteria for identifying them should be narrowed and should focus more on significant transactions or events.

The broad criterion for identification of CAMs also leaves significant room for inconsistency amongst audit firms about which matters should be identified as CAMs. We can easily foresee situations in which two publicly traded companies operating in the same industry could face virtually identical risks and audit issues. However, due to the subjectivity and breadth of the CAM identification factors, one auditor could list CAMs in its report on one company while the other auditor does not list any CAMs for the similar peer company. The proposed standards state that one of the benefits of having additional information in the auditor's report is to provide additional information to investors which "could result in more efficient capital allocation." An investor comparing those two companies may infer that the company whose report contains the CAMs is a riskier investment and thus chose to allocate its capital to the company whose report does not contain CAMs even though the audit risks were virtually identical.

Another important consideration is the amount of time and cost involved in the documentation and approval of the CAMs and the resulting impact on audit quality. Because the CAMs will be about audit matters that are more complex or subjective, they will inherently require resolution by more experienced auditors and firm experts and by upper level company management and the audit committee. The involvement of more experienced auditors who command higher compensation will mean even greater costs associated with complying with the proposal. Also, the CAM documentation process will take a considerable amount of time during the critical final phases of an audit engagement so that all matters identified during the course of the audit may be considered together in a comprehensive matter. Given the rapid pace with which accounting guidance, required disclosures, and filing deadlines have accelerated over

the past decade, it is already very difficult under current standards for auditors to complete their procedures and create adequate documentation by the filing deadline. This time scarcity would be even greater with the additional burden of crafting language around the CAMs and reviewing it with management and the audit committee.

We are also concerned that the inclusion of CAMs in the auditor's report would potentially obscure the pass/fail conclusion or appear to qualify the auditor's unqualified opinion.

Auditor Tenure

We do not support the proposed auditor reporting standard requiring the auditor to include in its report a statement containing the year it began serving consecutively as the company's auditor. As the proposed standard points out, academic studies do not provide definitive conclusions about how the length of auditor tenure impacts audit quality. Therefore, we believe that providing the tenure information will provide little proven benefit to the reader and will be evaluated subject to the readers' biases. Additionally, a company is already required to file a Form 8-K when there has been a change in its auditor, so the information is already available to readers.

Auditor's Responsibility Regarding Other Information

We do not support requiring additional auditor procedures on information outside the financial statements (e.g., MD&A, business overview, and documents incorporated by reference). Under current auditing standards, the auditor is already required to read pertinent other information included in documents containing audited financial statements and consider whether such information is materially consistent with the audited financial statements. We believe that including additional other information in that requirement would significantly increase the scope of auditor procedures and cause many unintended consequences. There are many documents that are incorporated by reference that are non-financial in nature such as corporate governance documents that were previously not evaluated but may need to be evaluated in detail under the new proposed standards. Performing additional procedures on these often very lengthy and sometimes partially outdated documents would provide limited value to readers. The additional requirement may also cause timing issues. For example, a company may incorporate its proxy disclosures by reference into its Form 10-K. However, a company may finalize its proxy statement long after it files its Form 10-K, so it would be impossible for an auditor to include procedures over proxy disclosures prior to the filing of the 10-K.

We note that the proposed standards also state that the auditor must evaluate the "consistency of any qualitative statement in the other information" and "other information not directly related to the financial statements." We are concerned that evaluating additional qualitative statements (e.g. company's share of the market, qualitative

forward looking statements, etc.) will be extremely time consuming, very subjective, and go significantly beyond the scope of existing audit procedures. Requiring that the auditor provide any form of assurance on additional other information would be costly while providing little, if any, incremental benefit to readers. In addition, requiring that this other information be evaluated would further compound the timing issues noted in the CAM section above.

Other Matters and Conclusion

We believe that the main provisions of the proposed standards (inclusion of critical audit matters, auditor tenure, and responsibility for additional other information) will provide little additional information of value to readers while being very time consuming and costly for the auditor and the company. While it is difficult for us to quantify the costs associated with the additional effort, we understand that the Center for Audit Quality (CAQ) is currently conducting field testing on the proposed standards. We encourage the PCAOB to take the CAQ findings on additional cost and unintended consequences into consideration prior to making final determinations on the proposed standards.

Also, we believe that the auditor's report should remain concise and continue to follow the current "pass/fail" model. The language of the auditor's report should continue to use standardized language that provides consistency, comparability and clarity of auditor reporting. However, we do believe that readers would benefit from the following changes that are included in the proposed standards:

- Describe the auditor's responsibility to provide assurance whether due to error or fraud.
- Describe the auditor's responsibility with respect to other information in documents containing audited financial statements.
- Add additional information related to the auditor's independence.

Thank you for your consideration of these comments.

Very truly yours,

James D. Frias
Chief Financial Officer, Treasurer
and Executive Vice President