

Plum Creek Timber Company, Inc.  
999 Third Avenue, Suite 4300  
Seattle, Washington 98104-4096  
206-467-3600

September 30, 2011

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



RE: Rulemaking Docket Matter No. 34

Members of the Board,

I am writing this letter on behalf of the management of Plum Creek Timber Company, Inc. to comment on your concept release on "Possible Revisions to PCAOB Standards Related to Reports on Audited Financial Statements." As management, we are responsible for Management's Discussion and Analysis (MD&A) and the consolidated financial statements and footnotes included in our annual report filed with the Securities and Exchange Commission (SEC) on Form 10-K and our quarterly reports filed on Form 10-Q.

**Inclusion of an Auditor's Discussion and Analysis section in a supplement to the auditor's report**

We do not support the inclusion of an Auditor's Discussion and Analysis (AD&A) section as a supplement to the auditor's report. Management is responsible for determining the estimates and judgments used in the financial statements and the critical accounting policies for a company. Management is solely responsible for analyzing the overall information regarding a company's business and related operations in order to determine what information should be included in the financial statements and related footnotes in accordance with generally accepted accounting principles and SEC regulations.

In addition, there are numerous users of a company's financial statements, and each of those users may have a different interpretation as to what is important to them and what they are most concerned about as it relates to a company's current and future operations. As a result, it is not the place for an auditor to determine what information the users should read and what information they should ignore. An auditor identifies risk based on professional judgment for purposes of designing audit procedures, and those procedures are not for the purpose of advising the various users of a company's financial statements what might be important to them. Additionally, given the various needs and focus of users, certain information may not be included in an auditor's AD&A that a particular group of users would like included, and as a result, this group of users could find fault with the auditor for excluding such information. Accordingly, this could lead to increased and unnecessary litigation.

The annual financial statements included in a Form 10-K as filed with the SEC is the only time in a company's periodic reporting cycle that an audit opinion is issued with a set of financial statements. However, there are numerous other important forms of communication that management uses with its shareholders throughout the year. These communications discuss significant and important information (e.g. an acquisition of a company, the sale of a business, or a change in officer, etc.) about a company that is useful and meaningful for a knowledgeable investor as he or she makes investment decisions. These important communications include: i)

quarterly reports on Form 10-Q (which in most cases are not accompanied by a review report issued by an auditor), ii) quarterly earnings press releases, iii) press releases for significant events (as noted in a Form 8-K), iv) quarterly conference calls with analysts, and v) the annual shareholders' meeting and related proxy filings. Given the vast amount of information that is made available by management to a company's investors, it would seem redundant to have auditors provide additional information that has already been communicated timely throughout the year.

Lastly, the objective of financial reporting is for the financial statements to provide information that is useful to the users of the financial statements. If generally accepted accounting principles or SEC regulations do not currently require the disclosure of information that is useful to the users of a company's financial statements, the financial reporting model should be updated by the Financial Accounting Standards Board and the SEC such that it provides the necessary information needed by the users of the financial statements.

### **Required and expanded use of emphasis paragraphs**

We do not support the "required" use of emphasis paragraphs in the audit opinion. We believe that it is appropriate to include emphasis paragraphs only as it relates to certain circumstances, such as the adoption of a new accounting principle or in the event of a going concern consideration. However, the requirement to include an emphasis paragraph as it relates to the identification of the most significant matters is not appropriate. As discussed above, this is management's responsibility as they are the only ones with sufficient knowledge to understand what is truly considered significant and important to the users of the financial statements. In addition, a company's significant matters are covered in adequate and sufficient detail through its disclosures in MD&A in its Form 10-K and Form 10-Qs and related footnote disclosures.

Current audit opinions are standard in the event of a "clean" opinion, and if an emphasis paragraph is required, the language would eventually become standard as well. This type of language would not be beneficial to the users of the financial statements. In addition, the users of the financial statements should be knowledgeable investors, and a knowledgeable investor should not need an audit opinion to help them identify areas that are significant.

### **Auditor reporting on information outside the financial statements**

We do not support auditor reporting on information (e.g. MD&A, earnings releases, non-GAAP information) outside of the financial statements. As stated previously above, there is a significant amount of information that management provides to its investors on a regular basis, and this amount of information far exceeds the amount of information required in financial statements and footnote disclosures. Much of this "extra" information represents non-GAAP measures, such as EBITDA, which could have different meanings for different users. For example, a debt agreement for one financial institution could define EBITDA one way, and another debt agreement with a different financial institution could define EBITDA another way. As a result, there would be no standard by which to compare and/or understand the non-GAAP measures, and this would only provide confusion to the users of the financial statements.

In almost every case, a company's auditors do read the "information outside the financial statements" that will be shared with the public in the form of press releases included in a Form 8-K or quarterly financial information as presented in a Form 10-Q. If information to be presented to the public is not accurate, a company's auditors would be required to communicate such inaccuracies to management. Although, no formal opinion is issued on this information, a

user should be able to obtain some comfort that the auditor reads the information with knowledge of the audited financial statements.

**Clarification of certain language in the current standard auditor's report**

We are not opposed to adding clarification language in the current standard auditor's report. As this proposal would not significantly expand the content of the auditor's report, it could provide additional information about what an audit represents and related auditor responsibilities that would be beneficial to certain users of the financial statements.

Thank you for the opportunity to comment on this topic and for taking the time to read our concerns regarding this topic. If you would like to discuss any of our observations further or would like for management of Plum Creek to provide more information, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink that reads "David W. Lambert". The signature is written in a cursive style with a large initial "D".

David W. Lambert  
Senior Vice President and Chief Financial Officer  
Plum Creek Timber Company, Inc.