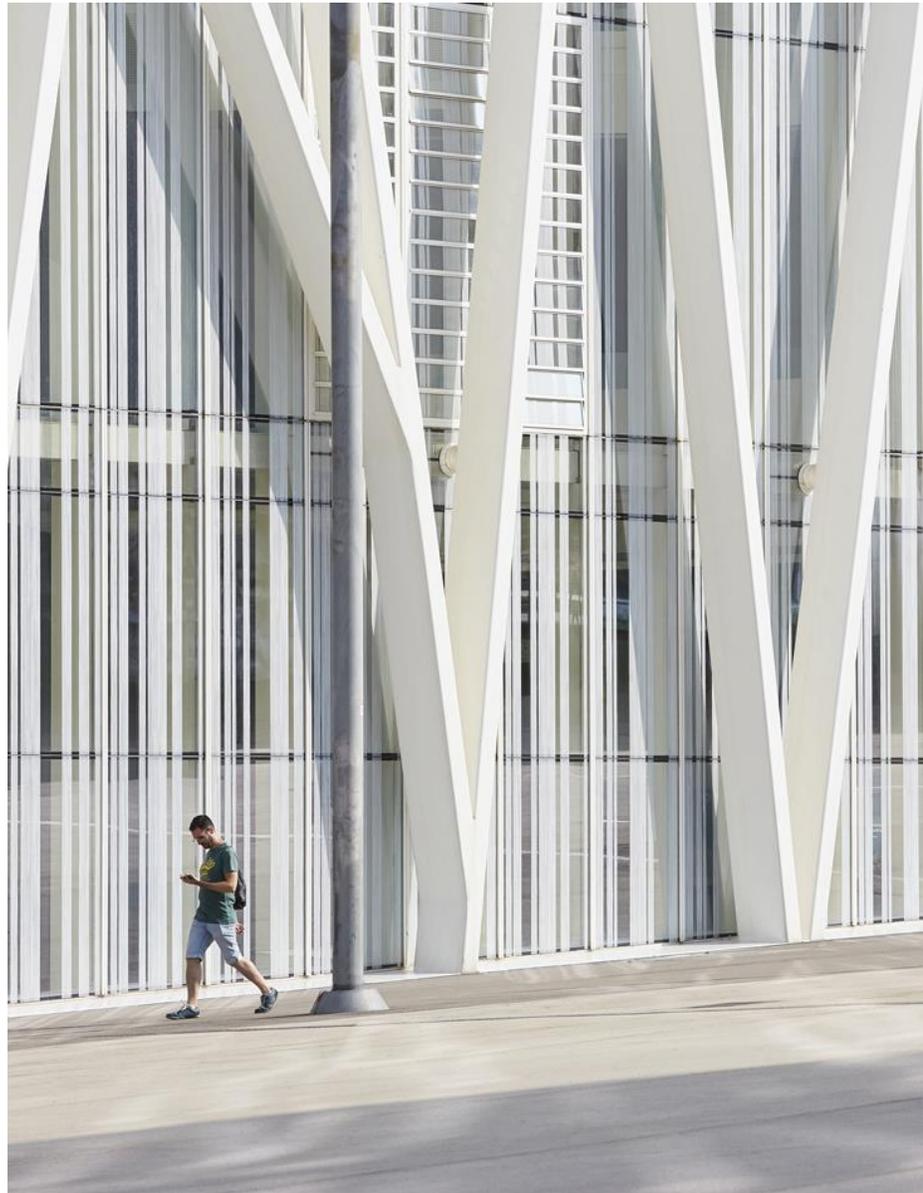


PricewaterhouseCoopers LLP
*2015 Transparency
Report*



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PricewaterhouseCoopers LLP

2015 Transparency Report

This Transparency Report is published in accordance with the requirement set forth in Article 45 (5)(e) of the European Union's Directive on Statutory Audit 2006/43/EC for our fiscal year ended June 30, 2015. Its contents are also generally consistent with the information that the Center for Audit Quality recommends be included in an audit Firm's transparency report.



Throughout this report, the terms "PwC," "Firm," "we," and "our" refer to PricewaterhouseCoopers LLP, the US member Firm of PricewaterhouseCoopers International Limited (PwCIL).

Legal structure and ownership of the Firm

The Firm is a limited liability partnership established under the laws of the State of Delaware. All interests in the Firm are held by its partners and principals¹, all of whom are individuals.

The PwC Network

PwC is the brand under which the member firms of PricewaterhouseCoopers International Limited (PwCIL) operate and provide professional services. Together, these firms form the PwC network. 'PwC' is often used to refer either to individual firms within the PwC network or to several or all of them collectively.

In many parts of the world, accounting firms are required by law to be majority-owned by locally qualified professionals. Although regulatory attitudes on this issue are changing, PwC member firms do not and cannot currently operate as a corporate multinational. The PwC network is not a global partnership, a single firm, or a multinational corporation.

The PwC network consists of firms which are separate legal entities but are committed to working together to provide quality service offerings for clients throughout the world. Firms in the PwC network are members in, or have other connections to, PricewaterhouseCoopers International Limited (PwCIL), an English private company limited by guarantee. PwCIL does not practice accountancy or provide services to clients. Rather, its purpose is to act as a coordinating entity for member firms in the PwC network. Focusing on key areas such as strategy, brand, and risk and quality, the Network Leadership Team and Board of PwCIL develop and implement policies and initiatives to achieve a common and coordinated approach among individual firms where appropriate. Member firms of PwCIL can use the PwC name and draw on the resources and methodologies of the PwC network. In addition, member firms may draw upon the resources of other member firms and/or secure the provision of professional services by other member firms and/or other entities. In return, member firms are bound to abide by certain common policies and to maintain the standards of the PwC network as put forward by PwCIL.

1. A partner is a certified public accountant (CPA) whereas a principal is not. This document generally refers to partners and principals collectively as "partners." Only a CPA may sign an audit opinion for a client.

The PwC network is not one international partnership, and PwC member firms are not otherwise legal partners with each other. Many of the member firms have legally registered names which contain “PricewaterhouseCoopers”, however there is no ownership by PwCIL. A member firm cannot act as agent of PwCIL or any other member firm, cannot obligate PwCIL or any other member firm, and is liable only for its own acts or omissions and not those of PwCIL or any other member firm. Similarly, PwCIL cannot act as an agent of any member firm, cannot obligate any member firm, and is liable only for its own acts or omissions.

Governance structure of the Firm

The Firm’s Senior Partner serves as Chairman and Chief Executive Officer and manages the Firm pursuant to the powers delegated to him by the firm’s partners. The Senior Partner may appoint persons and committees to assist with Firm management and provides the Board of Partners and Principals, which is PwC’s governing body, with initiatives for the Firm’s philosophy, policies, and direction.

To assist him in discharging his responsibilities, the Senior Partner has appointed a Leadership Team, which works with him in managing the Firm. The responsibilities of the Senior Partner and the Leadership Team include establishing and determining the effectiveness of the Firm’s system of internal control, including those relating to the quality of the Firm’s audit services. All of the members of the Leadership Team are partners or principals. Changes to the Leadership Team are determined by the Senior Partner.

Members of the Leadership Team as of September 30, 2015

Chairman and Senior Partner	Robert Moritz, CPA
Markets, Strategy and Stakeholders Leader and Vice Chair	Tim Ryan, CPA
Services Leader and Vice Chair	Dana Mcilwain, CPA
Assurance Leader and Vice Chair	Vincent Colman, CPA
Tax Leader and Vice Chair	Mark Mendola, CPA
Advisory Leader and Vice Chair	Miles Everson
Markets and Sectors Leader	Amity Millhiser, CPA
Global and US Transformation Leader and Vice Chair	Michael Burwell, CPA
Chief Financial Officer and Vice Chair	Carol Sawyde, CPA
Human Capital Leader and Vice Chair	Tom Codd, CPA
Chief Diversity Officer	Maria Castañón Moats, CPA
General Counsel and Chief Risk Officer	Diana Weiss
Marketing and Sales Leader	Robert Gittings, CPA
US Government Regulatory Affairs and Public Policy Leader	Laura Cox-Kaplan
Chief Administrative Officer and Partner Affairs Leader	Gary Price, CPA

Board of Partners and Principals

Authority

Pursuant to the authority delegated to it by the Firm's partners, the Board is responsible for approving the overall strategic direction of the Firm. It approves long-range strategies and business plans, and major transactions that could significantly affect the Firm's business. Its authority also includes the approval of the Firm's capital policies, the manner in which partners participate in Firm profits, and the admission of partners. It approves the compensation of the Senior Partner and members of the Leadership Team as a group, after a review and recommendation by a committee of the Board. All candidates proposed by the Senior Partner nominating committee to stand for election as Senior Partner must also be approved by the Board.

Composition

Members of the Board are elected for staggered terms of four years that can be renewed once. The Board is chaired by a Lead Director, who is elected by the members of the Board other than the Senior Partner. The Board has at least 12 and not more than 22 members in addition to the Firm's Senior Partner.

Members of the Board of Partners and Principals as of September 30, 2015

Robert Moritz,
Chairman and Senior Partner

Brian Cullinan, *Lead Director* James Kolar

Thomas Archer Karen Lohnes

Joseph Atkinson Brian Meighan

Brendan Dougher Jacqueline Olynyk

John Farina Alan Page

Saverio Fato Michael Quinlan

Scott Gehsmann Deidre Schiela

Linda Ianieri Michael Swanick

Paul Kepple Reginald Walker

Committees

The Risk and Quality (R&Q) Committee provides oversight and monitors the appropriate policies, processes and procedures for managing and minimizing risks of the Firm. The R&Q Committee also comprises the Accounting and Auditing Practice (A&AP) Committee which provides oversight of the accounting and audit practice of the Firm. The A&AP Committee's scope of responsibility includes regulatory matters that affect our assurance practice, including accountancy licensing and professional standards issues. As part of its oversight of our assurance practice, it evaluates and oversees the progress of our audit quality initiatives, including the status of actions taken in response to inspection comments issued by the Public Company Accounting Oversight Board (PCAOB).

Board member selection process

The partner vote for selecting Board members is on a headcount basis, where the partners rank by vote the candidates for the Board, and the candidates with the most votes are elected. The Board election is typically supervised by an independent election teller.





Internal quality control system

Quality control standards established by the PCAOB, the American Institute of Certified Public Accountants, and the International Auditing and Assurance Standards Board require public accounting Firms to have a system of quality control over their accounting and auditing practices. PwC's quality control system complies with those standards, is functioning effectively, and is demonstrated as described below.

Tone at the top

We deliver high-quality audits in a manner consistent with the ethical standards and expectations of our profession. We remain committed to our important role in the capital markets and, as such, we continue to invest in delivering independent and objective high-quality audits.

It is expected that our partners and staff fully embrace the concepts of integrity, objectivity, independence, professionalism, and accountability. Key messages are conveyed by our Senior Partner, our US Leadership Team, our Assurance Leadership team, and our Sector Leaders. In addition, recognizing the significant impact local leadership can have in setting the right tone, these messages are reinforced and modeled by our local leadership and engagement partners.

Throughout the Firm, we have regular, ongoing quality-related discussions to gain insights into what we are doing well, where we can continue to improve, and specific actions expected to make those improvements.

These discussions occur through a variety of channels, including town hall meetings, webcasts, leadership visits, and, most importantly, individual coaching.

Our culture means that we are committed to continuous improvement. Successfully delivering high quality audits results when we focus on each of the components of our system of quality control, including our leadership, ethics and independence programs, human capital strategies, learning and development, audit methodology, resource management, and monitoring programs.

Methodology, tools and processes

To promote consistent audit engagement performance, the PwC global network of Firms agree to follow a baseline audit methodology. We supplement the methodology through the development and enhancement of audit tools and related guidance that are specific to the needs and requirements of the US Firm.

An important component of providing audit quality is accomplished through our audit methodology. This methodology offers our professionals a baseline for applying consistent judgments and procedures in all our audit engagements. With an emphasis on applying appropriate professional skepticism, the identification and evaluation of audit risks are the central features of our audit methodology. In determining the nature, timing and extent of audit procedures required, in accordance with our methodology, our initial risk

assessments are reevaluated as needed during the course of the audit in order to confirm that we have identified the procedures necessary for us to gain sufficient audit evidence to reach appropriate conclusions. Throughout this risk assessment process, not only do we seek insights into financial reporting and audit risks, but we also seek to gain an understanding of the business and the risks inherent in that business. The knowledge we gain about the company through these procedures also enables us to more effectively communicate with audit committees and management, which further enhances our audit quality.

Our audit methodology is deployed through the use of audit software, tools and related guidance specifically developed to meet the needs and requirements of the engagement teams in delivering quality audits. We believe that standardization, where appropriate, promotes audit quality, but it must not be a substitute

for auditor judgment. Thus, our efforts perpetually focus on embedding best practices in our processes, tools, and templates. Furthermore, enhancements to the audit methodology are made regularly as a result of new standards, emerging auditing issues, implementation experiences, and external and internal inspection results.

Finally, audit documentation is critical in demonstrating that our engagement teams complied with PwC audit methodology and professional standards, and identified and completed the procedures necessary for us to gain sufficient audit evidence to reach appropriate conclusions. The use of documentation tools provides a consistent framework for documenting audit evidence, and we continue to clarify, simplify, and eliminate duplication in our standardized procedures.



Audit committee communications

Audit committee oversight of auditors, including timely, meaningful, and direct exchanges of information, is another key element of sustaining and improving audit quality. Both we as auditors and the audit committee benefit from these exchanges. We learn valuable information regarding the audit committee's points of view and perspectives and fulfill our professional responsibilities to communicate certain important items to the audit committee. The audit committee benefits because our open communications enable them to more effectively execute their oversight role.

For audits of public companies, our communications occur at least quarterly. These discussions may include obtaining the audit committee's views on financial reporting risks and areas that warrant audit attention, discussing the resources to be allocated to the audit and

considering whether the audit fee fairly reflects the audit work to be performed. Required communications include discussions about our independence and a discussion of our roles and the roles of management and the audit committee. In addition, the audit committee approves our appointment as auditors and related audit fee and, when applicable, non-audit services and related fees.

In addition, although not required, we are committed to discussing with the audit committee the results of any PCAOB inspection of our audit engagement for the company, as well as trends from other inspections that may have a bearing on future audits.

Statement concerning last quality assurance review

As referenced above, PwC is a public accounting Firm registered in the US with the PCAOB. The PCAOB conducts inspections of the major accounting Firms annually, focusing on those portions of the Firms' accounting and auditing practices that relate to public companies. The PCAOB's 2014 inspection of PwC (for which the report was released in June, 2015) generally covered calendar 2013 audit engagements.

Independence practices

One key characteristic that distinguishes the auditor from nearly all other professionals is the requirement that we be independent from those whose financial statements we audit. It is this independence in appearance and fact that facilitates our exercise of professional skepticism and enables us to objectively arrive at conclusions without being affected by influences that could compromise our professional judgment.

The Firm's independence policy is based on the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants, and is supplemented, as necessary, to comply with the requirements of US standard setters and regulators (e.g., the PCAOB and the US Securities and Exchange Commission (SEC)). We provide various technology-based tools to support our auditors in maintaining their independence, including systems and processes to:

- Identify the entities requiring independence (including, for example, the affiliates, subsidiaries, and related-entities of audit clients to which the independence rules also apply)
- Document the permissibility of proposed non-audit services
- Facilitate the assessment and monitoring of joint business relationships
- Initiate independence consultations with in-house experts
- Evaluate, pre-approve, and monitor personal investments by partners and managers (as well as their spouses, spouse equivalents, and others to whom the independence rules also apply), including through a web-based tool that provides the ability to "pre-check" a security before acquisition as well as the option to provide direct, automatic feeds from an individual's account at many of the major brokerage firms into the Firm's independence system

- Document our professionals' annual confirmation of compliance with these independence policies and other compliance topics

A team of dedicated, experienced professionals (approximately 15 partners and 200 staff) help our audit professionals achieve and maintain independence. This team keeps current our independence policies and guidance, develops our annual independence training, develops and administers our compliance systems and procedures, and serves as a resource for our people facing real-time situations. In FY15, this team engaged in approximately 19,500 consultations with Firm professional around independence issues.

Personal independence matters are generally either self-identified or identified through the Firm's audits of individuals' personal independence compliance. If such a matter arises, we address and resolve it promptly,



including discussing the matter with the audit committee for the company to which the independence requirements apply.

PwC has established protocols and processes that are followed for any acquisition the Firm makes. Included as a component of these processes are steps related to independence, including the review of client contracts for scope of services, joint business relationships, procurement, and personal and Firm independence.

Partner rotation policies

The SEC and PCAOB require that both the lead audit partner and quality review partner on a public company audit rotate off the engagement every five years. We also have rotation policies for partners on non-public company audit engagements. We believe that periodically rotating the partners who work on our

audits provides a balance between bringing “fresh eyes” to the audit (which further facilitates our objectivity) and maintaining a deep understanding of the client and its operations, including through continuity of others on the team (which further enhances audit quality).

Our systems and processes enable our practice leaders to manage partner rotations, helping to timely identify and transition responsibilities to a new partner who has the skills necessary to maintain consistent audit quality.

Training and confirmations

Annually, all of our professionals receive training on the Firm’s independence policy and other compliance topics, including the appropriate handling of confidential information. When they join the Firm, and at least annually thereafter, all partners and employees are required to confirm their compliance with all aspects of the Firm’s independence policy, and that they have not used any confidential information inappropriately.



In addition, all partners confirm that any of the Firm’s business relationships for which they are responsible comply with the Firm’s independence policy.

Monitoring

The Firm’s full-time Chief Ethics and Compliance Officer leads a team of compliance professionals that facilitates and monitors compliance with the Firm’s independence policy, along with other compliance requirements, such as CPA licensing and continuing professional education requirements. An internal review of the independence compliance function has been conducted. Additionally, each partner’s compliance with the Firm’s personal independence requirements is generally audited every four years, while partners who comprise Firm leadership are audited every two years. Employees are subject to audit periodically. A professional who violates our code of conduct or other Firm policies is subject to disciplinary action, which may include dismissal.

Continuing professional education of auditors

Auditing is a complex and challenging profession. In general, how we perform our audits, the composition of our audit teams, and the opportunities we provide our less tenured partners and staff to work with more senior professionals work together to promote meaningful on-the-job training. Judgment is honed by witnessing—on a real-time basis—how seasoned auditors approach issue identification and resolution. Professional skepticism, accounting knowledge, auditing skills, issues management, and review and supervision, are technical capabilities every audit professional is required to continuously develop as part of his/her career progression.

The significant amount of learning that occurs through on-the-job review, supervision, and mentoring is supplemented through participation in rigorous, Firm-developed learning programs. These programs include a primary focus on auditing and accounting skills, as well as business and industry developments, and are tailored to the experience level of our professionals. With feedback obtained through our monitoring efforts—whether through our own internal inspections process or through analysis of observations from the PCAOB and peer reviews—we continually update and redesign our training curriculum. We also incorporate observations from our Chief Auditor Network as well as results of surveys, focus groups, and post-course learning assessments when updating our courses.

The effectiveness of our formal learning is enhanced by our national Assurance learning team, which comprises experienced PwC audit professionals who are dedicated to instructing staff in the first six years of their career, and our Chief Auditors, who play a substantial role in instructing our partners and managers.

The development of our Assurance training courses is led by audit partners with the support of approximately 35 other experienced audit and education professionals. The combined auditing and accounting knowledge of these experienced audit professionals, along with the course design and delivery expertise of our education professionals, drive the creation of effective training courses for our Assurance practice.

We require our audit professionals, from first-year staff to partners, to attend various training courses that integrate accounting and auditing concepts. Our managers and partners also attend industry specific training where they choose courses most relevant to their current roles and responsibilities. In addition, we offer our professionals additional, non-technical

training around topics such as project management, issues management, and professional communications.

Firm financial information

The Firm’s revenue for the fiscal year ended June 30, 2015 is shown below:

US Firm Gross Revenue (\$mil)..... 12,899

US Gross Revenue Mix - By Practice Area:

Assurance.....40%
Tax.....28%
Advisory.....32%

Partner compensation

Each partner receives a share of the Firm’s profits based on his or her level of responsibility within the Firm, the Firm’s performance, and the partner’s performance. Each partner is evaluated in four areas: quality, people, partnership and teamwork, and profitable growth. Individual partner accomplishments are measured based on the partner’s relative performance against established goals. Consistent with professional standards, our audit partners are not evaluated or compensated for selling non-audit services to companies whose financial statements we audit.

Quality and other aspects of the partner’s performance are carefully considered in determining a partner’s income. Conversely, quality-related matters can have a negative financial impact on lead engagement partners, as well as auxiliary partners, including subsidiary and “working” partners, quality review partners, and those providing specialist (e.g., tax, valuation, actuarial, information technology) support. Findings of inconsistent audit quality may also result in reduced responsibilities. In addition, in order to promptly address quality issues identified, the applicable leaders work with the partner to implement a responsive action plan, and monitor the implementation and effectiveness of that plan.

Relevant Audit Clients

Below is a list of our relevant audit clients that have issued transferable securities on a regulated market within the EU:

Bank of America Corporation	International Business Machines Corporation
Caterpillar Inc.	International Flavors & Fragrances, Inc.
Dresdner Funding Trust I	JPMorgan Chase & Co.
Dresdner Funding Trust IV	Merck & Co, Inc.
E.I. du Pont de Nemours and Company	Mondelez International, Inc.
Eurohypo Capital Funding Trust II	Northern Offshore Ltd.
Federal Home Loan Mortgage Corporation	Royal Caribbean Cruises Ltd.
Ford Motor Company	Schlumberger Limited
Hexcel Corporation	The Goldman Sachs Group, Inc.
IKB Funding Trust I	Toyota Motor Credit Corporation
IKB Funding Trust II	

