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**VIA E-MAIL**

Office of the Secretary
PCAOB
1266 K Street, NW
Washington, D.C. 2006-2803

RE: PCAOB Rulemaking Docket Matter No. 37
*" Concept Release on Auditor Independence and Audit Firm Rotation"*

Dear Board Members:

Emulex Corporation (NYSE:ELX) appreciates the opportunity to provide its comments on the PCAOB Rulemaking Docket Matter No. 37 - Concept Release on Auditor Independence and Audit Firm Rotation. While we fully support the objectives of the PCAOB to ensure auditor independence, objectivity and professional skepticism within the audit process, we strongly oppose and disagree with the above referenced proposal for mandatory audit rotation for the reasons discussed below:

- Existing safeguards are adequately designed to address auditor independence, objectivity and professional skepticism. - We believe that the current audit standards and oversight mechanisms adequately address the concerns of the PCAOB. These include:
  - Audit Committee versus Management oversight of the audit engagement;
  - Mandatory engagement partner rotation;
  - Concurring partner review;
  - Required firm personnel training;
  - Audit firm prohibited services;
  - Internal firm engagement quality assurance reviews;
  - External peer reviews;
  - CPA ethics and license requirements; and
  - PCAOB inspections

- The quality of the audit would be adversely impacted. - We believe that requiring audit firm rotations will actually reduce the quality of the audit and have the opposite effect of what is intended by the PCAOB proposal. Professional skepticism is best employed by auditors that are knowledgeable about a public company client's operations and business practices. Such knowledge is gained over time, especially when dealing with large multinational public companies. As a result, mandatory audit firm rotations will greatly increase the learning curve in the first and second year of the successor audit firm as the new audit team becomes familiar with the client's operating model, business processes, accounting policies, internal controls, business risks and management teams. As a result, there will be a higher risk of audit error in the early years of the engagement as the new firm will lack the required familiarity to identify accounting inconsistencies, changes in accounting policies, and potential management fraud.

- The costs of annual audits and quarterly reviews would increase. - The Sarbanes Oxley Act has already substantially increased the costs of the annual audit to companies and their shareholders. Requiring mandatory audit firm rotation would further compound the direct and indirect costs associated with the audit as follows:
  - Additional time spent by the outgoing audit firm during the last audit year to review audit workpapers and documentation, as well as time spent during the transition year to answer questions from the successor auditor, would be billed to the public company client;
  - Start-up time during each transitional year by the successor auditor to establish the audit approach, identify business risks and review the predecessor auditor workpapers would be billed to the public company client;
  - Expanded audit procedures put in place by the successor auditor to address perceived audit risks during the first year of the audit could incrementally add to the initial cost of the audit and be borne by the public company client;
  - The coordination of information exchanges between the new auditors and professional service providers that provide audit support (e.g. actuaries, attorneys, lenders, etc.) would be less efficient and potentially more costly during the first year of the audit as confirms, legal letters, and reports are adapted and reformatted to meet the requirements of the successor auditors;
  - Public companies will incur significant additional internal administrative costs associated with the selection of a replacement auditor;
  - Audit firms will incur more internal time and expend additional resources responding to RFPs and competing for engagements and be forced to pass these costs on to their public company clients in the form of higher billing rates for work actually performed;
  - Appropriate industry expertise may not be readily available locally or may be conflicted due to public company client competitive relationships, requiring the successor auditor firm to relocate personnel or to incur additional travel expenses, either of which would get passed on to the public company client in the form or higher fees and/or expenses; and
  - Many public companies use their audit firm for both audit and tax services to improve efficiency on the audit of tax related matters. A mandatory audit rotation could increase the costs of the audit if the public company split these services between two or more audit firms (possibly in order to maintain some type of relationship with multiple audit firms) since the audit team would no longer be working in tandem with their tax team, or alternatively, increase the costs of tax planning and compliance if the public company were to change tax professionals each time the audit was rotated.

- Additional burdens would be placed on public company management, personnel and audit committees. - Given the existing complexities of the global economy, increasing shareholder performance expectations, and rising regulatory compliance and corporate governance requirements, the demands on the time of public company management, personnel and directors are already significant. Requiring mandatory audit firm rotation would place further demands on the time of these individuals as follows:
  - Company senior management, finance staff and the Audit Committee will need to spend significant time prior to each rotation year preparing invitations to bid, providing background information, evaluating responses and interviewing audit firms before finally selecting a successor auditor; and

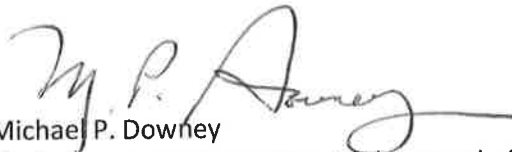
- Company management and staff would be forced to spend additional time and effort at the beginning of each new audit rotation period to educate each successor audit team on the nuances of their business including management and organization structure, business processes, accounting policies, internal controls, and business risks. In addition, considerable time and effort would need to be spent educating the successor auditors on significant accounting decisions and policies implemented in previous years included or impacting the comparative audited financial statements.

- Public companies would need to explicitly maintain independence with at least two audit firms at all times. - Currently, public companies work very closely with their appointed auditors to retain independence and avoid the use of prohibited services. Under a mandatory rotation standard, public companies would be required to maintain independence not only with respect to its current auditor, but also with potential auditor successor firms which would limit the available pool of qualified firms that are available to provide non-audit services. This can be especially challenging for large multinational public companies that must coordinate with many locations and operating subsidiaries, as well as for smaller public companies that have a greater need for non-audit services. Furthermore, certain smaller markets and/or developing countries may have a limited number of local audit firms that are qualified to perform the audit, increasing the difficulties for a public company to maintain independence with alternative audit firms and further limiting the available resources to perform non-audit services in such local jurisdiction.

In conclusion, we believe that the numerous issues outlined above with respect to mandatory auditor rotation point to fatal flaws with the approach. Mandatory audit firm rotation should not be necessary if audit failures are properly dealt with. Rather than place even more burden on companies and their shareholders, we urge the PCAOB to focus its efforts on improving the effectiveness of current audit standards, auditor training and the existing annual inspection process.

Sincerely,

Michael J. Rockenbach
Executive Vice President, Chief Financial Officer,
Secretary & Treasurer



Michael P. Downey
Chairman, Audit Committee of the Board of Directors