RR DONNELLEY

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Office of the Secretary
PCAOB
1666 K Street N.W.
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Re: PCAOB Rulemaking Docket Matter No. 37

RR Donnelley & Sons Company ("RR Donnelley") is a global provider of integrated communication with over $10 billion of revenue in 2010 and operations in over 30 countries. We provide premedia, printing, logistics and business process outsourcing products and services to leading clients in virtually every private and public sector.

The Audit Committee of RR Donnelley appreciates the opportunity to comment on the PCAOB's Concept Release on Auditor Independence and Audit Firm Rotation (the "Concept Release"). We are supportive of the PCAOB's goals of improving auditor objectivity, independence, and professional skepticism. However, for the reasons discussed below, we do not believe that mandatory audit firm rotation will contribute to achieving those goals, but rather it will lessen audit quality and inject additional costs into an already well-functioning system.

In our view, the current regulatory structure (including activities of audit committees, the PCAOB, and the SEC) is effective in ensuring that auditors perform their responsibilities with a high level of objectivity and independence. We believe that the role of the audit committee in supervising, and selecting the independent auditor and pre-approving all services is appropriate and helps ensure high-quality, independent, and cost-effective audits. Mandatory auditor rotation would undermine the critical role of audit committees and, as a result, would reduce audit quality. In particular, we are concerned about the following issues with mandatory rotation.

Reduced audit quality in early years of an engagement: Both empirical data (as cited in the Concept Release) and our experience in supervising auditor changes lead us to believe that an auditor's in-depth knowledge about a company is a significant asset to audit quality. In order to effectively challenge management's assertions impacting critical accounting estimates, an auditor must have a sound understanding of a company's operations and business environment. Many assertions that impact the financial statements require an in-depth analysis of business and economic trends and a solid understanding of the factors and forces impacting the company. As a result, the steep learning curve faced by auditors in the initial years of an engagement greatly increases the difficulty of effectively exerting professional skepticism.

Limitation of audit committee choice in decision to change auditors: Audit committees are best positioned to assess the many factors that impact whether and when to change auditors. A requirement to rotate auditors would eliminate the ability of the audit committee to exercise this important judgment . In deciding whether to re-appoint our auditor, we consider the objectivity, knowledge, and skills of the engagement team and the quality control processes of the firm (including PCAOB inspection results). Our Audit Committee would also consider the circumstances facing the company in evaluating whether a change in auditors was appropriate. For example, significant events such as acquisitions and dispositions may strain management resources, making it difficult for management to also commit the significant time needed to support an auditor transition. Likewise, significant turnover in operating or financial management could increase the difficulty of an auditor change for both the Company and the auditor. Similar factors may also impact the level of audit risk. Changing auditors at an inopportune time is likely to have a negative impact on audit quality.

Limited availability of qualified audit firms: Many audit committees for multinational companies will also face limited choices in selecting firms with the appropriate industry knowledge and geographic reach. Furthermore, a company like RR Donnelley requires the use of accounting firms for many services that potentially impair independence, which further reduces the availability of firms to perform the audit and such services.

Increased costs for investors: Mandatory auditor rotation will increase audit costs. Currently, incumbent auditors have both the incentive and ability to continuously improve the efficiency of their audits. Even given the considerations described above, audit cost is a significant factor in many audit committees' decisions to retain an incumbent firm or seek competitive bids from other firms. Therefore, the auditor is motivated to improve efficiency in order to retain the work. Under mandatory rotation, this incentive would be severely diluted. In addition, rotation of auditors requires significant increases in auditor effort over the course of the transition period. A new auditor must start planning processes well before the predecessor auditor has completed the previous year's audit. The new auditor must also invest significant additional effort in the initial year of an engagement. Companies will also incur increased internal costs to support auditor selection and transition. We believe that the increased frequency of auditor changes under mandatory rotation will result in these costs being passed on to companies, reducing investor returns.

Thank you for consideration of our comments.

On behalf of the Audit Committee of RR Donnelley & Sons Company

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By:

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