BEST BUY

December 13, 2011

Office of the Secretary
PCAOB
1666 K Street
N.W.
Washington, D.C.
20006-2803

Submitted via electronic mail to comments@pcaobus.org

**Re: PCAOB Rulemaking Docket Matter No. 37**

Members of the Board:

Best Buy Co., Inc. ("Best Buy") is a multinational retailer of consumer electronics, home office products, entertainment software, appliances and related services. As the Audit Committee of Best Buy, we are grateful for the opportunity to provide our feedback on the Concept Release on Auditor Independence and Audit Firm Rotation (the "Concept Release").

We strongly support the PCAOB's commitment to assuring the independence of public company auditors and share your view that independence is a cornerstone of audit effectiveness. However, we have significant concerns about the need for further regulation in this regard, and in particular, the consideration of mandatory auditor rotation.

**The Case for Regulatory Change**

The SEC adopted the auditor independence provisions of the Sarbanes-Oxley Act of 2002 in 2003, and this represented significant change to the rules applicable to public companies and their auditors. We welcomed the changes, and have embraced both the spirit and the letter of the rules. As the Audit Committee, assuring the independence of our auditor is an important duty we fulfill for our company and its investors. We feel strongly that the rules introduced in 2003 established an appropriate framework for the long-term governance of the relationship between companies and their auditors. The current regulatory framework emphasizes the need for effective oversight of auditor independence by audit committees, and in conjunction with rules regarding the membership and duties of audit committees; we believe that this is wholly appropriate.

We are aware of the existence of audit deficiencies identified by the PCAOB during ongoing reviews of public company audits. However, as acknowledged in the Concept Release, there is no compelling evidence to suggest that such failings were the result of an erosion of auditor independence, as opposed to other factors such as the qualifications and experience of audit teams or the level of diligence they exercised.

We believe it is incumbent on audit committees of public companies to oversee the relationship with their auditors and take actions, as necessary, to safeguard independence. We believe the mandatory rotation proposals outlined in the Concept Release would undermine this concept and detract from the principle that audit committees have ultimate responsibility to their companies and investors regarding assurance of auditor independence.

**The Impacts of Mandatory Rotation**

We feel strongly that we, the Audit Committee, are best-positioned to determine whether our auditor has maintained the appropriate level of independence and conducted audits with the appropriate level of objectivity and professional skepticism. We have access to all requisite information and collectively have sufficient experience and expertise to enable us to make this evaluation effectively. We monitor independence of our auditors regularly, and would be willing to take appropriate action – including requiring a change in firm – if we felt that it was necessary to improve auditor independence. However, operating under an environment of forced rotations would impair our ability to do this. Forced rotation could result in us having to select a firm that we felt did not offer the best assurance of independence and/or technical and industry competence, and this risk is particularly great in a concentrated "Big Four" market.

We believe mandatory rotation would also have significant other disadvantages. Firstly, loss of the auditor's institutional knowledge that inevitably arises from any change is significant. In an environment of increasingly complex rules governing financial reporting, and in a complex, global organization, we believe forced rotation of auditors poses a significant threat to audit effectiveness. We have noted from the Concept Release and other discussions that a potential benefit of a change in auditor is the "fresh perspective" this can sometimes bring on key accounting areas. However, we believe that it is incumbent on management, the audit committee and the auditor to continuously review alternative accounting policies for key accounting areas, objectively evaluating the full range of potential perspectives. It should not require a change in auditor to highlight such different perspectives. Moreover, we believe that any marginal benefit that may arise in this regard is heavily outweighed by the impairment of audit effectiveness that arises from loss of institutional knowledge.

In addition, the additional cost of higher audit fee levels and additional burden on management are significant. We expect our management teams to be focused on the effective discharge of their fiduciary responsibilities, and a change in auditor will inevitably cause a significant recurring diversion.

**Conclusions**

We believe the current regulatory environment surrounding auditor independence is sufficient and appropriate. While we support the PCAOB's commitment to improving the overall level of audit effectiveness for public companies, we do not believe mandatory auditor rotation will have any positive effect on this.

Moreover, we feel that audit committees have the primary responsibility to provide assurance of auditor independence, and the requisite information, insight and expertise to do this effectively. Any form of enforced rotation will impair audit committees' ability to fulfill this responsibility.

Finally, we are concerned at the other negative consequences that arise from a change in auditor, such as the reduced effectiveness of audits, increased audit fees and disruption to management and audit committees.

Respectfully,

Best Buy Audit Committee: Hatim A. Tyabji, G. Mike Mikan, Matthew Paull, Gerard Vittecoq

HATyabji

Hatim A. Tyabji, Chairman of Audit Committee

Best Buy Corporate Campus • 7601 Penn Avenue South, Richfield, MN, USA 55423-3645 • (612) 291-1000 • NYSE symbol: BBY