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December 12, 2011

Members of the Public Company Accounting Oversight Board  
Attention: Office of the Secretary  
1666 K Street, NW  
Washington, DC 20006-2803

Subject: Comment Response: Concept Release on Auditor Independence and Audit Firm Rotation

Dear Members of the Public Company Accounting Oversight Board:

As members of the audit committee for Verenium Corporation, we would like to comment on the PCAOB's Concept Release re Auditor Independence and Audit Firm Rotation. Although we appreciate that audit quality can always be improved, we do not see any significant benefits to be reaped by mandatory rotation. In fact, we believe quite the opposite, as discussed below.

Most of the PCAOB's findings with respect to audit deficiencies are a result of the *appearance* of a lack of technical competence, adequate audit documentation, disagreement on appropriateness of audit methodologies, etc. We have not heard of numerous restatements upon a voluntary change in auditor, which would suggest that there has been a significant failure in the audit that could be attributed to a lack of independence.

Sarbanes-Oxley required significant changes to the way audit committees interact with their external auditing firms. We take our responsibilities to investors and the capital markets very seriously. We continually assess the auditor's independence, their level of skepticism, objectivity and technical expertise. We pre-approve all fees and non-audit services. We are a small company, but our accounting and financial reporting issues are quite complex and challenging. In fact, we utilize a second major firm to assist management and the audit committee with valuation methodologies and estimates as well as tax reporting. If we were required to rotate on some pre-determined time table, our job would become harder, and the quality of our work may diminish, as we search for new, independent firms with the right skills to appropriately meet our financial reporting and compliance needs. We already have the five-year mandatory partner rotation requirement, which we feel is quite sufficient in maintaining a fresh perspective with respect to our complex issues without losing the benefit of institutional knowledge gained over time. We are very confident the increased risks, added costs and additional workload to comply with mandatory auditor rotation requirements would far outweigh any perceived benefit of such a policy.

We are also confident that auditing firms are very protective of their reputations and they take their independence and communication responsibilities very seriously. The PCAOB has recently issued additional auditing standards designed to improve audit quality and their effects have not yet been reflected in the Board's inspections. We would strongly urge the Board not to act on mandatory auditor rotation until such time as the root causes for audit failures are fully analyzed and the effects of the new auditing standards are evaluated. At this point in time, concluding that auditor tenure requirements will improve audit quality is premature, and perhaps even misguided.

Audit Committee of Verenium Corporation