December 13, 2011

ELECTRONIC ARTS™

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

RE: PCAOB Release No. 2011-006
Rulemaking Docket Matter No. 37 (Auditor Independence and Mandatory Rotation)

Electronic Arts Inc. (ERTS) appreciates the opportunity to respond to the above referenced concept Release (the "Release"). We commend and support the PCAOB in reaching out for input on this topic of auditor independence and the opportunity to provide feedback to help develop quality standards that can be pragmatically implemented.

The Release highlights the potential option of mandatory auditor rotation to enhance auditor independence, objectivity, and professional skepticism; however, in its current form the Release does not adequately present a case to support the need for mandatory audit firm rotations. Substantially more support (empirical or other) is necessary to justify this fundamental shift. As highlighted in the Release, historical precedence since the 1970's has shown there has not been sufficient support for mandatory audit firm rotations and over the years more pragmatic measures have been put in place to satisfy the independence concern such as Audit Committee oversight, PCAOB, and engagement partner rotations.

The Release recognizes the significance of the impact and the lack of correlated data to support this consideration. But by the PCAOB proposing mandatory auditor rotations one would have to assume the current standards in place for the Audit Committee, Management and PCAOB are potentially not adequately addressing the concerns of auditor independence.

In the Release the Board "... recognizes that a rotation requirement would significantly change the status quo and, accordingly would risk significant cost and disruption..." (page 3) and it states "...[it] does not suggest that all the audit failures or other audit deficiencies its inspections staff has detected necessarily resulted from a lack of objectivity or professional skepticism. Audit failures can also reflect a lack of technical competence or experience, which may be exacerbated by staffing pressures or some other problems. And, as the Boards inspections are not random, the Board may be looking at the most error-prone situations. The root causes of audit failures are complex and vary in nature..." (page 6).

Those comments emphasize the need to ensure this type of recommendation is only considered with the appropriate amount of support to prove the current standards are not adequately addressing the needs of auditor independence. Additionally, before a fundamental change like this is considered to the current structure, any concerns with the current standards should be addressed directly.

The following areas highlight the impact this Release could have on companies and the need for a more pragmatic view of the framework before this recommendation is considered.

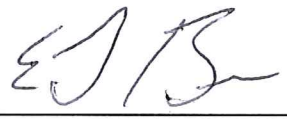
- **Existing Framework:** There are many requirements currently in place (e.g. engagement partner rotations, Audit Committee oversight, Peer reviews, probations on non-audit services, quality assurance reviews by PCAOB, etc.) that adequately address the Boards concerns. Specifically, the rules for the Audit Committee (e.g. manage external auditors, oversee Internal audit, risk management, whistle blower, conflicts of interest, SOX, accounting rule changes impact, and oversight of the Company's financial reporting) were designed to address these concerns and at this time there is no evidence these requirements are not adequately addressing the independence concern.
- **Quality:** Quality would be directly impacted due to potential lack of industry and company knowledge, and the new audit firm on-boarding process resulting in increased chance of audit errors and lower overall quality.
    - **Industry knowledge:** Certain firms have strengths in specific industries and/or specialty areas. Mandatory rotation could potentially lead to use of firms without such competency or appropriate supporting skill sets.
    - **Company knowledge (continuity and inefficiencies):** Established firms provide the Audit Committee and Management with continued efficiencies, continuity of approach in the audit process and an established relationship with the Audit Committee. Audit firms over time understand the intricacies of the company, especially emerging technologies or changing business models allowing the external firms to focus on the appropriate risks.
    - **New firm on-boarding (learning curve):** New audit firms would have to be educated on the company, its accounting practices, business operations, management and the Audit Committee impacting the quality of the audit work.
- **Costs:** There would potentially be significant increases in costs as new firms come on board due to loss of efficiencies by both the auditor and the company as a result of the "learning curve" and lack of understanding the organization. Additionally, there would be indirect costs to the company of supporting new firm with significant impact on staffing (finance and business), management and Audit Committee.
- **Multinational Companies and Independence:** Due to the nature of multinationals, a limited choice of firms capable of providing a global audit often exists due to several factors such as Industry expertise, staffing models, and regional presence or skill set. In addition, given the requirement that the audit firm be independent at the time they are appointed, mandatory rotation would effectively require maintaining independence for these qualified firms even while they are not engaged to perform the audit. Maintaining independence for these firms would greatly limit a multinational's choice for several auditor-prohibited services or effectively cause mandatory rotation for these services as well. Furthermore, due to the "cooling off" rules, hiring qualified employees from audit firms that could *potentially* become the company's audit firm into management positions overseeing the

financial statement preparation process will be limited. Both of these limitations would be a significant cost to the multinational.

In summary, we believe the current standards in place adequately address Auditor independence concerns and the Audit Committee who represents the shareholders is in the best position to oversee the management of the external auditors. Additionally, current engagement partner rotations help ensure the independence of the firm. The PCAOB should not move forward with the proposed Release.

Thank you for the opportunity to comment.

Sincerely,



Eric Brown
Executive Vice President, Chief Financial Officer

Ken Barker
Senior Vice President, Chief Accounting Officer