



December 14, 2011

Office of the Secretary  
Public Company Accounting Oversight Board  
1666 K Street, N.W.  
Washington, D.C. 20006-2803

**Re: Public Company Accounting Oversight Board (“PCAOB”) Rulemaking Docket Matter No. 37**

Dear Chairman Doty,

On behalf of the Audit Committee of the Board of Directors of EchoStar Corporation, we appreciate the opportunity to comment on PCAOB Release No. 2011-006, Concept Release on Auditor Independence and Audit Firm Rotation. While we are supportive of the PCAOB’s efforts to promote the highest standards of auditor independence, objectivity and professional skepticism, we do not believe that the current proposal of requiring mandatory audit firm rotation will further these important aims. Furthermore, as discussed below, we believe this proposal would be harmful to shareholders.

The Sarbanes-Oxley Act of 2002 has instituted fundamental changes in the relationship between a company's audit committee and its independent auditors by, among other things, empowering the audit committee with oversight over the engagement and activities of the auditor. Furthermore, strengthened rules governing non-audit services and mandatory engagement partner rotation have also provided a more robust independence framework that promotes auditor independence. In addition, the PCAOB inspection program, in combination with internal reviews and peer reviews of audit firms, help to ensure audit professionals are independent and objective and employ appropriate professional skepticism.

As an audit committee, we are charged with numerous important responsibilities such as overseeing the preparation of financial statements and the design of a system of internal controls as well as the selection, oversight and evaluation of the company’s auditors. In discharging these duties, audit committees have several tools at their disposal such as the ability to engage outside advisors (where appropriate) and the cooperation and assistance from management and specific functions within the company such as its internal audit function. These tools are in addition to one of the greatest strengths of an audit committee—its independence.

We believe that mandatory audit firm rotation could undermine the important relationship between an audit committee and a company's auditors. We also believe that the significant recurring costs and inefficiencies caused by mandatory audit firm rotation would not provide corresponding benefits to the company or its shareholders. To provide the appropriate level of oversight and responsibility, an audit committee should retain the ultimate authority to make decisions regarding the suitability of a company's auditors. That decision ought to be based on an objective assessment of the audit firm's performance, taking into account the fundamental duties owed to shareholders by directors. The decision to retain or terminate a relationship should not be dictated by the passage of an arbitrary time period (e.g., five years). Auditors are motivated to maintain the client relationship through the efficient and professional delivery of services. If this incentive were removed through a mandatory audit firm rotation, the quality of the audit relationship could be diminished, especially as the required termination date of the engagement approaches.

Mandating an audit firm rotation could also have a negative effect on the ability to manage a complex and independent relationship between management and the auditors, especially during a complex transaction or acquisition. Requiring rotation away from our current audit firm even with advance notice at a set interval could cause a significant ripple effect throughout our business, as our incoming audit firm could be required to withdraw immediately from ongoing projects. This could be extremely detrimental to our dynamic business especially for time-sensitive transactions. Opportunities for unique transactions do not always present themselves at ideal times.

EchoStar Corporation operates in a specialized industry and we are particularly mindful of the high level of technical expertise and knowledge of the industry that an audit firm can bring to an audit, especially in the international arena. Audit firm rotation could make it more difficult and costly for audit firms to build expertise in specialized areas of accounting and make it more difficult for audit committees to insist on that level of expertise and dedication when selecting audit firms. It will also increase the incidences in which a higher level of understanding of the technical issues will reside within the internal accounting functions at companies than will exist at their audit firms. This could then erode the gate-keeping function that is the hallmark of effective public auditing. In contrast, periodic rotation of the engagement partner as currently required provides stability and retains institutional knowledge and expertise while also adding a fresh perspective to promote high quality audits.

Fundamentally, professional skepticism is employed most effectively by parties with the requisite level of knowledge, technical expertise and experience. These are gained typically only over a long period of time, particularly when dealing with large complex organizations. An auditor can achieve a profound understanding of a complex company only through active engagement over an extended period of time. Attaining a comprehensive understanding of a company, its philosophy, policies, standards, goals,

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processes, and systems is critical to audit effectiveness and takes many years to achieve. Mandatory rotation undermines the process and reduces the incentives for developing this complete view of a company and therefore would make audits less effective.

Especially in the early years of an audit firm rotation, the successor auditors will necessarily possess a limited understanding of the company and the industry in which it operates. This limited understanding would result in a significant learning curve for the new audit firm and would create additional risk during the transitional period until the successor auditor could develop an appropriate level of understanding of the company. As a result, mandatory audit rotation could result in errors, inconsistent interpretations or applications, misunderstandings or audit failures. Additionally companies would have to devote considerable internal resources to assist with the transition not only at a significant economic cost but also at a significant opportunity cost. Public companies could face increased audit fees particularly in the first couple of years as the successor auditors ramp up this learning curve and may be required to perform certain procedures on opening balances or review certain transactions involving prior periods. These are costs that are ultimately to the detriment of a company and its shareholders.

In conclusion, we believe that the oversight of the auditors by the independent audit committee and other protections afforded by the Sarbanes-Oxley Act of 2002, in combination with the review functions performed by the PCAOB, provide the appropriate regulatory environment for monitoring auditors' independence, objectivity and professional skepticism. The standards for ensuring a quality audit already exist and will not be improved by mandating audit firm rotation. The requirement of audit partner rotation already provides a mechanism to obtain a fresh perspective of a company's accounting policies and practices. Partner rotation, however, does not entail the increased costs associated with audit firm rotation since professional staff provides the continuity of institutional knowledge and understanding of key risks and exposure areas.

In light of the foregoing, the Audit Committee of the Board of Directors of EchoStar Corporation does not support the mandatory rotation of audit firms. Thank you for your consideration.

Very truly yours,



C. Michael Schroeder  
Chairman of the Audit Committee  
EchoStar Corporation