



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

Re: PCAOB Rulemaking Docket Matter No. 37
Concept Release on Auditor Independence and Audit Firm Rotation

We sincerely appreciate the opportunity to provide comments on the Public Company Accounting Oversight Board's (the "Board") concept release on auditor independence and audit firm rotation. As a large, multi-national organization with periodic filings with the SEC, we are certainly aware of the importance that auditor independence, objectivity and professional skepticism have on the reporting of financial information to public investors. We understand that these are critical elements in ensuring the financial performance and financial condition reported is accurate and reliable for the investment community. Auditor independence continues to be a fundamental requirement of a quality audit, as well as maintaining strong investor confidence in the auditing profession and capital markets.

We support the Board for undertaking this sensitive and serious matter, however, we do not support the concept of mandatory audit firm rotation. We believe mandatory audit firm rotation would cause a significant change in audit quality and efficiency, audit committee governance and reporting costs.

Reduced Audit Quality and Efficiency

We believe the requirement for a different firm to audit the company's financial information every 5 years, or some other defined time period, would reduce the quality and efficiency of the audit. Mandatory firm rotation would reduce the auditor's knowledge of the company, its industry and its business risks. This company-specific knowledge is established and developed over many years of experience and contributes to the auditor's ability to understand and evaluate the company's risks, accounting estimates and other key areas where judgment is involved. This type of understanding and knowledge is essential in ensuring the auditor has the appropriate basis from which to validate management's efforts in reporting financial information completely and accurately to its investors and other stakeholders. We believe a lack of audit firm continuity creates an unnecessary risk that does not compensate for the benefits of audit firm rotation.

Our business, as with many other large, multi-national organizations, is unique, complex and includes extensive global operations. The understanding of a company's operational processes and IT environment are instrumental in becoming proficient in the basic nature of a company's business. The absence of this knowledge during the early years after an auditor change increases the likelihood that the quality of the audit may be adversely impacted, which could lead to a

higher risk of audit failures. As audit firms spend considerable time and investment in understanding a client's business and its risks, this may inadvertently detract their focus and efforts from the relevant accounting and reporting issues.

As part of the transitioning of the predecessor audit firm to the successor audit firm, the access and review of the predecessor audit firm's workpapers would need to be enhanced in order for the successor audit firm to gain the relevant knowledge of the significant risks and current accounting issues facing the client. Providing greater access to the predecessor audit firm's proprietary information could lead to other legal and anti-trust issues.

In addition, if a significant transaction, such as a debt offering or acquisition, occurred during the year a required audit firm rotation takes place, the successor audit firm's ability to provide the necessary assurance services could be negatively impacted or potentially delayed due to time constraints and unfamiliarity with the client's business and risks.

According to the concept release, one of the Board's intentions for considering mandatory audit firm rotation is to ensure the appropriate levels of independence are maintained between the audit client and the audit firm. This concern was adequately addressed and achieved through the implementation of the relevant provisions of the Sarbanes-Oxley Act of 2002 ("SOX"), where audit partner rotation is required every five years. One of the main purposes of the SOX provision was to provide a fresh perspective over the audit client's financial information while balancing the continuity of the audit firm's company-specific knowledge and understanding. The current concept release regarding mandatory audit firm rotation appears to be attempting to address the same issues that the SOX provisions have already successfully addressed and improved.

Negative Impact on Audit Committee Governance

The requirement for audit firm rotation would also have a negative effect on company shareholders and corporate governance as it would limit the authority of the audit committee to appoint the audit firm that is in the best interests of the shareholders. After considering the firms that are already engaged to provide non-audit services to us, and the complexities involved with the diverse type of transactions that our multi-national business units and other subsidiaries routinely encounter, the selection of prospective firms to provide audit services is naturally constrained. Accordingly, we must remain aware of the preservation of the audit firm's independence even after their respective rotation period has elapsed as auditor consents may be required for future SEC filings. As a result, mandatory audit firm rotation would create unnecessary limitations in our audit committee's ability to obtain quality audit and non-audit services and could inhibit the non-audit services currently provided by other firms.

Reducing the significance of the audit committee's responsibility to evaluate the audit engagement team undermines the provisions of SOX which specified that the audit committee has the responsibility to appoint, compensate and oversee the audit firm conducting the company's audit engagement. In addition, audit firm rotation could lead to a short-term focus by the audit firm that could progress to diminished emphasis and effort towards the audit engagement.

Increase in the Cost of the Audit Engagement

As mentioned above, the requirement to rotate audit firms would almost certainly lead to a considerable increase in the cost of an audit, particularly in the year of, and for several years after, each rotation associated with this change. The increased audit firm staff requirements during the initial years of engagement could become costly to the company as the new audit firm becomes familiar with the client's business and industry risks, operations and key accounting and reporting issues. These efforts will also be felt by the client's finance and accounting staff as additional time will be required to be spent providing company-specific knowledge to the new auditors. This increased time commitment and disruption to the company's finance and accounting personnel could result in increased headcount and personnel costs, as well as placing strain on an already tightened financial reporting schedule.

In addition, in periods of transactions, such as debt or equity offerings, where historical financial information is required to be reported and a different audit firm was engaged during the historical time periods, the need to obtain multiple assurances from multiple audit firms could become costly and cumbersome.

In summary, we believe the existing provisions of SOX continue to provide an effective approach in preserving auditor independence, objectivity and professional skepticism. In particular, the current stipulations allow our audit committee the appropriate authority to act in the best interests of our shareholders when selecting and evaluating audit firms for engagement. We believe the incremental costs and extensive risks associated with audit firm rotation are far more certain and greater than the expected benefits.

We appreciate the opportunity to comment on these sensitive and important issues. Thank you for your consideration.

Sincerely,



Sean M. Stack
Executive Vice President and Chief Financial Officer