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

September 30, 2011

Re: PCAOB Rulemaking Docket No. 34

Board Members:

We appreciate the opportunity to comment on the Public Company Accounting Oversight Board's "Concept Release on Possible Revisions to PCAOB Standards Related to Report on Audited Financial Statements and Related Amendment to PCAOB Standards" dated June 21, 2011.

We acknowledge the concerns addressed in the concept release and agree that investors should receive useful and relevant financial information on a timely basis. We support providing investors with the information necessary to make informed decisions. However, we believe management, as opposed to auditors, is the most appropriate and knowledgeable source for providing investors with information on the company's business risks and strategy, operating performance, and accounting judgments and policies, which is information management currently is required to disclose. If the independent auditors' report is expanded to include the alternatives outlined in the concept release, careful assessment should be made on whether such changes will create confusion for investors and blur the line between the important and unique responsibilities of management and auditors.

Overall, we believe the current financial reporting structure has clearly defined roles and responsibilities for the key groups involved in financial reporting including a company's management, its audit committee, and independent auditors. Each of these groups is required to have appropriate controls in place to ensure financial reporting is accurate and complete.

Company management is responsible for preparing the financial statements and related disclosure information in accordance with the accounting and disclosure requirements defined by the various standard setting regulatory agencies, including the Financial Accounting Standards Board and the Securities and Exchange Commission. A company's management is the most knowledgeable resource with respect to business and operational risks and serves as the primary source of information to investors. Additionally, the Chief Executive Officer and Chief Financial Officer approve and certify the integrity of the company's quarterly and annual financial reports.

The audit committee consists of independent members of a shareholder-elected Board of Directors, and includes at least one financial expert. The audit committee oversees management's financial statements and related disclosure reporting, monitors the appropriateness of accounting policies, and appoints and supervises the external auditors. The audit committee plays an integral role in the financial reporting process by monitoring that all material accounting issues and critical accounting transactions have been appropriately accounted for and disclosed.

Independent auditors are hired by the audit committee and that appointment is ratified by the shareholders. The independent auditors are required to plan and perform an audit of the company's financial statements and related disclosures in order to express an opinion as to whether the financial statements are free from material misstatement and are in conformity with generally accepted accounting principles. Additionally, the independent

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auditors attest to the effectiveness of the company's internal controls. The independent auditors' expertise is in the application of accounting principles and the assessment of financial controls, as well as in the process for auditing financial statements and related information based on an accepted framework. The independent auditors provide assurance on the reliability of financial statements being free of material misstatements. Auditors also serve to independently review management's financial statements and disclosures and read the MD&A and consider whether it is materially consistent with their understanding of the facts or with information appearing in the financial statements.

Certain of the proposed alternatives in this concept release would significantly alter these roles and responsibilities in a way that we believe would be expensive, not provide investors with significant incremental information, and could lead to investor confusion and inhibit open communication between management, the audit committee and auditors.

Our comments on each of the proposed alternatives discussed in the concept release are as follows:

Auditor Discussion and Analysis ("AD&A")

We do not support the AD&A alternative described in the concept release. The AD&A would significantly expand the auditors' role in the financial reporting process and would reach outside the bounds of their current expertise, and for which they have an established framework against which their work can be measured. Management currently has responsibility for informing the investing public. We believe the AD&A creates a conflict between the distinct roles and responsibilities of auditors and management that could only serve to confuse investors without providing them any beneficial information. In our opinion, the auditors should not be placed in the position of determining and disclosing subjective information that could be contradictory to the disclosures provided by management.

The concept release also contemplates the disclosure of "close calls," a requirement that is likely to confuse investors rather than provide them with additional beneficial information. An auditors' unqualified opinion means all material matters were resolved and the financial statements are fairly stated. Highlighting additional information about accounting issues that required consultation or involved evaluation of alternative accounting treatments would put an unnecessary spotlight on accounting matters that are appropriately accounted for and reflected in the financial statements. Currently, management openly discusses complex accounting issues with its auditors, and requiring auditors to disclose any such matters that they considered to be "close calls" could inhibit the open and dynamic communication that currently exists between management, audit committees and auditors. Under the current disclosure requirements for public companies, management is already required to assess and disclose its significant and critical accounting policies and estimates in periodic filings, which is reviewed by auditors and audit committees. We believe that management is the most well informed to make such assessments, and adding a discussion of the auditors' alternative views will only confuse financial statement users.

The concept release also proposes auditors provide the same level of information as communicated to the audit committee within their audit report. Independent auditors and the audit committee have a relationship whereby the auditors report on the results of their audit to the audit committee, and the audit committee oversees the auditors on behalf of the company and its shareholders. This dynamic relationship requires extensive two-way communication and periodic reporting. If the audit report included all the same information as communicated to the audit committee in a static reporting manner, we believe this could lead investors to misinterpret or misunderstand the information being provided since such disclosure would lack the interactive dialogue that exists between auditors and audit committees. Without this continuous two-way discussion, AD&A could be taken out of context and create investor confusion. This would also likely have a negative impact on the transparency of communications between auditors and audit committees.

We believe that many of the other aspects of the proposed AD&A outlined in the concept release pose similar concerns, including the proposal that auditors provide descriptions of specific audit procedures. Most readers of the financial statements will not have an appropriate level of expertise to understand the complexities of audit procedures, thus such disclosure will be of limited use to investors. Additionally, we believe the proposed AD&A will result in filing delays due to the extensive reviews and discussions that will be required by audit firms to issue customized reports for each client. Finally, issuance of AD&As would significantly increase both the scope of audit procedures and the overall cost of public company compliance, without providing significant incremental information.

Emphasis Paragraphs

We also do not support the alternative proposal to require the expanded use of emphasis paragraphs in the audit report. Within quarterly and annual reports, companies are required to disclose important business and accounting information, including information on the company's strategy, risks factors, legal proceedings, management's perspective on operating results, critical accounting policies and material business transactions. To fully understand the risks associated with investing in a company, these disclosures must be read in totality, rather than just focusing on identified areas of emphasis. We believe all the information currently provided in quarterly and annual reports, when taken as a whole and read in totality, provide sufficient information to investors about the material aspects of a company's business and accounting policies.

Without an established framework that provides specific identification criteria, the emphasis paragraph alternative will lead to inconsistent application and reporting across companies. Further, we believe the proposed scope increase to include emphasis paragraphs in audit reports will unduly focus attention on a limited number of accounting issues, which are already identified by management within the financial statements and related disclosure, and will de-emphasize all other information and disclosures provided. Appropriately prepared financial reports already identify critical accounting and judgment areas. Further emphasis in the audit report will only serve to provide repetitive information to investors. If investors believe the current financial statement disclosures and other information contained in periodic filings are deficient in certain areas, work should be undertaken by the various standard setting regulatory agencies to modify the current reporting requirements.

Financial Information Outside of the Financial Statements

We do not support the proposed alternative to require auditors to report on information outside of the financial statements as the costs would far exceed the benefits. Auditors currently have the responsibility to read non-financial statement information in public filings to ensure such information is materially consistent with the audited financial statements. There is a variety of information that falls outside of the financial statements, including earnings releases, management's discussion and analysis and non-GAAP reporting. We believe the current level of review over information that is outside of the financial statements is sufficient to ensure information is materially accurate. Requiring an audit over areas that are not based on authoritative accounting requirements or forecasted amounts would be unreasonably burdensome and create significant timing delays and excessive costs that would negatively impact investors' ability to obtain timely information.

Clarification Language

We support all efforts to clarify the language used in the audit report to ensure investors clearly understand the specific roles and responsibilities of management and auditors. Careful consideration should be made to ensure the proposed changes truly clarify the nature of an audit and the auditors' responsibility. As discussed previously, we believe it is important to support the usage of consistent language in audit reports so they are comparable company to company and are based on objective information.

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In conclusion, we support improving communication to investors, while maintaining the scope and nature of an audit and the related responsibilities of auditors. We do not support making changes to the audit report that would require auditors to make subjective determinations or merely repeat information provided elsewhere in the financial statements and related disclosures. We believe the current roles and responsibilities of management, the audit committee and the auditors are the fundamental basis for the financial reporting infrastructure and certain of the proposed alternatives in this concept release would negatively impact this structure.

Thank you for your time and consideration. If you have any questions regarding our letter, you may contact me at (408) 862-1401.

Very truly yours,

Betsy Rafael

Betsy Rafael
Vice President and Corporate Controller