

November 9, 2011

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

Re: PCAOB Rulemaking Docket Matter No. 37

Chairman Doty:

I am writing to you as Chairman of the Audit Committee of Tidewater Inc. (NYSE: TDW) in response to your invitation to comment on the Concept Release on Auditor Independence and Audit Firm Rotation (the Release) issued in August by the Public Company Accounting Oversight Board (PCAOB). We appreciate having been given the opportunity to comment on the Release and we share the PCAOB's interest in improving auditor objectivity, professional skepticism and independence. After giving careful consideration to the various points of view included in the Release, we are opposed to mandatory audit firm rotation as we believe that the benefit to investors, if any, will be outweighed by the potential risks to audit quality and the increased costs of compliance.

The Release refers to some of the risks of mandatory audit firm rotation which we believe would be significant. In the end, mandatory rotation could reduce, not enhance, audit quality:

- Mandatory rotation destroys the knowledge base and understanding developed by the audit firm, which would threaten audit quality and effectiveness. We believe that audit quality is often lower in the early years of an engagement and frequently switching auditors will only exacerbate this problem and lead to lower audit quality.
- Efficiencies that are developed over time by the preceding auditor are lost upon rotation, thereby increasing the costs of maintaining the same level of audit service. As a result, we believe that mandatory rotation will result in an overall increase in audit costs.
- Each time rotation occurs, management faces the disruption, expense, and time involved in the solicitation and selection of new auditors.

TIDEWATER INC.  
601 Poydras Street  
Suite 1900  
New Orleans, LA 70130  
Telephone: (504) 568-1010  
Homepage: [www.tdw.com](http://www.tdw.com)

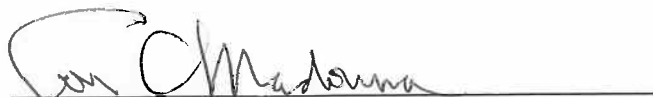
- Mandatory rotation could be a disincentive for audit firms to accumulate specialized sector/industry expertise and could jeopardize their ability to attract and maintain talent, especially in specialized industries.
- Similarly, it could be difficult for companies in specialized industries or remote locations to find successor audit firms that have the requisite expertise, staffing levels and independence. Because not all firms have the same industry experience, requiring rotation could result in the loss of the predecessor firm's industry-specific resources.
- Mandatory rotation may give rise to significant problems for global companies, if, for example, different national regulations require rotation after varying amounts of time.

Supporters of the idea of mandatory audit firm rotation have cited some perceived benefits. Among the two main reasons supporters believe such an approach could be effective are the value of a "fresh look" at the audit and the elimination of the possibility of a continuous fee stream for auditors. These benefits, however, are untested and we do not believe that mandatory auditor rotation is necessary in order to improve auditor objectivity, professional skepticism and independence. In response to the Sarbanes-Oxley Act, the SEC adopted a number of rules and regulations designed to address the PCAOB's concerns; however, the impact of these requirements has not been fully assessed. Those provisions included audit committee engagement of and oversight of the independence of the auditor, five-year rotation of the lead audit partner and concurring partner, and seven-year rotation for certain other partners serving on the audit engagement team, among others. We believe that over time, these requirements will adequately bolster auditor's independence while avoiding the potential detriments of mandatory auditor rotation noted above.

We thank you for your consideration of our comments.

Very truly yours,

Audit Committee of  
Board of Directors  
Tidewater Inc.



By Jon C. Madonna  
Its Chairman