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December 13, 2011

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



Subject: PCAOB Rulemaking Docket Matter No. 37

Dear Chairman Doty:

The Audit Committee of the Board of Directors of Pentair, Inc. appreciates the opportunity to provide comments on a concept release which would require mandatory external audit firm rotation. While we fully support the efforts of the PCAOB to improve audit quality through enhanced auditor independence, objectivity, and professional skepticism, we do not believe that this would be accomplished through mandatory audit firm rotation. In fact, we believe mandatory audit firm rotation would harm audit quality.

A number of quality reforms, including mandatory partner rotation, limitations on hiring former auditors, and restrictions on the non-audit services that can be provided by the audit firm, were implemented following passage of the Sarbanes-Oxley Act of 2002 to bolster the independence of the external auditor. The Audit Committee directs and manages the mandatory audit partner rotation process, working with senior level executives at our external audit firm to ensure we are served by a wide range of qualified partner candidates. We annually review external auditor independence and compliance with PCAOB, SEC, and stock exchange rules and regulations relating to independence. The Company has implemented a robust approval process whereby all engagements with "the Big Four" must be approved by the Audit Committee and the Audit Committee is provided a quarterly report on all fees and services with each of the Big Four. Given the inherent limitations on the number of external audit service providers available for a large, multi-national public company, mandatory external audit firm rotation would also impact our relationships with the Big Four in other areas including tax, valuation, mergers and acquisitions, internal audit, and other consulting projects.

In addition to these quality reforms focused on independence, there has also been a significant increase in the oversight activities of the Audit Committee. For example, since 2003 we have significantly increased both the frequency and length of our Audit Committee meetings and we have formally implemented an annual external auditor evaluation process. We annually hold at least nine Audit Committee meetings, with our external auditor present at every meeting. We also hold regular executive sessions with our external auditor in which they provide the Audit Committee with qualitative reports on the progress and status of their audit and review procedures.

These reforms, along with the increase in oversight activities of the audit committee, have significantly improved the quality of public company audits. In carrying out our responsibilities, the Audit Committee is continuously evaluating our audit firm's independence and objectivity, and we believe we are in the best position to determine the qualifications and tenure of the Company's auditors. Mandatory audit firm rotation would essentially remove this responsibility from the Audit Committee as we would be very hesitant to push for an external auditor change at any time other than the mandatory rotation point.

One of our principal concerns regarding mandatory audit firm rotation is the overall “cost” associated with changing audit firms. Cost is not simply the financial implications to the Company resulting from the change in auditors, but also the impact that this change can have on our finance organization’s effectiveness and efficiency, as well as the impact on the overall quality of the audit. Coordinating an auditor change would consume significant time and resources of our finance group, which would take away from their ability to effectively complete their normal day-to-day tasks. This “hidden cost” is difficult to measure but should not be underestimated.

In addition to cost, due to the steep “learning curve” at the outset of a new auditor relationship, the new audit team will be less knowledgeable about the Company and therefore be less efficient and effective in carrying out their audit. Some level of “institutional knowledge” is critical for the auditor to understand the risks and uncertainty’s faced by a large, global organization, and is something that the Audit Committee values when discussing such risks with the audit firm. This need for auditor “institutional knowledge” becomes even more critical where specialized industries are involved. It is a fact that not all firms have requisite understanding and expertise serving all specialized industry companies. For a company of our size and complexity, it takes years to truly build an in-depth understanding of the company’s business operations, organizational structure, and processes and procedures. We believe it is this depth of understanding that facilitates the type of knowledge-sharing and risk identification that is a critical component of a high quality, effective audit, and the loss of this in-depth knowledge that would result from mandatory audit firm rotation would be detrimental to the Audit Committee’s ability to carry out its fundamental responsibilities.

In summary, we believe that mandatory audit firm rotation is more likely to hurt audit quality rather than improve it. The loss of institutional knowledge as well as the significant up-front requirements to train the new audit firm will be detrimental to audit quality, while at the same time resulting in increased costs both internally and externally. We believe that existing PCAOB, SEC, and stock exchange rules create the appropriate environment to allow the Audit Committee to effectively carry out its responsibilities around selection and retention of our external audit firm and the selection of the audit engagement partner during the mandatory partner rotation cycle. Given the lack of evidence supporting that mandatory audit firm rotation will improve audit quality, we respectfully request the Board to discontinue its pursuit of mandatory audit firm rotation.

Sincerely,



Ron Merriman, Chairman
The Audit Committee of the Board of Directors
Pentair, Inc.

Leslie Abi-Karam
Jerry Burris
Charles Haggerty
David Ho
The Audit Committee of the Board of Directors
Pentair, Inc.