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

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

Dear Secretary,

Hyatt Hotels Corporation ("HHC") appreciates the opportunity to submit comments to the Public Company Accounting Oversight Board ("PCAOB") on its concept release on auditor independence and audit firm rotation (the Concept Release). We support the PCAOB's efforts to promote audit quality and protect investors. We do not, however, believe that mandatory audit firm rotation would enhance independence, objectivity and professional skepticism and we are not aware of any evidence which would suggest that mandatory audit firm rotation would improve audit quality. We believe the proposed mandatory audit firm rotation contained in the Concept Release would result in potential unintended consequences to which the PCAOB should give further consideration. Those consequences include disruption and increased costs as well as a reduction in audit quality. We also believe the Concept Release could negatively impact an element of effective corporate governance relating to audit committee responsibilities for a company's independent audit firm.

Hyatt Hotels Corporation is a complex multinational company that, not unlike many other multinational companies, operates in an industry that contains unique accounting and disclosure challenges. We believe that audit firm rotation would result in an overall reduction in audit quality due to the transition challenges of successor audit firms. We believe that it may take several years for successor audit firms to fully understand our systems, business processes and controls and that the effectiveness of the audit may be negatively impacted due to a lack of understanding regarding historical transactions, business operations and industry specific issues. The effectiveness of an audit firm serving a multinational corporation is partly driven by a combination of that firm's institutional and industry knowledge. While the intention of the proposed mandatory audit firm rotation is to increase audit quality, we believe it would actually decrease audit quality and increase audit risk, particularly in the earliest years of each rotation.

In addition to reduced audit quality, we believe that the Concept Release, as proposed, would result in significant disruption to management and an increase in costs to the company. The transition of audit firms requires a significant investment of time by management, the audit committee and the respective audit firm. The transition process is very disruptive and results in a costly drain on internal resources. We would also expect that audit firms will seek to recover their incremental costs of transition through fee increases.

In contrast to the proposal outlined in the Concept Release, we believe that audit committees, as representatives of shareholders' interests, and acting in accordance with their oversight role as granted by Congress through the enactment of the Sarbanes-Oxley Act, are best suited to ensure the proper level of audit quality and auditor independence. We believe that audit committees contain the proper level of independence and financial expertise to effectively monitor audit quality and independence, determine when there needs to be a change in the company's audit firm, and aid in the selection of a new audit firm when deemed appropriate. We also believe that the current independence standards requiring the lead audit partner to rotate every five years and the engagement quality review partner to rotate every seven years are adequate to maintain an appropriate level of independence. We believe that new partners from the incumbent audit firm provide an opportunity for the "fresh look" into the audit, which enables new perspectives and maintains an appropriate level of independence without compromising the audit process or quality.

In addition, we believe the PCAOB's inspection of audit firms provides adequate assurance over auditor independence, objectivity and professional skepticism and has improved the audits of public companies. As such, we encourage actions which would further support the empowerment and involvement of audit committees and we believe this Concept Release is in direct opposition to this objective.

In summary, we are opposed to mandatory audit firm rotation as proposed in this Concept Release. We appreciate the opportunity to comment on the Concept Release, and welcome the opportunity to discuss our views further with you.

Sincerely,



Michael Rocca
Audit Committee Chairman



Harmit Singh
Executive Vice President and Chief Financial Officer



Brad O'Bryan
Senior Vice President and Corporate Controller