



January 19, 2012

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

Subject: Docket Matter No. 37 – Concept Release on Auditor Independence and Audit Firm Rotation

PCAOB Board Members:

Tyson Foods, Inc. appreciates the opportunity to submit our comments to the Public Company Accounting Oversight Board (PCAOB) on the concept release on auditor independence and audit firm rotation (Concept Release). We acknowledge that the deadline for comments has passed, but it is our understanding the PCAOB is continuing to accept comments on the Concept Release.

We support the PCAOB's continued focus on enhancing audit quality, including the area of auditor independence, objectivity, and professional skepticism. Since its creation, the PCAOB has implemented numerous standards and programs that have clearly enhanced the overall audit quality. However, we do not support the PCAOB's proposal to implement mandatory audit firm rotations. We believe this proposal would decrease audit quality, increase costs and cause unintended negative consequences to public companies in regional markets.

We believe mandatory audit firm rotations would have a negative impact on audit quality. During an audit firm's tenure with a company, the company and audit firm invest significant resources to help the audit firm develop a vast knowledge of the company's businesses and key risks, allowing the audit firm to tailor its approach to focus on the appropriate areas of risk. As large multinational businesses have become more complex and wide reaching, the benefit of the cumulative knowledge an audit firm has obtained is of greater importance now than ever before. We believe that given the resources diverted by the company as well as the audit firm during these initial years to establish the level of knowledge, the audit quality would significantly decrease during the initial years. We are concerned that without fully understanding the business and key risks, it is more likely that audit firms will adopt a one size fits all audit approach and could result in commoditizing the audit process, which we do not believe would result in increased audit quality. Also, given the continual effort on behalf of the company to



educate each new firm, the company's efforts with respect to sound financial reporting would likely also suffer.

In addition to our concerns that mandatory audit firm rotations would decrease audit quality, we are also concerned it would also significantly increase the costs. The Concept Release cites the 2003 GAO Report which indicated initial year audit costs would increase by more than 20%. We believe it could be significantly greater than 20%. As described in the section above, both the company and the audit firm make an investment to help the new audit firm acquire the knowledge regarding the businesses and key risks. Given the economics of short term audit firm relationships, these investments will likely be passed on to the company at the initial term of the relationship. Additionally, this cost as well as the internal costs to the company to manage this activity, will occur on a much more frequent basis that has ever been experienced in the past.

Many respondents have articulated the negative consequences associated with frequent auditor rotations for large multinational companies that require statutory audits throughout numerous foreign locations. We concur with those viewpoints. However, we believe that the proposed mandatory audit firm rotation would also have unintended negative consequences to public companies in regional markets. Currently in many regional markets, not all the Big 4 audit firms maintain a significant presence since a limited number of public companies require the audit services of a Big 4 audit firm. Many of these Big 4 firms open or close regional market offices based on the economics of providing services to one or two large multinational public companies. Under the proposed mandatory audit firm rotation, due to the short-term economics and staffing constraints associated with constant relocation, we believe very few Big 4 audit firms will continue to maintain regional market offices. As a result, the new norm for audit clients in regional markets will be a "parachute in" model requiring the entire audit team to travel to the new client location rather than relocate to the regional market. We believe this "parachute in" model, over time, will significantly increase audit staff turnover and continue to decrease the already pressured cumulative company knowledge the existing firm has developed. Ultimately, the negative unintended consequence to public companies in these regional markets will be an accelerated decline in audit quality and additional increased costs as a result of the lack of available local regional offices to provide audit services to large multinational public companies.

Since the creation of the PCAOB, we have witnessed significant improvements in the overall audit quality. However, we don't believe that mandatory audit firm rotation would be an effective tool to help achieve the PCAOB's desired goal to increase auditor independence, objectivity and professional skepticism. We encourage the PCAOB to continue to utilize its existing rule making, inspection and enforcement programs to enhance auditor independence, objectivity and professional skepticism. Furthermore,



we believe an audit committee is best suited to evaluate an audit firm's independence, objectivity and level of professional skepticism.

Again, we thank the PCAOB for the opportunity to comment on the Concept Release. If you have any questions regarding the comments in this letter, please contact our Senior Vice President, Controller & Chief Accounting Officer, Craig J. Hart at 479-290-3705.

Sincerely,

A handwritten signature in cursive script that reads "Jim Kever".

Jim Kever
Director and Audit Committee Chairman
Tyson Foods, Inc.

A handwritten signature in cursive script that reads "Dennis Leatherby".

Dennis Leatherby
Executive Vice President and Chief Financial Officer
Tyson Foods, Inc.