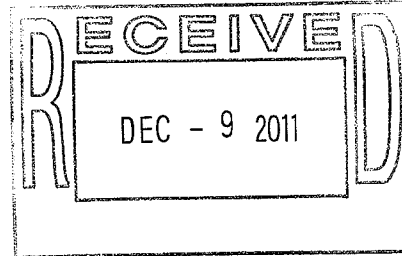




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Office of the Secretary  
Public Company Accounting Oversight Board  
1666 K Street, NW  
Washington, DC 20006-2803

PCAOB Release No. 2011-06, Rulemaking Docket Matter No. 37

Dear Board Members:

AGCO Corporation appreciates the opportunity to comment on the Concept Release on “Auditor Independence and Audit Firm Rotation” issued by the Public Company Accounting Oversight Board (“PCAOB”) in August.

While we understand and appreciate the reasoning behind the concept release, which ultimately we believe is the PCAOB’s desire to increase the reliability of financial reporting and to enhance auditor independence, objectivity and professional skepticism, we believe that the disadvantages of the proposed mandatory audit firm rotation far outweigh any perceived advantages. Further, after consideration of the views expressed in the concept release, and based upon our own internal discussion with our audit committee, officers, senior management and employees, we strongly oppose mandatory audit firm rotation. We believe that such a requirement would (a) significantly increase the cost of our audit, tax and co-sourced internal audit services, (b) unnecessarily disrupt business activities and distract audit committees, senior management and those employees responsible for financial reporting, (c) severely limit the ability to procure suitable audit firms due to the lack of audit firms available in certain markets and (d) increase the risk of failed audits, particularly in the early years of the auditors’ relationship with the client.

**Significant increase in the cost of our audit, tax and co-sourced internal audit services:**

For each rotation, the audit firm would require start-up time necessary to gain familiarity with the company and its operations. Such time would include establishing the audit approach based on company specific practices and risks, inquiries with the predecessor auditor, review of the predecessor auditor working papers, discussions with tax strategy professionals used by the Company, discussions and coordination with internal audit on Sarbanes-Oxley approach, coordination of information exchanges between the new audit firm and other parties, such as legal counsel, actuaries, IT providers, banks, lenders, etc. It should be noted that the time incurred by both the predecessor auditor and successor auditor during each transition would be billed to the company. In the absence of cumulative audit knowledge, the new audit procedures put in place to address audit risk at the early stages of a new audit would incrementally add to the cost of the engagement to the company. In addition, the company will incur additional internal administrative costs associated with the rotation of the audit firms, and these costs are not insignificant. Senior management and the audit committee must spend time preparing for invitations for bids, providing background information to bidders, evaluating responses, interviewing candidates and selecting

successor auditors. We also believe that tax service fees and internal audit costs will also rise in tandem, as mandatory rotation would indirectly increase these costs as well, either because we would have to change our tax professionals and co-sourced internal auditors, or because the firms and professionals would have to re-acquaint each other on previously agreed upon accounting conclusions and internal control processes and approaches. We also believe that firms would be precluded from taking a longer view on pricing to audit clients, as they would know that the relationship with the audit client was not long term. We think that this would cause a significant increase in audit fees, that would be paid by the company, as well as our shareholders. Currently, start up fees incurred in the first year of an engagement are largely absorbed by firms, as they know they will recoup such learning curves in the future.

**Unnecessarily disrupt business activities and distract audit committees, senior management and those employees responsible for financial reporting:**

For each rotation, there is an additional burden on the company and its audit committee. Not only would the company have to go through the burden of the selection process as discussed above, but the largest disruption results from the first year or two of a new engagement when senior management and financial reporting professionals must support a new firm while they gain familiarity with the company and its operations. This is particularly disruptive when a company is a large multi-national company with complex business operations and accounting transactions. The firms have to coordinate significantly with their foreign counterparts on large multi-national engagements. This type of coordination does not occur overnight and should not be taken for granted. Substantial senior management's time would also likely have to be devoted to revisit significant accounting decisions previously agreed upon with the predecessor auditor in prior years. We also believe that companies likely would be required to add staff to accommodate auditors' "start up" inefficiencies in the first year or two of the relationship, due to the lack of familiarity with the company's operations and accounting practices. In addition, the audit committee must maintain an appropriate level of oversight of the auditors throughout this process, which further complicates this task under a mandatory rotation standard.

**Severely limit the ability to procure suitable audit firms due to the lack of audit firms available in certain markets:**

The burden of maintaining independence with at least two firms at all times is extremely difficult. Currently, companies work closely with their auditors to maintain independence, which can be especially challenging for multi-national companies that must coordinate many locations. For instance, some of the foreign locations need specific local country help such as assistance with tax return preparation. Under a mandatory rotation standard, a company would be required to maintain independence with its current audit firm, as well as one other potential successor firm, which limit the number of firms that can assist with tax planning strategies and co-sourced internal audit. In addition, in some smaller remote foreign locations (especially developing countries), there is a significant lack of the number of audit firms even available to perform audit, tax and internal audit work. This may result in increased travel and other costs if audit teams have to be sourced from a different location. Last, there may not be professionals in firms in some locations from which a company operates within that have appropriate industry knowledge. As a multi-national company, we do not just have one corporate audit but rather over 40 individual statutory audits in dozens of countries, in addition to our corporate audit. The ability to match a global firm that can perform not only our corporate audit, but the additional 40 statutory audits is very important and would be costly and difficult to transition. Some firms do not have offices in all of the countries where we operate, which adds to the difficulty. Presently, there are only four truly global accounting firms with offices in most large tier and mid tier cities around the world. Due to current independence requirements, we have to use 3 of the 4 firms to provide audit, tax and co-sourced internal audit services, in addition to other ancillary services such as acquisition due diligence, IT consulting, etc. This proposed rule would disrupt the ability to maintain a consistent and quality relationship for other services, which therefore would directly impact the quality and cost of internal audit, tax and other services that are vital to a large multinational company.

**Increase the risk of failed audits, particularly in the early years of the auditors' relationship with the client:**

We believe there is a higher risk of audit error in the first year of an engagement due to the unfamiliarity of audit staff personnel with the financial statements, the business operations and the critical accounting and audit issues, as well as the ability to uncover intentional management fraud. Furthermore, we believe firms may be less concerned with the quality of client service as they approach the end of their tenure as auditors and their staff look forward to their next 5-year engagement elsewhere, which could lead to inefficiencies, delays, missed deadlines, and most importantly, incomplete and ineffective audits. Familiarity with an audit client is an asset, not a liability to the overall audit process, contrary to the opinions which support this proposed rule.

We believe the current 5-year rotation requirement for the engagement partner provides the "fresh look" that this concept release seeks without the increase in cost and risk inherent in the proposed release.

Based on the above, we believe mandatory audit firm rotation does not improve audit quality and the costs and potential unintended consequences are not acceptable. Therefore, we believe that the PCAOB should not move forward with a mandatory rotation standard, but rather focus on improving the effectiveness of current audit standards. We appreciate the opportunity to express our views.

Respectfully submitted,



Andrew H. Beck  
Senior Vice President and Chief Financial Officer  
AGCO Corporation



George E. Minnich  
Audit Committee Chairman  
AGCO Corporation