

Audit Committee of the Board of Directors

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Verizon Communications Inc.
140 West Street, 29th Floor
New York, New York 10007

December 14, 2011

Mr. J. Gordon Seymour
Secretary
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, D.C. 20006-2803

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

Dear Mr. Seymour:

The Audit Committee of the Board of Directors of Verizon Communications Inc. ("Verizon") appreciates the opportunity to comment on the Public Company Accounting Oversight Board's ("PCAOB") Concept Release on Auditor Independence and Audit Firm Rotation (the "Concept Release"). While we support the PCAOB's goal to enhance auditor independence, objectivity, and professional skepticism, we do not believe that mandatory audit firm rotation will either accomplish this objective or provide greater assurance to investors as to the accuracy of financial statements. To the contrary, we believe mandatory audit firm rotation would likely have an adverse impact on audit quality while increasing costs.

The potential benefit of rotating auditors and the timing of such a decision is and should continue to be at the discretion of the audit committee rather than the result of a PCAOB mandate. The Sarbanes Oxley Act ("SOX") recognized this fact and the value of a well-functioning, independent audit committee when it clarified and strengthened the role of the audit committee in overseeing the selection and oversight of the independent auditor. Mandating auditor rotation begins to undermine the important relationship between the audit committee and the independent auditor. Developing the trust, confidence and open and frequently used lines of communication between an audit committee and its independent auditor that are necessary for an audit committee to effectively oversee the work of the auditor takes time, because experience between the parties is the foundation of the relationship.

In addition to enhancing the role of the audit committee, SOX built in safeguards to protect the independence of the audit. It did so by imposing stringent independence and expertise requirements on audit committee membership to ensure the objectivity and sophistication of those responsible for retaining the audit firm and overseeing the audit. SOX also limited the lead engagement partner's tenure to five years, which, along with natural attrition and turnover, is already effective at providing fresh insights into the audit.

Any decision to rotate audit firms should take into consideration the impact of the accompanying loss of historical knowledge and understanding of a company's business that audit firms develop over time. Because of differences in the size and complexity of public companies, the learning curve and, therefore, the period of risk that auditor rotation would subject a company to, would suggest that a single standard rotation period does not seem appropriate. That is especially true in the present financial reporting environment of complex accounting standards, commitments by the FASB and the IASB to convergence projects and unprecedented changes in reporting practices and disclosures. There are of course situations where a change in auditors is either necessary or appropriate, but mandating frequent changes of auditors does not appear warranted and in fact seems to introduce an even greater level of complexity and increased burden on public companies and audit firms. Rather than mandating audit firm rotation, we recommend that the PCAOB provide guidance, based on findings of the inspection process, as to when a change in auditors should be considered.

Mandatory audit firm rotation would likely, in many cases, also disrupt the delivery of non-audit services due to the existing independence requirements. This seems problematic because there is already a very small pool of audit firms that large multinational companies can realistically use to satisfy their audit and non-audit needs.

The objective of the Concept Release and mandatory audit firm rotation is to improve auditor objectivity and professional skepticism. However, as reported, the Board's own inspection data failed to find a correlation between auditor tenure and inspection findings. That conclusion is similar to the findings of others who have studied relationships between companies and their audit firms. Additionally, many audit firms develop industry specializations, devise audit procedures specifically tailored to a particular client and provide in-depth training to their employees. A requirement for mandatory rotation of auditors may dissuade firms from investing in industry focused expertise and training, thereby reducing audit quality.

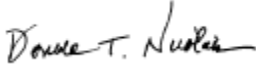
Fundamentally, our concern over a mandatory audit firm rotation requirement is grounded in our belief, which is based on our experiences as audit committee members and as persons who have overseen auditors or conducted audits, that audit services are not commodities. A rule that would require mandatory rotation of auditors is predicated on the assumption that for any given audit there are several firms that are both capable and willing to assume the audit. On the contrary, for an independent auditor to provide high quality audit services, particularly to a complex multinational company, requires the auditor to develop substantial expertise through the types of initiatives described in this letter and then effectively and consistently employ that expertise while responding to and being overseen by the audit committee. As a result, we do not believe that a rule that would encourage the commoditization of audit services would increase the reliability of companies' financial statements.

Rather than requiring mandatory rotation, the current PCAOB processes could be enhanced through increased penalties for independent accounting firms where the PCAOB identifies significant and uncorrected audit deficiencies or recurring quality control failures. We encourage the PCAOB to continue to focus on developing stringent enforcement programs with severe consequences for non-compliance as opposed to mandating audit rotation. We believe the consequences related to auditor non-compliance should be the accountability of the individual audit firms, and public companies should not be burdened with the increased cost and disruption associated with frequent auditor rotation.

We commend the PCAOB's efforts to enhance auditor independence, objectivity, and professional skepticism; however, we strongly believe mandatory auditor rotation would have negative consequences for issuers, their audit committees, and their shareholders.

Thank you for the opportunity to comment on this proposal.

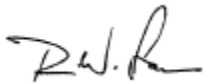
Sincerely,



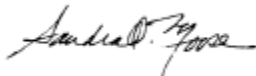
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