

September 14, 2006

Ms. Nancy Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington DC 20549-9303

RE: File Number S7-06-03, *Internal Control over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers and Newly Public Companies*

Dear Ms. Morris:

We appreciate the opportunity to respond to the Commission's proposed rule, *Internal Control over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers and Newly Public Companies*. We support the Commission's objective to consider the various needs of its constituents and to improve the efficiency and effectiveness of the internal control reporting process for all companies.

Extension of Compliance Dates for Non-accelerated Filers from July 15, 2007 until December 15, 2007

We support the extension of the compliance date for non-accelerated filers to provide sufficient time for the Securities and Exchange Commission (SEC) to issue guidance for management on its assessment of the effectiveness of internal control over financial reporting.

Consideration of Guidance for Management and Auditors

The SEC and Public Company Accounting Oversight Board (PCAOB) recently announced several actions intended to improve the efficiency and effectiveness of Section 404 implementation for accelerated and non-accelerated filers. These actions include the following.

- The SEC's *Concept Release Concerning Management's Report on Internal Control over Financial Reporting* as a first step in the development of guidance for management in conducting an evaluation of the effectiveness of internal control over financial reporting.

We understand that this guidance is expected to be available with sufficient time for management to adopt the guidance or adapt their existing evaluation process for fiscal years ending on or after December 15, 2007.

- The PCAOB's announced intent to revise certain aspects of PCAOB Auditing Standard No. 2 *An Audit of Internal Control over Financial Reporting Performed in Conjunction with an Audit of Financial Statements (AS 2)* as part of its four-point plan to improve implementation of internal control reporting requirements.

If the amendments to AS 2 are available in early 2007, we believe auditors would have sufficient time to effectively adapt their processes, if necessary, in connection with their audits of internal control over financial reporting for fiscal years ending on or after December 15, 2007.

We believe that the availability of these two important pieces of guidance should be the principal factor in the determination of the date by which management must comply with the provisions of Section 404. To the extent that proposed guidance for management or the AS 2 amendments are not available to management and auditors with sufficient time to efficiently and effectively complete calendar year end 2007 evaluations, we would support an additional deferral of *both* management's assessment and the independent auditor's attestation until fiscal years ending on or after December 15, 2008.

Sequential Reporting by Management and Auditors

In our experience, integrated audits have significantly increased both the reliability of financial reporting and the quality of audits. We believe it is the concurrent efforts of management and the auditor that have led to these improvements. Parallel requirements ensure that there is common agreement with regard to scope, testing, deficiency evaluation, and reporting. In addition, timely auditor involvement typically increases the overall effectiveness of management's process. Phasing-in the management assessment requirement and auditor attestation report requirement could make the ultimate application of AS 2 more disruptive to management and less efficient than it otherwise would be if management's assessment and the auditor attestation were performed concurrently.

We also believe it would be confusing to the capital markets, and represent a risk to the reputation of the company and its management, if management does not identify an existing material weakness that is identified by the auditor in the subsequent year.

We believe the benefits to management and the capital markets, and the synergies and efficiencies gained from concurrent reporting by management and auditors exceed the potential cost savings that may be realized by deferring the auditor attestation requirement. We therefore do not support the proposal to establish sequential dates for management and auditor compliance with the management assessment and auditor attestation requirements to assess the effectiveness of internal control over financial reporting.

Transition Exemption for Newly Public Companies

We do not object to the proposed transition period for newly public companies.

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We would be pleased to discuss our comments and to answer any questions that the SEC staff or the Commission may have. Please do not hesitate to contact Vincent P. Colman (973-236-5390), Jay Hartig (973-236-7248) or Raymond Beier (973-236-7440) regarding our submission.

Sincerely,

PriceWaterhouseCoopers LLC