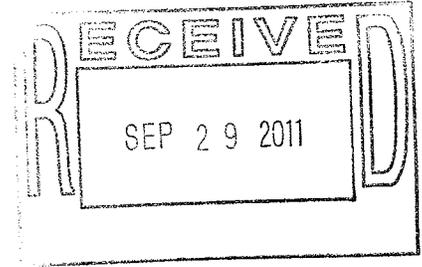




Maxim Integrated Products  
120 San Gabriel Drive  
Sunnyvale, California 94086  
408.737.7600



September 27, 2011

Office of the Secretary  
PCAOB  
1666 K Street, NW  
Washington, DC 20006-2803

Attention: Mr. J. Gordon Seymour

Dear Mr. Secretary,

I am Principal and Chief Executive Officer of The Bronson Group, LLC, and serve on the Board of Directors of Maxim Integrated Products ("Maxim") and currently chair the Audit Committee. Maxim is headquartered in Sunnyvale, CA. Maxim designs, develops, manufactures and markets a broad range of linear and mixed-signal integrated circuits for a large number of customers in diverse geographical locations. Maxim is traded on NASDAQ and has a market capitalization of approximately \$7.5 billion as of September 15, 2011.

I appreciate the opportunity to respond to the Public Company Accounting Oversight Board's Concept Release on Possible Revisions to PCAOB Standards Related to Reports on Audited Financial Statements and Related Amendments to PCAOB Standards ("Rulemaking Docket No. 034").

I share the following expectations or guiding principles stated by those expressing concerns against proposed changes to the auditor's reporting model as outlined in the Center for Audit Quality Letter dated June 9, 2011 issued by Cynthia M. Fornelli, Executive Director of Center Audit Quality.

- Auditors should not be the original source of disclosure about the entity. This should be the responsibility of the Company's management.
- Any changes to the reporting model should enhance, or at least maintain audit quality, as well as maintain the independence of the external auditors
- Any changes to the reporting model should add value, be useful to investors and improve investor understanding of a company's operations and financial statements - not create investor confusion. New standards should not create "dueling information" provided by management, the audit committee and the independent auditors.
- Auditor reporting should focus on objective measures rather than subjective measures.

For the purpose of this letter, I wanted to focus on the following questions identified by the PCAOB:



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**Question No. 1: Many have suggested that the auditor's report, and in some cases, the auditor's role, should be expanded so that it is more relevant and useful to investors and other users of financial statements. Should the Board undertake a standard-setting initiative to consider improvements to the auditor's reporting model? Why or why not?**

The current auditor opinion standardizes the language for the investing public and the reader of the issuer's financial statements. The current format enables consistency, comparability and clarity of the audit report. However it is true that the investing public may not fully comprehend the meaning and intent of the auditor's opinion. The proposals of the board exceed the amount of information that the investing public can digest and the amount of information an auditor can provide in a manner that is meaningful to readers of financial statements.

The proposal to change the auditor's reporting model as discussed in Docket Matter No. 34 is problematical for the following reasons:

- Additional information and disclosures to be included in the auditor's report, e.g. discussion of off-balance sheet contingencies or sensitivity of loan loss estimates, can be provided by management in the notes to the financial statements if required to be disclosed by U.S. GAAP or other pertinent accounting guidance;
- The proposed change will require auditors to communicate subjective comments relating to significant auditing and accounting matters such as critical accounting estimates or contingencies. This proposed change increases risk to the auditing firm and will result in significantly higher costs to companies and financial statement readers. The auditors' subjective comments will not necessarily reduce investing risk; and
- An expanded auditors' report will likely not be able to alert users of an issuer's premeditated act of concealing material misstatements in the financial statements. In their current responsibilities and obligations, auditors are responsible for failing to detect material misstatement due to fraud.

**Question No. 5: Should the Board consider an Auditor Discussion & Analysis (AD&A) as an alternative for providing additional information in the auditor's report?**

I have significant concerns over a revised auditor's reporting model that includes a supplemental narrative report, such as an Auditor's Discussion and Analysis ("AD&A"). This would indeed be the most expansive form of reporting of the alternatives presented. An AD&A, as embodied in the current proposal is not appropriate for the following reasons:

- The AD&A could result in conflicting information for the reader / user of the financial statements, and potentially confuse the reader of financial statements. The disclosures in an AD&A would need to be consistent and factually correct in every respect with management's disclosures in its financial statements in order to not be confusing to the reader of the financial statements. Additionally, this will add significant redundant costs both internally



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and externally to the annual audit with absolutely no value to the user of the financial statements

- Management is responsible for the preparation of the financial statements, including related disclosures. The addition of an AD&A could confuse the user of the financial statements as to who has responsibility for the financial statements.
- The external auditor would be subjected to significant additional liability for the preparation of an AD&A and would therefore significantly increase audit fees to account for potential litigation that could arise from such disclosures.

The issuers' management is and should continue to be responsible for the reporting function and the original source of financial statement information and related disclosures.

### Recommendation

It is intuitive that improvements to the Auditor's Report can provide value and information that enables the investing public to understand the nature and scope of the audit examination. Certain types of disclosures will add value and information to the Auditor's Report but the current proposals are highly problematical.

The types of disclosures that could be very helpful are similar to those that are made to audit committee chairs of public companies such as:

1. How the auditor determines the scope of the examination.
2. How the audit examination is conducted (i.e. types of procedures followed)
3. How the auditor determines risk areas and reviews management's assessment of risk
4. How the auditor meets its responsibilities in accordance with the appropriate SEC regulations in financial reporting and disclosures
5. Definition of the audit report and to what it is says and what it does say about the financial statements

Safe harbor provisions should be enacted to avoid any additional risk that the auditor currently has today in the release of an audit opinion on financial statements. These provisions along with progressive disclosure of the independent auditors approach to the examination of the financial statements of the issuers could be an effective bridge to the PCAOB is trying to achieve without the adverse impacts of significant issuer cost and expanded auditor liability.

Very truly yours,

Joseph Bronson  
Principal & CEO of the Bronson Group, LLC.  
Chairman of the Audit Committee, Maxim Integrated Products, Inc.