

EXPRESS

September 30, 2011

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

Re: Request for Public Comment on Release No. 2011-003, PCAOB Rulemaking Docket Matter No. 34: *Concept Release on Possible Revisions to PCAOB Standards Related to Reports on Audited Financial Statements and Related Amendments to PCAOB Standards*

Dear Board Members:

Express, Inc. ("Express") is a nationally recognized specialty apparel and accessory retailer offering both women's and men's merchandise. Express operates over 600 stores across the United States, in Puerto Rico, and in Canada.

Express appreciates the opportunity to comment on the Public Company Accounting Oversight Board's ("PCAOB") Concept Release on Possible Revisions to PCAOB Standards Related to Reports on Audited Financial Statements and Related Amendments to PCAOB Standards (the "concept release").

While Express respects the recent views of investors regarding the need for further information about companies' financial statements and other related matters; and we appreciate the diligence performed by the PCAOB in providing this concept release; we do not believe that the concept release's suggested solutions will result in improved financial reporting, nor do we believe that they will improve auditor communications. **Conversely, we feel as though the concept release undermines the function of management and the audit committee, could deteriorate the relationship between the auditor and the company, and will only create confusion within the investment community. Furthermore, this creates an administrative burden by adding an unnecessary additional layer of procedures and reporting, which will result in significant additional costs incurred by the companies being audited.**

We agree that the auditors, through their experience, gain valuable insight into the significant business decisions contemplated and made by management, as well as the thought process behind establishing accounting policies and procedures. However, it is not appropriate for an auditor to be responsible for reporting behind the scenes information regarding business or financial reporting related decisions, as the concept release suggests. The auditor is hired by the audit committee on behalf of investors and serves the function of ensuring the integrity of the company's financial statements and ensuring the company is compliant with legal and regulatory reporting requirements. This includes transparency in financial reporting. The auditor is currently required to communicate to the audit committee any significant matters of judgment, significant estimates, and items of disagreement, among other items. Likewise, if there are items within the auditor's communication to the audit committee that are of interest to investors, and those items are not already disclosed in the financial statements or management's discussion and analysis, it is the audit committee's duty to request of management that such information be added. This process is well-designed and functions appropriately to ensure financial statements and related disclosures are complete, accurate, and transparent. Adding a layer of reporting into the auditor's report only adds a duplicative and unnecessary process, and inappropriately puts the auditor in the position of reporting information to the public that is not theirs to report. Requiring the auditors to report

on significant matters suggests that audit committees are not functioning properly and undermines the audit committees' decision-making authority regarding items worthy of disclosure to the investment community.

Auditor's Discussion and Analysis ("AD&A")

Audit Risk and Audit Procedures and Results

The proposed requirement that the auditor disclose significant risks to the company's financial statements within an AD&A would provide only one piece of a very big puzzle. While every set of financial statements come with a certain amount of risk, there is diversity in how well companies address and respond to this risk. The AD&A, as proposed, does not address the additional context necessary to give investors comfort that the company's management has addressed the identified risks internally, which should be equally as important as how the auditor has addressed those risks. Additionally, what a knowledgeable businessperson considers a risk will vary from person to person. This leaves the process open to the subjectivity of the auditor, and opens the auditing firms up to even further scrutiny. Further scrutiny will result in the potential for inclusion of risks that aren't necessarily significant, as to avoid a "miss" in their report. We also believe additional scrutiny and additional procedures could result in increased costs.

Management's Judgments and Estimates and Accounting Policies and Practices

Critical accounting estimates and significant or judgmental accounting policies are already discussed within the financial statements and management's discussion and analysis. Further, the auditor currently reports these matters to the audit committee. Should the audit committee find that management has not provided adequate or transparent disclosure regarding an estimate or policy communicated by the auditor, the audit committee is responsible for recommending additional information be added to the financial statements or management's discussion and analysis. Mandating that the auditor also disclose such information to the public would add a duplicative layer of reporting to what is already included within the company's public filings. While we recognize the intent of the Board is to give the auditor further ability to influence financial reporting, that influence is already present and sufficient via the requirement of the auditor to ensure there are no material inconsistencies between the knowledge gained and conclusions reached during the audit and the disclosures within the financial statements and management's discussion and analysis. Therefore, the additional reporting requirement of Management's Judgments and Estimates and Accounting Policies and Practices within an AD&A will in practice provide no additional value or information to the investor.

Difficult or Contentious Issues, Including Close Calls and Material Matters

Every company employs a different style in trouble-shooting, brain-storming, and decision-making. Issues considered significant by a company may be given only a small amount of deliberation as there may be historical practice and GAAP knowledge leading to the proper accounting treatment, while items of little significance may be given a large amount of deliberation due to lack of experience on a given topic. Further, some decisions are made over the course of months. Further context would be necessary in order for the auditor to fully understand whether an issue is contentious or not. While some of this knowledge will be gained naturally through the audit process, there will still be a significant amount of additional time incurred to walk the auditor through the decision-making process. In reality, the end result is far more important than the process the company took to get there. This would require another unnecessary layer of auditor subjectivity. Investors will naturally attempt to compare contentious issues or close calls between companies within the same industry. We do not believe this will be possible or meaningful given the subjectivity involved in deciding what to include. Lastly, material items of significance to the investor should already be disclosed within the financial statements or management's discussion and analysis.

Emphasis Paragraphs

We believe mandating the use of emphasis paragraphs in all audit reports to highlight the most significant matters in the financial statements and key audit procedures performed would be confusing to investors

as they will not have a full understanding of the audit process and reasoning behind judgments made by the auditors without the addition of lengthy explanations. Further, the mandated use of emphasis paragraphs will dilute the impact of the current emphasis of a matter model and could result in investors overlooking significant items of interest.

Auditor Assurance on Other Information

The concept release also includes a proposed model that auditors provide assurance on information outside of the financial statements. This includes management's discussion and analysis and non-GAAP information. We feel the current model whereby the auditor is required to ensure there is no misleading, inconsistent or inaccurate information within management's discussion and analysis and non-GAAP information is a working model that does not need to be corrected. Expanding the auditor's responsibility to include procedures on management's discussion and analysis or non-GAAP information would result in increased time and costs which we believe outweigh the benefits these procedures would provide and would diminish investor returns.

Clarification of the Standard Auditor's Report

While clarification of the standard auditor's report is certainly the most cost efficient model suggested within the concept release, it is not necessary. The definition of reasonable assurance, the auditor's responsibility for fraud, the auditor's responsibility for financial statement disclosures, management's responsibility for the preparation of the financial statements, the auditor's responsibility for information outside of the financial statements, and auditor independence are already concepts that are understood by the well-seasoned and well-versed investor. We believe additional language to define these terms will only serve to lengthen the auditor report and will not provide any additional value or information to the investor.

In closing, there are various challenges to be faced with each of the proposed models within the concept release. **Express believes that each proposed model undermines the responsibilities of management and the audit committee and creates an administrative burden by adding an unnecessary additional layer of procedures and reporting, which will result in significant additional costs incurred by the companies being audited. This will in turn reduce returns to investors. We do not believe that these measures are appropriate given the minimal benefit that would be derived.** The cost-benefit model should be carefully considered when evaluating each alternative. Ultimately, the concept release suggests a shift in responsibility from those directly responsible for the financial statements (management and audit committee) to a subjective third party (auditor), which does not appear to be the best solution for investors. Thank you for your consideration of our position.

Sincerely,



D. Paul Dascoli
Senior Vice President, Chief Financial Officer and Treasurer