Core·Mark

September 30, 2011

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

Via email:commnents@pcaobus.org

Re: PCAOB 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:

We appreciate the opportunity to respond and comment to the PCAOB (the Board) regarding Concept Release No. 2011-003 (the Concept Release) which presents four proposed alternatives for supplementing the current auditor's report and to increase its transparency and relevance to financial statement users.

Summary Comments

Core-Mark is one of the largest marketers of fresh and broad-line supply solutions to the convenience retail industry in North America in terms of annual sales (approximately $7.3 billion in 2010), providing sales and marketing, distribution and logistics services to customer locations across the U.S. and Canada.

We agree with the Board's decision to undertake the initiative to consider possible changes and improvements to the auditor's reporting model and to enhance the communication to investors through improving the content of the auditor's report. We support those changes to the auditor's report which ultimately add meaningful value to investors and at the same do not add significant costs to issuers.

We do not agree with the proposed approach of expanding the auditor's role in the reporting and disclosure process. We strongly believe that management should retain responsibility and be the source of disclosures related to reporting information for the company's financial statements. The auditors should not become a source of disclosure about the company's financial information. The auditor's role should remain that of an independent auditor attesting that the financial statements present fairly, in all material respects, the financial condition, results of operations, and cash flows of the company. Otherwise by changing the Auditor's role, we believe there could be blurred lines between management and the auditor. The lack of clearly defined roles may create investor confusion on potentially different perspectives related to the financial information being presented. Management is the most appropriate party to provide additional information about the company's financial statements and therefore we believe it is imperative to retain the distinction in responsibilities between management and the auditor.

Following are our comments related to the four alternatives presented in the Concept Release:

I. Auditor's Discussion and Analysis

It is our understanding that the intent of including a supplemental Auditor's Discussion and Analysis (AD&A) report is to provide auditors with the ability to discuss their views regarding significant matters. It is further intended to facilitate an understanding of the financial statements taken as a whole. While we are not necessarily opposed to auditors discussing current audit procedures as required by the PCAOB, we are strongly opposed to an AD&A which discusses alternative accounting or disclosure treatment and auditor views regarding significant matters and difficult and/or contentious issues including "close calls". We believe the addition of an AD&A discussing these items would confuse users regarding the conclusions reached by the auditor (i.e. was it really an "unqualified opinion"?). Further, two competing discussions, one from the independent auditor and the other from management, whether related to an accounting principle contained in the financial statements, footnotes or a disclosure item, is likely to confuse investors.

In addition to creating investor confusion, we believe the addition of the AD&A would significantly increase the scope and time requirement for completing audits, which would lead to significant increases in audit fees while putting even more pressure on meeting already tight filing deadlines. Also according to the Concept Release, if an AD&A were adopted it would lead to new auditing standards regarding the appropriate content and level of detail to be reported on. We believe this would also likely result in higher fees to the issuer.

Overall, we do not believe the AD&A brings greater clarity or value to investors. There is already substantial financial information and disclosures which are made by management in the Quarterly 10-Q and Annual 10-K Reports. In addition, the current auditor report generally states that the audit of the issuer's financial statements includes an assessment of the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. If the auditor's opinion states that the financial statements present fairly, in all material respects, the financial position of a company for the respective period, we do not believe that providing an AD&A would add meaningful value to investors and that the incremental cost related to preparing it would be justified.

II. Required and Expanded Use of Emphasis Paragraphs

This alternative would mandate the use of emphasis paragraphs in all audit reports and further expand the emphasis paragraph to highlight the most significant matters in the financial statements and identify where these matters are disclosed in the financial statements.

We do not support the required and expanded use of emphasis paragraphs, as we do not believe it would achieve the objective of providing relevant and useful information to allow investors to make better investment decisions. We strongly believe that matters related to the financial statements including the discussion and disclosure of significant items should remain the responsibility of management. The auditor's responsibility should be focused on whether the financial statements are in conformity with GAAP in all material respects. We believe any separate auditor commentary inconsistent from that provided by management, despite a "clean" opinion by the auditor that the financial statements are in conformity with GAAP, would be confusing to investors.

The Concept Release suggests a couple of areas where emphasis paragraphs could be required with one of those being a discussion of audit procedures for certain areas. As audit procedures are specific to each company and each specific matter, any discussion or disclosure of procedures within the audit report would have to be detailed and lengthy in order to provide sufficient information for users who are not auditors to be able to understand it. Any detailed discussion of audit procedures and concepts could add confusion to the readers of the financial statements who are not generally financial experts. We believe a lengthy description of such procedures would likely detract and lessen the impact of the emphasis paragraphs and/or provide insufficient value to users. We believe it is more appropriate to provide a general overview of how an audit is conducted and perhaps refer investors to the PCAOB in the event they would like more specific information on auditing standards.

III. Auditor Assurance on Other Information Outside the Financial Statements

This alternative would require auditors to provide assurance on information outside the financial statements, such as MD&A, or other information (for example, non-GAAP information or earnings releases). We are strongly opposed to requiring auditors to provide assurance on information outside the financial statements. We do not think it is appropriate nor would it significantly enhance the respective disclosures.

The financial statements and disclosures are the responsibility of management and as such the information included within those financial statements should be that of management. Having auditors provide assurance on information outside of the financial statements would likely create confusion related to the auditor's role in regard to the financial statements and whether they were truly acting as an independent party. Furthermore, providing assurance on information contained within the MD&A, or certain other non-GAAP information where such information is often forward looking and judgmental, could be very difficult and provide for contentious debate between management and auditors. This approach would likely result in a significant increase in time and costs and we do not believe it would enhance or improve the quality of the information being communicated to the reader.

IV. Clarification of the Standard Auditor's Report

In general we agree with this alternative which proposes to clarify the auditor's report in the areas of reasonable assurance; the auditor's responsibility for fraud, financial statement disclosures and information outside of the financial statements; management's responsibility for the preparation of the financial statements and auditor independence.

We believe that improving or enhancing the above areas of the auditor's report provides a straight-forward approach in clarifying important areas in the report. It is an effective manner to enhancing the auditor's reporting model. We are supportive of the inclusion of this information in the auditor's report, and believe it would help achieve the objective of clarifying roles between auditors and management thereby increasing clarity for the readers of the audit report.

Considerations Related to Changing the Auditor's Report

The Board specifically asked for comments related to the practical challenges presented by the proposed auditor report alternatives including the effects on; audit effort, auditor relationships, audit committee governance, liability considerations and confidentiality.

As discussed above we believe the addition of an AD&A, requiring and expanding emphasis paragraphs and/or requiring auditors to provide assurance on information outside the financial statements would significantly increase the scope and work of auditors. This would likely translate into significant fee increases passed on to users. In addition, we are concerned about the impact that the additional work would have on meeting annual and interim filing deadlines which are already very tight. We suggest that a cost/benefit analysis be utilized for each alternative under consideration. In doing so, we believe the costs would be significantly higher than the benefits for the first three alternatives proposed in the Concept Release.

It seems certain proposed alternatives and ideas within this Concept Release would make auditor liability considerations a legitimate concern, especially if auditors were required to provide assurance on information outside the financial statements. Additionally, we believe any of the first three proposed alternatives could lead to negative effects and strained relationships between the auditor, management, and the Audit Committee, which may inhibit the lines of communication and ultimately not enhance the overall auditor reporting model.

While we support enhancing auditor communications to investors and increasing transparency related to the auditor's reporting model, we believe there must be a cost effective approach to achieve these goals, while minimizing the overall potential challenges and unintended consequences related to additional auditor reporting. We believe the proposed alternative which best achieves this goal is for auditors to provide clarification of the standard auditor's report.

We appreciate the opportunity to respond and the willingness of the PCAOB board members to exchange views with issuers during the comment period.

Please contact us at (650) 589-9445 with any follow-up questions you may have on our comment letter.

Sincerely,

CORE-MARK HOLDING COMPANY, INC.

By: ______________________

Stacy Loretz-Congdon
Chief Financial Officer

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Christopher Miller
Chief Accounting Officer