



EXPRESS SCRIPTS®

December 10, 2013

Office of the Secretary
PCAOB
1666 K Street, NW
Washington, D.C. 20006-2803

Re: PCAOB Rulemaking Docket Matter No. 034: Proposed Auditing Standards on the Auditor's Report and the Auditor's Responsibilities Regarding Other Information and Related Amendments

Dear Members of the Board:

Express Scripts Holding Company (the "Company") appreciates the opportunity to provide feedback on the Public Company Accounting Oversight Board ("PCAOB") Rulemaking Docket Matter No. 034 – Proposed Auditing Standards on the Auditor's Report and the Auditor's Responsibilities Regarding Other Information and Related Amendments (the "Proposal"). We support the continued efforts of the PCAOB to examine alternatives for increasing the transparency of the auditor's report and to increase audit quality and provide protection to financial statement users.

However, we have significant concerns regarding the Proposal. Specifically, we are concerned with the focus on enhanced auditor's responsibilities regarding other information and reporting of critical audit matters ("CAM"). Under the Proposal, the auditor will serve as an original source of disclosures. In our opinion, the current roles and responsibilities of management, auditors and the audit committee effectively maintain audit quality, independence and transparency; and the incremental costs of the Proposal far outweigh the measureable benefits.

Central to our concern is that the auditor should not be an original source of disclosures about the Company. It is the role of management, with the oversight of the audit committee, to determine if financial disclosures are complete, accurate and provide users with appropriate insight into the Company. Our Management is in the best position to disclose relevant information in public reports which increases the reliability of information used by investors and provides greater insight into the unique health care industry in which our Company operates. Similarly, our audit committee is in the best position to provide oversight of the quality and integrity of information reported to the public, as well as the performance of our auditors with respect to significant matters affecting the Company. Finally, our auditors are in the best position to provide oversight and assurance with respect to the financial statements overall. Based on the current disclosure requirements, we believe our financial statement disclosures already provide users with the appropriate level of information regarding significant matters and material estimates in order to make informed decisions. The Proposal would make it difficult for management and the audit committee to fulfill their current roles and responsibilities because auditors would serve as an original source of information within the Company's financial reports. Moving the role of the auditor from providing oversight and assurance to serving as an original source of information could result in reduced investor confidence due to the disclosure and discussion of the auditor's subjective views on complex matters that are inherently and properly resolved through the audit process.



We believe that the current roles and responsibilities of management, auditors and the audit committee foster an environment of open communication and should remain unchanged in order to maintain audit quality. The current process of live interaction between all parties enhances financial reporting as all subjective and complex matters and significant material estimates, assessments and conclusions are discussed in an open and transparent manner. If the auditor's role changes from providing oversight and assurance to reporting subjective viewpoints on complex accounting matters, meaningful open communication would be strained. Furthermore, the auditor's report would likely lack comparability between public reports due to the introduction of subjective information presented by the auditor which would likely differ greatly between auditors. Without consistent auditor reporting, comparability between the public reports of companies in similar industries would be reduced, causing further confusion on the part of financial statement users. Disclosing the subjective views of auditors could also limit open and honest discussion between management, auditors and the audit committee, effectively limiting the audit committee's ability to carry out oversight responsibilities. Currently, there is a clear distinction between the roles and responsibilities of management, auditors and the audit committee; if those lines are blurred we expect confusion on the part of financial statement users and a decrease in overall audit quality.

We also believe that the Proposal would prove a great distraction to management and the auditor and adding significant costs at the same time. The Proposal, specifically related to the expanded audit procedures to evaluate and publicly report on other information, would likely result in significantly increased audit effort and could distract the focus of auditors away from more important components of the audit. Under the current Proposal the auditor would be required to "evaluate and report" versus "read and consider" other information, which would significantly increase audit fees due to the change in scope and the level of effort the auditor would need to evaluate subjective and forward looking information. Furthermore, considering this substantial increase in scope, the auditor's ability to perform the additional work, in a quality manner, within the tight reporting timeframes in which we operate, would be greatly strained. We support the Board's effort to clarify the auditor's responsibility around other information, but would recommend the "read and consider" model be retained due to the undue cost that would be incurred by companies without commensurate benefit under the Proposal.

As mentioned above, we support the efforts of the PCAOB to provide transparency and audit quality to financial statement users. However, we believe that the financial disclosures in our public reports already provide meaningful and detailed analysis around key business, operating performance and strategic risks and accounting practices, and are discussed with and considered by the auditor. The information provided by the auditor under the Proposal would not provide additional or meaningful information to users. The current roles and responsibilities of management, auditors and the audit committee represent the right balance to promote transparency and meet the needs of users as defined by the PCAOB. In our opinion, the benefits of the Proposal are simply outweighed by the costs, which could include impairing communication among management, auditors and the audit committee, and the financial costs of the time and effort required in order to comply with the Proposal. We strongly encourage the Board to consider and evaluate the impact that the Proposal would have on providing investors with straightforward, reliable and useful information.

We appreciate the opportunity to express our views.

Sincerely,

/s/Chris Knibb

Chris Knibb

Vice President, Chief Accounting Officer and
Corporate Controller