

EXPRESS

December 6, 2011

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

Re: Request for Public Comment on Release No. 2011-006, PCAOB Rulemaking Docket Matter No. 37: *Concept Release on Auditor Independence and Audit Firm Rotation*

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.

We appreciate the opportunity to comment on the Public Company Accounting Oversight Board's ("PCAOB" or the "Board") Concept Release on Auditor Independence and Audit Firm Rotation ("Concept Release"). We fully support the objective of auditor independence and believe that it is a critical component of the current financial system that should not be disputed. In order for an audit report to be meaningful to the stakeholders of any company, the audit firm must be independent in both fact and appearance. On this point, we are in agreement. However, we do not agree that the current system is inherently broken, as seems to be suggested in the Concept Release, nor do we believe that mandatory auditor rotation is an appropriate solution.

On the subject of the system currently in place, we believe that the Sarbanes-Oxley Act of 2002 (the "Act") instituted a number of measures designed to improve auditor independence and improve the quality of audits in general. All individuals with public accounting background or experience are well aware of the Act and its provisions; the possibility of PCAOB inspection permeates every public company audit. The knowledge that an engagement is subject to inspection by the PCAOB serves as a useful and important tool in promoting audit quality and the related independent decision making of the audit engagement team. That being said, there will always be findings from these inspections so long as human beings are performing audits. Reasonable people are prone to disagree, and even the most competent, independent auditor makes mistakes. In addition, there will always be individuals, both within companies and within audit teams that are unscrupulous in their actions and conduct. It is impossible to completely legislate away incompetence and/or lack of integrity, and we do not believe it necessary to continually add rules to the rules that are already in place in an effort to accomplish this.

With respect to mandatory auditor rotation specifically, we are opposed to this concept for a number of reasons. **First of all, we believe that mandatory auditor rotation will create unnecessary logistical and operational burdens and cause significant disruptions for public companies.** Managing a transition to a new audit firm requires a significant investment of time and effort by a company's finance/accounting staff and others throughout the organization to essentially train the new auditor on the company's business, processes, and systems, distracting them from running the business and generating stockholder value. Thus, the decision to change audit firms should not be taken lightly or done on a whim by establishing a random "term limit". In addition to the upfront time

spent "on-boarding" an audit firm, there are other logistical issues that should be considered as well. This would include obtaining consents and comfort letters for certain filings, requiring coordination with multiple audit firms and necessitating performance of duplicative procedures and placing undue stress on resources during critical time periods.

In addition to the burden on companies' staff, we also believe that mandatory audit rotation will increase the cost of audits. From the additional time spent learning about a company to the additional procedures performed during a first year audit, costs to the audit firm will increase. It is therefore reasonable to assume that audit fees paid by a company will also correspondingly increase, which in turn reduces the profit available to company stockholders. We believe the increase in fees should be seriously considered in light of the current period of economic weakness and heightened competition. In addition, audit firms will not have much, if any, incentive to bring costs down in future years given the fact that they are essentially "locked" in for a set period of time. This could also have a negative impact on stockholder value. Even though mid-term changes would still be allowed under the Concept Release, we believe it is unlikely that much of this will occur due to the fact that mandatory changes of an audit firm would already cause enough disruption to a company, thereby causing reluctance to change any more frequently than required.

Finally, we believe that mandatory auditor rotation could have the unintended consequence of actually decreasing audit quality. We believe that the energies of audit partners and others within the firm could be shifted from performing quality audits to generating new business, as the number of requests for proposal resulting from mandatory auditor rotation would significantly increase. The time spent preparing and responding to this increased volume and in positioning the firm for future known requests that are assured of being issued could have the effect of stretching partners and others within the firm too thin, thus drawing attention away from performing quality audits. Even if audit quality does not suffer, we believe it is reasonable to assume that mandatory auditor rotation will, at a minimum, limit the ability of audit partners to be as responsive as they currently are in addressing questions or issues at current clients. The primary future revenue stream of audit firms will lie not with their current clients, but with potential future clients. We believe that having a responsive audit team is crucial to an effective and efficient audit process and to ensuring that accounting for significant complex transactions is appropriate. Anything that hinders this responsiveness would be a detriment to timely and accurate financial reporting.

In closing, we appreciate the Board's invitation to comment, as well as their commitment to ensure quality audits. **In summary, we would not be supportive of any regulation that would require mandatory auditor rotation given the logistical and operational burden, incremental costs and diminished stockholder value, and potential decrease in audit quality, which we believe would accompany such a regulation.** We suggest that the current process, whereby audit committees, consisting primarily of independent directors serving as the representatives of the shareholders, are ultimately responsible for hiring and firing audit firms, is appropriate. This process, coupled with the PCAOB's continued inspection program, mandated five year partner rotation, and potential for significant civil and criminal penalties in instances where a lack of professional skepticism is found to exist, in our view, serves as an appropriate measure to help assure auditor independence. We recognize there will be exceptions and instances where there are failures in the audit system, but no matter what rules or regulations are implemented, these will always occur. Thank you for your consideration of our position in this very important matter.

Sincerely,



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