



December 11, 2013

VIA e-mail to: comments@pcaobus.org

Office of the Secretary
PCAOB
1666 K Street, N.W.
Washington DC 20006-2803

RE: PCAOB Rulemaking Docket Matter No. 034

FedEx Corporation has reviewed the Public Company Accounting Oversight Board ("PCAOB") proposed auditing standards Release No. 2013-005 dated August 13, 2013, and we appreciate the opportunity to comment on the proposal.

FedEx Corporation is a global company that provides customers and businesses worldwide with a broad portfolio of transportation, e-commerce and business services. Our annual revenues total approximately \$45 billion, we have more than 300,000 team members, and we serve customers in more than 220 countries and territories. Our financial statements are prepared under U.S. GAAP, filed with the Securities and Exchange Commission (SEC) and we are registered with the New York Stock Exchange. We present our views from the perspective of a financial statement preparer, and we support the PCAOB's mission to oversee the auditing profession and improve audit quality. However, we do not support the proposal made by the PCAOB with respect to the auditor's report and have set forth below our views on this issue.

Proposed Auditor Reporting Standard

The financial statements of a public company are the responsibility of its management and the oversight of that responsibility lies with the company's Board of Directors through its Audit Committee. This responsibility encompasses the completeness, accuracy and quality of the disclosures, including the disclosures about the financial statements embodied in the other sections of a company's SEC reports. This responsibility has been the cornerstone of the framework for financial reporting and for the audits of financial statements. This principle was further strengthened by the CEO and CFO financial statement certifications required for public companies under the Sarbanes-Oxley Act. In our view, the PCAOB's proposal seeks to supplant management's responsibility for disclosure of critical accounting matters with a company's auditor and publicize aspects of the audit process that may not be useful to

investors and other users of financial statements. We strongly disagree with this concept and believe that auditors should not be disclosing editorial details about the audit process publicly and that their role is to opine on the fair presentation of the totality of the information provided by management and the internal control over financial reporting.

The broad nature of the proposal by the PCAOB seeks to unduly burden all financial statement preparers and the entire audit profession for a perceived lack of disclosure transparency. While some investors may desire improvements in disclosures, the proper source of this information is management and not the auditor. If the PCAOB believes that companies have overall deficiencies in their financial statement disclosures on critical accounting policies and estimates, then the proper venue for this issue is with the FASB and SEC.

We believe the issues that the PCAOB is seeking to address with this proposal can be addressed without the auditor's report including a discussion of critical audit matters. First, we encourage the PCAOB to take the lead on providing observations on disclosure failures noted in its audit reviews to the SEC, and have the SEC seek enhanced disclosures from companies, where necessary. Second, we believe that an acceptable alternative to the PCAOB's proposal would be for the auditor's report to simply acknowledge the auditor's concurrence with the critical accounting policies and estimates disclosed by the company. Finally, we believe that the audit process works, and that auditors should continue to leverage the well-defined process for required communications with audit committees for discussion of critical audit matters. The matters described in the proposal should be discussed in the boardroom, not the auditor's report. The auditor required communications to the audit committee provide ample opportunities for the auditor to engage in discussions on critical audit matters and the auditor's report could also include a statement that these candid discussions were held.

Beyond our fundamental disagreement with the basic principle of the PCAOB proposal, we believe a separate listing of critical audit matters in an auditor's report is redundant to the disclosure of a company's significant accounting policies and critical accounting estimates required in its Annual Report. The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make significant judgments and estimates to develop amounts reflected and disclosed in the financial statements. Like many companies, we maintain a thorough process to review the application of our accounting policies and to evaluate the appropriateness of the many estimates that are required to prepare the financial statements of a complex, global corporation. In our judgment, the sections of the financial statements and MD&A covering critical accounting policies and estimates are fully informative for most public companies. If a company falls short of the transparency required under the disclosure standards outlined by the FASB and the SEC in its audited financial statements, then the auditor has the duty to communicate that to the company's audit committee and if necessary, issue a qualified opinion on the financial statements, which will carry significantly more weight to investors than lengthy, duplicative statements on critical accounting matters.

Finally, with respect to the discussion of critical audit matters in the auditor's report, we believe that inherent in the PCAOB's proposal is a presumption that critical accounting matters have a bias towards being areas that are "questionable." However, in many cases these matters are simply complex accounting areas. As a result, a lengthy list provided by an auditor could be viewed externally as an indicator of a poorly run company or risky investment. The proposal has no balance in this regard and at a minimum, should this proposal move forward, the auditor should also be required to highlight areas of preferred accounting, strong internal controls and best practices. Further, the proposal could have the unintended, and in our view, unfortunate effect of discouraging the candid discussion of accounting matters between issuers and auditors due to concerns that such discussions would be referenced in the auditor's report.

Auditor's Responsibilities Regarding Other Information

Under current PCAOB standards, the auditor has a responsibility to read and "consider" other information in certain documents that also contain the audited financial statements and the related auditor's report. We believe that the language in the proposal to require "evaluation" rather than "consideration" of the other information is unclear and could be very difficult to effectively operationalize and objectively regulate. Including an evaluation requirement would likely increase the scope of the auditor's responsibility, require the development of new auditing standards and require additional regulatory efforts. The performance of additional procedures to meet an evaluation standard rather than the current standard (consideration of whether information is materially consistent with the audited financial statements) will result in audit costs increasing (potentially materially), which would need to be weighed against potential benefits to financial statement users. The PCAOB should be conducting outreach to various constituents to assess the cost/benefit of this aspect of the proposal. We do not feel a written evaluation in the auditor's report will add value to the consideration already given to the other information based on relevant audit evidence obtained and conclusions reached during the audit. At a minimum, the intent of the proposal needs to be clarified by the PCAOB. Should the evaluation criteria be retained, we believe that the PCAOB needs to provide the audit firms with objective standards to meet the evaluation standard.

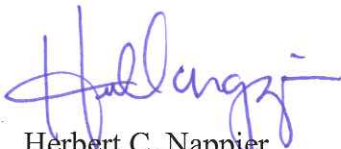
The PCAOB's inspection activities in recent years have identified numerous findings with respect to issuer audits, particularly with respect to the audit of internal control over financial reporting. Audit firms respond to these inspection findings by increasing their procedures and audit effort which directly impacts public companies and their internal control processes. As a result, the PCAOB has made public companies part of its constituency. We strongly urge the PCAOB to formally bring the views of public companies fully into the deliberation process on how this proposal moves forward.

We appreciate the opportunity to comment on these proposed changes and thank you for your consideration of our comments. If you have any questions, please contact Bert Nappier at 901-818-7068.

Sincerely,



John L. Merino
Corporate Vice President
and Principal Accounting Officer



Herbert C. Nappier
Staff Vice President and
Corporate Controller