



December 1, 2011

VIA e-mail to: comments@pcaobus.org

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

File Reference: PCAOB Rulemaking Docket Matter No. 37 – Concept Release on Auditor Independence and Audit Firm Rotation

FedEx Corporation has reviewed the Concept Release on Auditor Independence and Audit Firm Rotation (the “Release”) issued in August 2011, and we appreciate the opportunity to comment on the Release.

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 \$40 billion, we have more than 290,000 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 and we are registered with the New York Stock Exchange (“NYSE”).

As a sophisticated global user of audit services who maintains one of the highest standards of corporate governance, we see no value whatsoever in mandatory audit firm rotation as a means to improve audit quality. To the contrary, we view this proposal as a material detriment to audit quality, efficiency and cost and present our views on these areas in the following discussion.

Cost and Efficiency

The process of changing audit firms is costly and disruptive, and it takes several years for the new auditor to establish familiarity with a company’s systems, personnel and business activities to appropriately assess risk and optimize audit effectiveness. The complexities of global businesses, industry specific expertise, nuances in accounting practices and the short cycle time for financial reporting demands a level of familiarity and a depth of institutional understanding that an audit firm can only gain over a long tenure with a client. During the fourth quarter of our fiscal 2002, we changed auditors due to the

impending collapse of Arthur Andersen LLP. Due to the size and prominence of our organization, we were presented with an audit team including leading industry experts and highly experienced auditors. Despite having these resources dedicated to our audit, we experienced firsthand the significant challenges and the substantial learning curve that occurs with new auditors. For the vast majority of registrants who do not command the assignment of an audit firm's top resources, the learning curve is much steeper. In the Release, the PCAOB requested comments on how costs and disruptions could be contained should mandatory audit firm rotation be required. It is inconceivable to us that there are any circumstances where costs or disruptions could be contained to any significant degree in an environment that requires mandatory audit firm rotation.

Oversight of Independent Audit Firms

The Sarbanes-Oxley Act reaffirmed the notion that the audit committee was responsible for selection and oversight of the independent auditors. We have an astute, inquisitive and diligent audit committee comprised of some of the top business executives in the world, each of whom is designated as "independent" under the requirements of the NYSE. The implication of the assertions set forth in the Release is that this group is not capable of effectively monitoring the independence and objectivity of the independent auditor. We believe that the substantial majority of audit committee members find this assertion untrue and offensive. If this is truly a problem in other companies, perhaps the standards for appointment to an audit committee should be higher.

Most importantly, we believe the current standards for mandatory partner rotation, combined with the independent partner review process, the audit firms' internal inspection process and the PCAOB inspection process provides adequate and effective assurance over the integrity of auditor skepticism and objectivity. It has been our experience that new rotating partners from the incumbent audit firm challenge the status quo on their client's accounting and the audit process, provide a fresh set of eyes and incorporate new perspectives into the evaluation of key accounting judgments. With the institutional experience of a tenured audit team, new partners can provide these perspectives without compromising the quality of the rest of the audit process.

Audit Quality

The practice of public accounting is first and foremost a profession of individuals. The professional standards of conduct, integrity and independence are directed at the individual auditor. The quality of an audit is therefore critically dependent on the quality of the auditor. For many years the profession has thrived largely through an apprenticeship structure. The work in this profession is challenging and requires a level of personal energy and diligence that is typically associated with the "best and brightest" college graduates, and the major accounting firms compete aggressively to recruit the very best students. An accounting firm's roster of clients is a very strong consideration in the recruiting process and we believe mandatory audit firm rotation would have a material negative effect on the ability of accounting firms to attract and retain top talent

due to the uncertainty of the client roster that will be available in an environment that requires mandatory auditor rotation.

In addition, we believe that mandatory audit firm rotation has the potential to increase the adversarial nature of the auditor-client relationship to the detriment of investors. Most controversial accounting and auditing issues arise during the quarterly financial reporting process, which is subject to a short time frame. The hallmark of an effective audit includes candid and open conversations between auditors and clients to timely identify and resolve accounting and auditing issues. In our experience, the familiarity between the audit firm and its client, which is developed over a number of years of interaction, improves the level of candor and the timeliness of the audit process. Therefore, mandatory audit firm rotation may be at odds with increasing the speed at which registrants can provide information to investors.

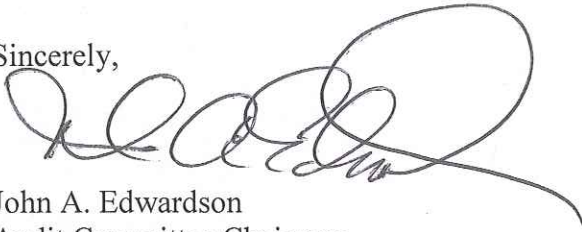
The current auditor independence rules are robust, clear and, in our view, effective. We see no evidence in the Release or in any of the PCAOB's inspection results that independent audit firms are not adhering to the existing rules with a high degree of compliance. We are not aware of any empirical evidence of a demonstrated correlation between audit tenure and audit failures.

We do not dispute the fact that the PCAOB inspection process identifies audits with deficiencies and, in rare cases, audits that fail to meet the standards of objectivity and independence embodied in their standards. In these circumstances, the Release notes that the auditors applied "poor judgment" and lacked the necessary experience to perform the audit. As a result, we suggest that improvements in audit quality could be pursued through enhanced requirements for independent reviews within the firms rather than mandatory auditor rotation. Furthermore, as the PCAOB notes in the Release, professional skepticism is a "state of mind." Improvements in professional skepticism are impacted by the training, integrity and experience of an auditor, in our view, and not by mandatory auditor rotation.

We also agree that the auditing profession and the PCAOB inspection process must be subject to a continuous improvement model to continue to meet the needs of investors. However, we believe strongly that the mandatory audit firm rotation concept is misguided and not in the best interests of registrants, the investing community, the auditing profession or even the PCAOB itself. We believe that the PCAOB would be most effective in improving audit quality by continuing to enforce the existing rules and taking stronger actions against partners and firms when an audit failure occurs. This should not be construed as a suggestion for the PCAOB to be more aggressive in the inspection process relative to routine audit deficiencies. Addressing routine audit deficiencies in a constructive manner is an essential component of an efficient continuous improvement process. The broad nature of the proposal in the Release seeks to unduly burden the entire accounting profession for the isolated incidents of audit failure.

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

Sincerely,

A handwritten signature in black ink, appearing to read "John A. Edwardson", with a large, looping flourish at the end.

John A. Edwardson
Audit Committee Chairman

A handwritten signature in blue ink, appearing to read "John L. Merino", with a stylized, flowing script.

John L. Merino
Corporate Vice President
and Principal Accounting Officer

A handwritten signature in blue ink, appearing to read "Herbert C. Nappier", with a stylized, flowing script.

Herbert C. Nappier
Staff Vice President and
Corporate Controller