April 25, 2016

VIA e-mail to: director@fasb.org

Financial Accounting Standards Board
Technical Director
401 Merritt 7
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File Reference No. 2016-200 Exposure Draft - Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (Topic 715) and File Reference No. 2016-210 Exposure Draft - Changes to the Disclosure Requirements for Defined Benefit Plans (Subtopic 715-20)

FedEx Corporation appreciates the opportunity to provide comments to the FASB on its continuing efforts to improve the accounting related to defined benefit pension or other postretirement benefit plans and to improve the effectiveness of disclosures in notes to the financial statements, specifically the presentation of net periodic pension and postretirement benefit costs and changes in disclosure requirements for defined benefit plans.

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 $49 billion, we have more than 340,000 team members, and we serve customers in more than 220 countries and territories. Our financial statements are prepared under U.S. GAAP and our common stock is listed on the New York Stock Exchange. We present our views from the perspective of a financial statement preparer that provides retirement benefits to most of its employees, including programs such as defined benefit pension plans and postretirement healthcare (OPEB) plans. Our net periodic benefit cost for defined benefit pension and OPEB plans in our most recent fiscal year was $2.2 billion, $693 million of which was service cost. Additionally, our projected benefit obligation (PBO) for defined benefit pension and OPEB as of our most recent fiscal year end was $28.4 billion.

**Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost**

As U.S. GAAP currently does not prescribe where net benefit cost should be presented in an employer’s income statement, we present a single, net benefit cost (excluding our fourth quarter mark-to-market adjustment) in Salaries and employee benefits expense within operating income. We adopted mark-to-market accounting (MTM) in FY15 and immediately recognize actuarial gains and losses in our fourth quarter annually. This adjustment is presented in our income statement as a single line item, Retirement plans MTM adjustment, within operating income. Our Retirement Plans footnote identifies the components of net pension costs and net OPEB costs.

We are in favor of requiring separate presentation of service cost in the operating income section of the income statement and presenting all of the net benefit cost’s other components outside of operating income. Our net benefit cost (excluding fourth quarter MTM adjustment) is allocated to our operating
segments. We feel removing certain costs from operating income will provide greater transparency of our transportation segment operating results. We believe, as the current guidance suggests, both the return on plan assets and interest cost components are in substance financial items rather than employee compensation costs. Further, we believe other components, which includes interest cost, return on plan assets and amortizations, should be aggregated when presented outside of operating income as presenting individually on the income statement does not enhance a reader’s understanding when they can be found in the Retirement Plans footnote.

We would prefer early adoption of the proposed guidance, as we do not anticipate a significant amount of time or cost to implement. For comparability purposes, we feel retrospective adoption would be appropriate.

**Changes to the Disclosure Requirements for Defined Benefit Plans**

We support the FASB’s disclosure framework project and believe the proposed changes would improve the effectiveness of the pension and postretirement healthcare disclosures in the notes to the financial statements. We do not expect to gain any significant efficiencies from the proposed elimination of certain disclosures; however, we agree that the current required disclosures are excessive and include some information that is not relevant or useful to investors. Accordingly, we do not believe the proposed changes would result in the elimination of decision-useful information. We do not consider accumulated benefit obligation (ABO) useful since the PBO is used to measure the balance sheet liability and agree with the proposal to eliminate the ABO disclosures. The disclosure of the amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost over the next fiscal year has become less relevant to us since we adopted MTM accounting.

The proposal to provide separate disclosures for domestic and foreign defined benefit plans will increase the volume and complexity of our disclosures. Most of our international assets are managed at an individual country level and, as such, it would require a significant amount of time and resources to prepare an international fair value table of investments by level and asset category. We feel the proposed quantitative and qualitative disclosures required by ASC 820, Fair Value Measurement, about assets measured at net asset value (NAV) using the NAV practical expedient do not provide an additional benefit to the reader compared with the time and cost to prepare them, especially considering our international plan assets are managed at an individual country level. We feel the best place for this information should continue to be the benefit plan financials, which are readily available.

We already disclose a description of the nature of benefits provided, employee groups covered and the type of benefit plan formula. We feel it is useful, and we currently provide a description of the reasons for significant gains and losses resulting from remeasurement of the benefit obligation and plan assets. We use MTM accounting and disclose and explain the components of our annual MTM adjustment.
We appreciate the opportunity to comment and thank you for your consideration of our comments. If you have any questions, please contact Jennifer Johnson at 901-818-7828.

Sincerely,

[Signature]

Jennifer L. Johnson
Staff Vice President and
Corporate Controller