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Question Text	Response	Status
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Are the amendments in this proposed Update operable? Why or why not?	As the vast majority of FedEx’s leasing activities are as a lessee, we will provide comments only on certain questions reflected in Issue 2 (Option to measure lease liability – lessee only) and Issue 3 (Modifications reducing the scope of a lease contract).	Completed
Should a lessor be required to classify and account for a sales-type lease with predominantly variable lease payments that do not depend on a reference index or a rate as an operating lease? Why or why not?	N/A	Completed
Should “predominant” be the threshold for determining when a	N/A	Completed

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<p>lessor should classify a lease with variable payments that do not depend on a reference index or a rate as an operating lease? Alternatively, would another threshold be more appropriate and operable (for example, “substantially all”)? Please provide your rationale.</p>		
<p>Would the proposed amendments provide improved decision-useful information for users of financial statements? Why or why not?</p>	<p>N/A</p>	<p>Completed</p>
<p>Are the proposed amendments operable? Why or why not?</p>	<p>Yes. With the information presented in this Exposure Draft, there are no apparent complexities or costs imposed on entities by offering the option to implement an entity-wide accounting policy regarding the remeasurement of lease liabilities for changes in a reference index or a rate affecting future lease payments at the date those changes take effect. Considering that entities who are currently reporting under both standards (ASC 842 and IFRS 16) already have the ability and are required to report differently for each standard, entities electing the option to remeasure leases with such index or rate based changes would likely have the data needed to implement.</p>	<p>Completed</p>
<p>Should a lessee be provided with an option to remeasure lease liabilities solely for a change in a reference index or a rate on which payments are based? Why or why not?</p>	<p>Yes. Lessees should be provided the option to remeasure lease liabilities solely for a change in a reference index or rate on which payments are based because it would allow each entity to consider the costs and benefits related to their specific circumstances, without diminishing its financial statement reporting. Under the proposed amendment, those entities that have a high volume of dually reported leases will be able to implement a single, more cost efficient method of reporting, which the FASB Board has already recognized more accurately represents the entity’s lease commitments. FedEx has approximately 1,200 leases in more than 60 countries that require dual reporting under US GAAP and IFRS. We believe the primary benefit would be found in synchronizing the reporting under both standards. The data quality would be fundamentally improved by converting to a single process across the enterprise, as it</p>	<p>Completed</p>

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	would reduce the chance for errors.	
Should a lessee be required to make an entity-wide accounting policy election to remeasure lease liabilities solely for a change in a reference index or a rate on which payments are based? Why or why not? If not, at what level should that accounting policy election be required to be applied?	Yes. We believe the policy election should be made on an entity-wide basis. While all segments of the FedEx lease portfolio are subject to indexation, it is primarily found in our facility leases. Some of our non-facility leases are indexed as well. While those non-facility leases comprise the minority portion of the FedEx lease portfolio in dollars, they do represent the majority in numbers, which are accounted for at a portfolio level rather than individually. Any index based adjustments in the non-facility portfolio would be accounted for in the portfolio calculation. Therefore, we believe it would be suitable to make the election on an entity-wide basis.	Completed
Would the proposed amendments provide improved decision-useful information for users of financial statements? Why or why not?	Not materially. The standard would improve standardization for large multi-national corporations that make the election as it would align the US and IFRS reporting processes. It does not improve the standardization for US corporations without international operations as there would continue to be diversity in processes based on what election is taken. From a practical standpoint companies already have set processes and systems based on the current standard and electing this option could require changes to those systems that are costly or time consuming. Although the remeasurement of a lease for a change in index or rate would more accurately reflect an entity's future lease obligations, companies need to assess if the benefit offsets the additional costs associated with changing the processes and systems that are already in place.	Completed
Would the comparability of information be significantly affected by the option to remeasure lease liabilities solely for a change in a reference index or a rate on which payments are based?	The comparability of information would be affected by the option, but would likely not have a material impact. Entities making the election to align their reporting for US GAAP and IFRS may have the necessary data from both reporting methods to complete the required disclosure of that difference.	Completed
Are the proposed amendments operable? Why or why not?	Yes. The amendment would not impose any undue hardships to comply with and would reduce the cost and complexity in unnecessarily reassessing lease components whose terms and conditions have not changed. FedEx has several multi-component leases, and the current requirement to apply modification accounting is complex.	Completed

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	<p>Having to reassess the lease classification and adjust the accounting for all of the components on these complex leases, when only one component has changed, has adverse consequences with no evident advantages. For example, a disproportionate amount of time would be required to perform the reassessments and remeasurements, and due to the complex nature of the process, entities would experience an increased risk of errors. These difficulties would be avoided under the proposed amendment.</p>	
<p>Would the proposed amendments provide improved decision-useful information for users of financial statements? Why or why not?</p>	<p>Yes. The amendment would improve the accuracy of the reported information (reflecting the true economics of such arrangements), and therefore would be more useful in the decision making of the financial statement users.</p>	<p>Completed</p>
<p>Are there other aspects of the modification accounting model in Topic 842 that could be improved without compromising the decision usefulness of the information provided?</p>	<p>None noted</p>	<p>Completed</p>
<p>For entities that have not adopted Topic 842 by the effective date of a final Update of these proposed amendments, should the proposed amendments be applied at the date that an entity first applies Topic 842 using the same transition methodology in accordance with paragraph 842-10-65-1(c)? Why or why not?</p>	<p>N/A</p>	<p>Completed</p>
<p>For entities that have adopted Topic 842 by the effective date of a final</p>	<p>FedEx supports the prospective application of both amendments proposed in Issue #2 and Issue #3. FedEx adopted Topic 842 – Leases beginning June 1, 2019, its Fiscal year 2020, and all public companies were to adopt in</p>	<p>Completed</p>

<p>Update of these proposed amendments, should the proposed amendments be applied either retrospectively or prospectively as described in this proposed Update? Why or why not?</p>	<p>periods beginning after December 15, 2018; thus, there is more than a full year of lease data to consider. The FedEx lease portfolio is vast and complex, and the administration of leases is segmented by country and/or region. Changing the accounting retroactively in our lease accounting system would require accountants to enter each lease record individually to apply the changes and recalculate the lease balances. Consequently, applying the proposed amendments retroactively would consume substantial financial and human resources. These costs and administrative burdens would not be justified by any potential benefits of retroactively applying the policy changes. A prospective approach would be more feasible for companies to implement and would avoid the cost and complexities of applying the updates retroactively. As such, we support the prospective application for both Issue #2 and Issue #3.</p>	
<p>Please provide any additional comments on the Proposed Update:</p>	<p>FedEx values the opportunity to comment on these targeted improvements and appreciates your consideration of our comments. If you have any questions, please contact David A. Herring at 901-263-7534.</p>	<p>Completed</p>
<p>Please provide any comments on the electronic feedback process:</p>	<p>None noted</p>	<p>Completed</p>