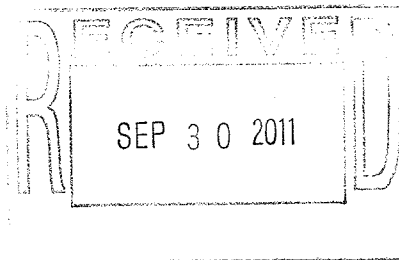


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September 27, 2011

VIA email to: comments@pcaobus.org

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

Reference: PCAOB Rulemaking Docket Matter No. 34

United Parcel Service, Inc. (UPS) has reviewed the Concept Release on Possible Revisions to PCAOB Standards Related to Reports on Audited Financial Statements issued in June 2011, and we appreciate the opportunity to comment on the proposal.

The concept release seeks input on alternatives for changing the auditor's reporting model, including (1) an "Auditor's Discussion and Analysis", requiring the auditor to provide additional information about the audit and the company's financial statements, (2) use of emphasis paragraphs in the auditor's report to highlight the most significant matters in the financial statements and the corresponding key audit procedures, (3) auditor reporting on information outside of the financial statements, and (4) clarification of certain language in the auditor's report. These alternatives are not mutually exclusive. A revised auditor's report could include one or a combination of these alternatives or elements of these alternatives.

We present our views from the perspective of a financial statement preparer. As noted, the proposed change in the auditor's disclosure or reporting may take various forms. We value the fundamental objective to improve the transparency and relevance of the auditor's report, however, we do not support some of the notions outlined in the concept release. Specifically we do not agree with the implied change in responsibility of the auditors to opine on information outside of the financial statements, an outline of terminology definitions and audit procedures performed, and the implied changes to disclosure requirements outside of the frame work established by the FASB and SEC.

Increasing the Responsibility of Auditors

The objective of an audit of financial statements by the independent auditor (auditor) is the expression of an opinion on the fairness with which they present, in all material respects, an entity's financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States (GAAP). The auditor has a responsibility to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. As this concept release notes, the objective of the proposal is not to change the role of the auditor, however, some of the proposed changes in scope have implied changes that we believe crosses the line between the responsibility of management and the auditor. It is our opinion, that the scope of an audit should not include an opinion on forward looking information or non-financial data or a requirement for an auditor to become a professional expert in the economics of the business an entity operates. Further, the requirements of the

auditor should not lead the investor community to imply that the auditor has the primary responsibility of disclosure or governance of an entity.

The financial statements as prepared by an entity are historical in nature. An auditor is given facts about a transaction that has transpired and has the responsibility to assess whether that transaction was recorded and disclosed appropriately. It is also often the case that the auditor has access to subsequent events that aid in the evaluation of certain transactions. This historical stance therefore puts the auditor in an objective position where use of accounting knowledge, industry trends and professional judgment aids in the assessment of management's accounting and disclosure. An auditor therefore is not, and should not, be required to opine on matters that have not transacted, with the exception of the going concern opinion, where knowledge of historical data is viewed in light of management plans to provide an indication, not a surety, of continuity risks. Expanding the auditor's reporting model to provide assurance on information outside the financial statements, such as Management's Discussion and Analysis ("MD&A"), earnings releases, or non-GAAP information is a significant deviation in the traditional role of an auditor, one that may create a sentiment of assurance on future events where none can truly exist.

An audit of financial data does not include an examination of all financial transactions of an entity. The auditor uses professional judgment in the selection of transactions, which are often done on a sample basis. Therefore, as noted in the concept release, the auditor may have insights that are not afforded the average investor but they do not have the same insights or skills as management. A requirement to gain logic and understanding of non financial data will increase engagement time, audit fees and surely liability exposure of the audit firm. Further, an audit firm has many clients and while it may have professionals that may be subject matter experts on accounting theory, those professionals should not be regarded as expert operational managers for that industry or company under audit. An auditor's expertise is in accounting and their responsibility should be limited to opining on the accuracy and completeness of financial information. Requirements for additional disclosure about operations or the outlook of the company should continue to be directed at management.

The financial statements are the responsibility of management. The shareholders govern the entity through the voted proxy of a board of directors. To recommend that auditors report items that have not already been disclosed by management, not only diminishes the role of the elected board, but also creates an impression that the auditors have the primary responsibility of disclosure. The issuance of a separate auditor's discussion and analysis report also suggests that the auditor does not have a current mechanism to highlight inconsistencies. In actuality, though the auditors do not opine on the management's discussion and analysis, they do review it for consistency with other information included in the financial statements. If there is an inappropriate disclosure made, it is reasonable to assume that a reputable auditor would require an edit before releasing the audit report. The value of the auditor/management relationship is in the ability to discuss difference in opinions, communications to the audit committee and the auditor's use of the audit report to highlight a qualified opinion or an emphasis paragraph. Further, an auditor's discussion and analysis will be subject to review by management and the audit committee before release and therefore the usual disclosure reviews and discussions will ensue. The end result will most likely be the same information, as already disclosed by management, reported in the auditor's discussion and analysis which does not provide the user of the financial statements with any additional insight and serves as a redundant exercise for both management and the auditor. Moreover, reaching a consensus on verbiage of such a report may detract time from performing relevant audit procedures within a time frame that is already stressed by accelerated reporting deadlines.

Disclosure of Terminology Definitions and Audit Procedures Performed

This concept release highlights a concern of the investor community that more guidance is needed to understand the meaning of certain terms used in the audit report and to gain more insight on the nature of the audit procedures performed.

We agree that defining the responsibility of the auditor to detect fraud may be beneficial to the user of the financial statements. However, we caution that the audit report should not be used to define all terminology used. The audit report should continue to be a pointed document that users can review to get a direct statement of the quality of the financial statements; adding boilerplate terminology will detract from that objective. Such information is better served in communications from the PCAOB and the AICPA to the investor community or a reference as to where such information can be located.

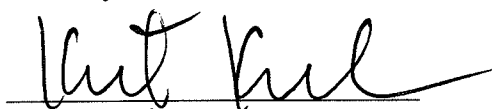
The consideration of the auditor's disclosure of the nature and timing of the audit procedures performed should be handled with caution due to the prerequisite knowledge needed to understand such a disclosure and the litigious environment we operate in. The average user of the financial statement may not understand the terminology used to describe the procedure or be able to effectively validate the appropriateness of the procedure to address the risk. This disclosure may also become a score card in which investors begin to compare the depth of the work performed by audit firms which will have an unintended effect of pressing audit firms to disclose detail audit programs. Further, this public document could also be used as a source for plaintiffs seeking a target for failed companies. Moreover, this requirement questions the validity and strength of the audit firm's quality review programs and the reviews performed by the PCAOB. The reason these reviews exist is to provide the investor community with assurance that there is an independent review of the auditors by professionals that have the appropriate knowledge to perform an assessment of the quality of the audit work being performed.

Disclosure Requirements Outside of the Frame Work Established by the FASB and SEC

The financial statements, which include the notes to the financial statements, should tell the investor a story of the operations of the company. Requiring an auditor to make a subjective highlight of only certain transactions, which viewed in isolation or taken out of context, may not provide a true representation of the financial information. Also, as the needs of the users of the financial statements vary, there is the potential for a subset to argue that what was most relevant to them was not appropriately highlighted by the auditor. If there are concerns that the story is incomplete, and additional disclosure is needed regarding the sensitivity of management's estimates, those issues should be resolved by the FASB and SEC to ensure consistent application of the accounting and disclosure requirements.

In conclusion, we value the role of the auditors and the PCOAB in the review of the quality of information we provide to the investing public. We continually strive to provide our investors with timely and transparent disclosure of our operating results and will continue to adhere to rules as prescribed by the FASB and SEC. We appreciate the opportunity to comment on this concept release and thank you for consideration of our comments.

Sincerely,



Kurt P. Kuehn
Chief Financial Officer