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**VIA E-MAIL ([rule-comments@sec.gov](mailto:rule-comments@sec.gov))**

October 20, 2010

Ms. Elizabeth M. Murphy  
Secretary  
U.S. Securities and Exchange Commission  
100 F. Street, NE  
Washington, D.C. 20549-1090

**Re:    **Concept Release on the U.S. Proxy System****  
****(Release Nos. 34-62495; IA-3052; IC-29340)****  
****File No. S7-14-10****

Dear Ms. Murphy:

On July 22, 2010, the Securities and Exchange Commission (the “Commission”) published for comment the above-referenced concept release related to the U.S. proxy system and asked for comments regarding whether certain rule revisions should be considered and implemented. FedEx Corporation respectfully submits this comment letter to the Commission with suggestions to promote greater efficiency, transparency and equity in the system.

FedEx joins the U.S. Chamber of Commerce and the Business Roundtable in their comments regarding the concept release. We direct the Commission’s attention to those two organizations’ comment letters on the concept release for a more detailed analysis of the various issues raised by the concept release, and we concur with the views expressed in those letters.

FedEx feels that it is also important to comment specifically on certain issues related to the concept release that are of particular importance to our company. Therefore, we ask that you please carefully consider our views outlined in this comment letter.

***FedEx’s Views on Proxy Advisory Firms and the Need for Heightened Regulation of These Entities***

According to the New York Stock Exchange, approximately 70 to 80% of all publicly-traded company shares are held in street name by institutional investors. At FedEx, over 80% of our shares are held by institutional investors. Even before the Commission took steps to reduce the authority granted to institutional investors through discretionary voting,

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studies suggested that proxy advisory firms had the power to sway up to 20% of any given stockholder vote, and this institutional investor influence is arguably even greater currently.

The Commission noted in the concept release that over the last 25 years, institutional investors have substantially increased their use of proxy advisory firms, largely as a result of the institutional investors maintaining, in many cases, a fiduciary duty to vote the shares that they hold for the benefit of their beneficiaries. Institutional investors often times do not have the resources, manpower, knowledge, or interest to adequately evaluate director elections and shareholder proposals, so these institutions turn to the proxy advisory firms to provide them with guidance and voting recommendations, and, in many cases, completely outsource this proxy voting responsibility to the proxy advisory firms. Consequently, the proxy advisory firms have an influence over these institutional investors that is disproportionate to the actual knowledge, competence and expertise of these firms and their principals and executives, and these firms have been exerting this influence for many years now without any regulatory oversight.

FedEx strongly believes that proxy advisory firms have entirely too much influence and power over public companies, and thus the shareholders of public companies, especially given that these firms have no direct economic interest in the companies that they follow. Because institutional investors are so often guided by the recommendations of these firms, we appreciate the Commission's consideration of the issues related to their unregulated power and respectfully urge the Commission to take strong measures to rein in these firms through stricter regulations and hold them to appropriate levels of oversight, accountability and transparency. At a minimum, proxy advisory firms should not be exempt from the proxy rules and should be required to register as investment advisers, and the Commission should develop a unique regulatory framework for these firms under the Investment Advisers Act of 1940.

***A. Relationships Between Proxy Advisory Firms and Activist Groups, Unions and Other Investors Should Be Forbidden or Fully Disclosed As They Inherently Possess Conflicts of Interest***

Because of the general lack of transparency currently required of proxy advisory firms, we are concerned that a small, but vocal, group of activists, unions, pension funds and hedge funds have the ability to unduly influence the voting policies and recommendations of the proxy advisory firms.

In recent years, union-sponsored groups, hedge funds and other activist investors have become increasingly vocal in attempting to effect change through the shareholder meeting process — either through their own shareholder proposals or through proxy fights or communications campaigns against management proposals such as the election of directors.

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These activist groups have their own self-serving agendas that are not shared by a particular company's shareholders generally and are not in the best interests of that company and its shareholders as a whole. Moreover, the activist's economic interest in the company is often negligible. In most cases, in fact, the approval of their proposals or success of their "vote no" campaigns would provide a substantial benefit only to members of the particular activist group and not to other shareholders of the company.

Proxy advisory firms, on the other hand, purport to make voting recommendations that are in the best interests of all shareholders. However, if these firms are allowed to maintain relationships with activist groups whose agendas and goals are not shared by the silent majority of shareholders, the resulting conflict of interest poses a significant risk to these firms' institutional investor clients and thus to the U.S. capital markets — especially now that these activist groups are increasingly (and repeatedly) advocating through shareholder proposals and "vote no" campaigns and receiving the nod of proxy advisory firms on such proposals and campaigns. An example from our recent experience may be instructive:

- The International Brotherhood of Teamsters General Fund, who own 176 of our over 300 million outstanding shares, have placed a proposal on the FedEx annual shareholder meeting ballot for the last four years calling for an independent board chairman. Making this proposal at FedEx each year provides a platform for the Teamsters to wage personal attacks on Frederick W. Smith, our Chairman, Chief Executive Officer and President, and augments their efforts to unionize our workforce, an outcome that would benefit the Teamsters organization rather than FedEx shareholders.
- RiskMetrics Group, widely regarded as the most influential proxy advisory firm, has recommended in favor of the Teamsters' proposal every year. Additionally, in its voting recommendation report regarding FedEx's 2010 annual shareholder meeting, RiskMetrics referenced and described in detail a letter from an affiliate of the Teamsters (CtW) to our shareholders urging them to vote in favor of the independent board chairman proposal and another union activist shareholder proposal on the 2010 ballot.

In sum, FedEx strongly believes that proxy advisory firms should be required to practice the same corporate governance ethics they seek to advance, require and measure in other companies. Accordingly, the Commission should prohibit these firms from maintaining any relationship (other than as a subscriber to such firm's proxy advisory service) with shareholder proponents (or instigators of "vote no" campaigns) — activists, unions, pension funds, hedge funds or otherwise. Should the Commission determine to permit proxy advisory firms to maintain relationships with these activist groups, however,

then the Commission should require these firms to fully disclose the existence of and the nature of such relationships.

***B. Proxy Advisory Firms Should Be Required to Establish and Publicly Disclose Specific Operating Procedures and Standards Related to Voting Recommendations***

Presently, voting recommendations of proxy advisory firms appear to be reached through an entirely arbitrary process left to the sole discretion of the advisory firms' employees. Either the firms do not publish any voting guidelines at all, or their published guidelines are replete with subjective phrases, such as "problematic pay practices," "egregious employment contracts," and "counterbalancing governance structure," whose interpretation is solely in the discretion of the proxy advisory firm. This partiality is harmful to investors and has the potential to cause shareholder votes to become skewed. Accordingly, proxy advisory firms should be required to establish and publish objective guidelines, procedures and evaluation standards for use by proxy advisory firm employees in making their voting recommendations in order to ensure quality and appropriate voting recommendations. These policies should include the use of statistical and other evidence, and should also require the solicitation and fair consideration of input from all stakeholders, including issuers.

Moreover, it is not uncommon for companies to make adjustments to certain of their governance practices for the sole purpose of receiving the endorsement of one or more proxy advisory firm. Because the governance policies of the proxy advisory firms are generally of a one-size-fits-all nature, such governance changes by companies may not be wholly appropriate for that company or its shareholders under the circumstances. To avoid the short-term pain of a negative voting recommendation, companies risk that such governance changes will not have negative longer-term consequences for their business.

Proxy advisory firms should understand that all companies are unique, and that the existence of certain factors should be considered in different lights depending on each particular company. Thus, if the proxy advisory firm does not evaluate specific facts related to particular companies in their evaluations, then the proxy advisory firm should be required to disclose this lack of consideration. Additionally, issuers should be granted the opportunity to respond to the proxy advisory firms' recommendations, and the proxy advisory firms should be required to disclose such issuer responses. All stages of the implementation process of these new standards and procedures should be transparent to investors in order to allow them to evaluate the procedures' effectiveness and objectivity and offer feedback to the proxy advisory firms in regard to their procedures and standards. Once the new transparent standards and procedures are in place, the proxy advisory firms should also be required to maintain a public record of all of their voting recommendations and voting decisions.

The need for certainty in the process of proxy advisory firm recommendations is great, and by requiring the proxy advisory firms to develop, implement, and disclose transparent and objective procedures for making such voting recommendations, while at the same time mandating more communication with issuers in the voting recommendation process, the Commission will provide all participants with necessary clarity in the process.

***FedEx's Views on Data-Tagging of Proxy Related Materials and the Unnecessary and Costly Burden It Would Place on Companies***

FedEx believes that the proposed requirement for companies to tag proxy information in eXtensible Business Reporting Language (XBRL) should not be implemented. Many companies are having difficulties complying with the existing rules for XBRL in financial statements and footnotes, and we believe tagging the more voluminous and complex proxy information has little merit except for the unnecessary and unwarranted benefit that it would provide to proxy advisory firms by allowing them to mechanize more of their processes. Our discussions with our users, including sell-side analysts, lenders and institutional investors, have indicated that the user community is not utilizing our XBRL financial statements and footnotes to any great degree.

FedEx has already made considerable investments in technology and resources in order to prepare and validate our XBRL financial statements and footnotes. The current tagging process for financial statements and footnotes has proven to require significant, incremental effort to prepare and review this separate set of financials within the existing reporting deadlines. The current requirements for detailed tagging have added approximately 80 incremental hours to our quarterly financial reporting preparation process. Further, we estimate that our cumulative investment in XBRL requirements to date exceeds \$1 million, including software purchases and allocation of internal resources. We believe that the effort required to tag and write extensions to the taxonomy for the numerous multi-dimensional proxy tables would require an investment of three to five times our current spending. In light of the lack of adoption and use of XBRL by the user community, it is not practical to require companies to assume this additional burden and reporting obligation.

Further, XBRL was created to promote comparability of quantitative financial information across organizations. We do not believe that these principles apply as readily to proxy information, particularly with respect to executive compensation information. For example, executive compensation information requires the context of CD&A in order to convey the overall compensation strategy and rationale of the company's compensation committee. Therefore, we believe that it is helpful for investors to refer to the entire set of compensation disclosures. In our view, the value of XBRL tagging of proxy information does not outweigh the burden and cost of preparing this information.

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***FedEx's Views Related to the Challenge of Empty Voting and the Need for Better Alignment Between Voting Power and Economic Interest***

Because of the prevalent situation where a shareholder's voting rights substantially exceed the shareholder's economic interest in the company, often times as a result of hedging strategies and share lending practices, FedEx believes that the Commission should require institutional investors to disclose their voting ownership and the nature of their economic interest in issuers in a timely fashion in order to provide greater transparency and a clearer understanding by all participants of the true underlying relationship between voting power and economic interest of investors. FedEx would also suggest a shortening of the filing deadline for Form 13-Fs, as in the current environment of real-time information, allowing investors 75 days to file while only allowing issuers 40 days to file their quarterly reports seems inequitable. FedEx believes that these steps will allow FedEx and other companies to better protect share value.

We sincerely appreciate your considering our comments and concerns. If you would like more information, please feel free to contact me at your convenience.

Sincerely yours,

**FedEx Corporation**

/s/ CHRISTINE P. RICHARDS

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*Executive Vice President,  
General Counsel and Secretary*

cc: Frederick W. Smith  
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