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**via email: [policy@issgovernance.com](mailto:policy@issgovernance.com)**

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**Re: Draft Policy Change—Independent Chair Shareholder Proposals (U.S.)**

Ladies and Gentlemen:

We welcome this opportunity to comment on the ISS proposed policy change referenced above. In the interest of brevity, we will avoid the debate whether the CEO and board titles should be held by one individual, or two individuals.

As a general matter, we welcome refinements to your policies that look at factors in a holistic manner, rather than a one-size-fits-all approach. Unfortunately, the draft policy change provides little information about the new factors that might be considered, particularly how the factors will be analyzed in a holistic sense.

The draft policy change identifies new factors that will be added: the absence/presence of an executive chair, recent board and executive leadership transitions at the company, director/CEO tenure, and a longer (five-year) TSR performance period. Because the draft policy uses the word “including,” it suggests there are other new factors that might be considered, in addition to the factors listed in draft policy change. Is the list of new factors included in the draft policy change the exclusive list of the new factors that will be considered, or will additional new factors be considered? And, if additional new factors will be considered, will they be specifically listed in the final new policy change, or may ISS consider factors not enumerated in the final policy change?

With respect to the new factors proposed:

- It is not clear from the draft policy change how ISS will consider the absence/presence of an executive chair. As a general matter, if a company does not have an executive officer serving as the chair of the board of directors, presumably it would not find itself subject to a shareholder proposal calling for an independent board chair. As such, it is not clear what is intended by adding this factor and how it will be considered in the holistic evaluation.

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- It is not clear how ISS will consider the director/CEO tenure factor in the holistic evaluation. For example, is a long tenure CEO/chair a positive or negative factor? In our view, a long tenure CEO/chair is a positive factor where the CEO possesses valuable company and industry knowledge and expertise (particularly in the case where the CEO/chair is the company founder). The ISS draft policy change does not explain how ISS will consider the new director/CEO tenure factor and in what circumstances it is a positive or negative factor in the holistic evaluation.

Finally, we believe ISS should consider in the holistic evaluation the degree of stockholder and CEO/chair alignment. Obviously, the leading exchanges have established different corporate governance requirements for control companies in deference to the shareholder franchise. Under this same theory, we believe that where the chair/CEO holds significant equity interests in the Company, it should be a positive factor militating against ISS supporting a shareholder proposal for an independent chair. Take for example a CEO/chair that owns a significant share of the company's outstanding shares. Such significant shareholdings strongly suggest alignment of interests between the CEO/chair and stockholders, which allays concerns of lack of independent leadership and oversight of the board.

Sincerely,  
Meritage Homes Corporation



C. Timothy White  
Executive Vice President, General Counsel and Secretary