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EXECUTIVE COMPENSATION

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To Whom It May Concern:

We appreciate the opportunity to comment on the 2015 Draft Policies. Our responses to the proposed Equity Plan Scorecard ("EPSC") policy are provided below.

We believe moving to a more nuanced approach for evaluating equity plan proposals is a positive step for both investors and issuers. Equity plans are a key tool for companies interested in motivating and rewarding performance which drives shareholder value, and we believe that incorporating an understanding of each company's individual facts and circumstances is critical to making responsible determinations about whether or not the plan is in the best interests of shareholders.

As advisors to Compensation Committees tasked with designing equity programs and the plans that underpin them, we know firsthand that dilution is only one element among many that companies consider prior to recommending a new plan to shareholders. Furthermore, our clients proactively anticipate shareholder concerns, and take steps to build protections into equity plans and long-term incentive programs designed to mitigate these risks. The proposed EPSC approach appears to provide a way to incorporate these considerations into the ISS evaluation of the proposal, which we view as a positive development.

However, we are concerned that the proposed methodology appears to perpetuate the "black-box" nature of many of ISS' policies. Introducing additional factors makes it even more difficult for our clients to predict with certainty whether or not a plan is likely to secure a favorable vote recommendation from ISS.

While we maintain that there are certain instances in which Compensation Committees must make the right decision for their company, even if a negative vote recommendation is likely from ISS, in most instances our clients endeavor to design programs which will be viewed positively by all stakeholders, many of whom rely on ISS for advice on how to vote.

We believe that our clients would benefit from a totally transparent methodology that gives them the ability to predict ISS' equity plan vote recommendation prior to filing the proxy.

Finally, we note that the draft policies are silent on a number of factors, such as the overall weightings of categories and the weightings of factors within the categories. We urge you to publish not only the specific weightings of categories and factors, but also the Plan Cost details and caps by company size and status to permit companies to accurately evaluate the likelihood of a positive vote recommendation on a contemplated share request prior to finalization.

Our answers to your specific questions are provided below.

Are there certain factors outlined above in our proposed scorecard approach that should be more heavily weighted when evaluating equity plan proposals? Please specify and explain.

We believe that Plan Cost, as measured by the potential cost of (a) new shares requested plus (b) shares remaining for future grants, should be the most heavily weighted component of the proposed scorecard. We think that assessing Plan Cost in this manner is beneficial to shareholders and fair to companies, as it focuses on future needs and potential equity usage necessary to align the interests of shareholders and employees. In our view, including outstanding unvested/unexercised grants as part of the Plan Cost unfairly punishes companies where employees routinely wait until close to expiration to exercise stock options. Additionally, it penalizes companies which, due to changes in market conditions, strategic shifts, acquisitions or divestitures, may have outstanding equity awards that have no meaningful motivational or retentive value, prompting the need for a new long-term incentive program.

It is our view that the Plan Features category should be weighted minimally, if at all. Companies typically draft equity plan documents with the objective of providing maximum flexibility. We think that this flexibility is good for shareholders, since it permits the Board to address unusual or unanticipated issues based on the best available information at the time the situation arises. Through the Say on Pay vote, shareholders already have the ability to communicate concerns regarding equity award terms and levels. We strongly believe that companies should be judged based on the terms of the equity awards actually made, rather than the broader range of terms permitted in the plan document.

Do you see any unintended consequences from shifting to a scorecard approach? If yes, please specify.

We are very concerned about any approach which limits the ability of our clients to predict with certainty whether or not they are likely to secure a favorable vote recommendation from ISS before the proxy is filed. While most of our clients already have strong shareholder outreach programs in place, they make every effort to address substantive issues, if any, well in advance of proxy season. An unexpected Against vote recommendation from ISS can be very disruptive, and requires a last minute mobilization of resources which is expensive, time-consuming and distracting. We believe shareholders would be better served by a process which permits companies to weigh plan design trade-offs in a thoughtful and deliberate way with full knowledge of how these choices will impact the ISS vote recommendation before making the decision which they believe to be in the best interests of shareholders. This would permit appropriate and timely engagement with shareholders, if required.

Depending on the associated category and factor weightings, the EPSC may also require more frequent share requests. While this may be viewed as a positive by ISS, more frequent requests would cause additional expense and time commitments by a company's employees which in our view could be better utilized in the pursuit of creating shareholder value.

Thank you for the opportunity to review and provide comments to the proposed updates to ISS' proxy voting guidelines.

Sincerely yours,

STEVEN HALL & PARTNERS