

ISS, Glass Lewis Issue Reminders about Updating Peer Group Ahead of 2014 Proxy Season

In advance of the 2014 proxy season, the two major proxy advisory firms, Institutional Shareholder Services and Glass Lewis & Company, are reminding companies that they have the opportunity to notify each firm of changes to their compensation peer group that may be relevant to such firm's analysis of their executive compensation program.

This Thoughtful Pay Alert summarizes the pertinent information for updating the companies in your compensation peer group with each proxy advisory firm.

Note that these updating opportunities are only necessary if your company has changed the compensation peer group as reflected in your last proxy statement filing (which updated peer group was used in connection with your 2013 compensation actions and decisions) and is intended to ensure that the proxy advisory firms are considering the relevant peer companies in terms of industry, size (that is, revenue and market capitalization), and other key factors when selecting the peer group that they will use in their analyses of your company's executive compensation program.

If you are interested in providing either of the proxy advisory firms with the compensation peer group that was used by your board compensation committee in its deliberations on executive compensation during 2013, you should follow the instructions set out below to ensure that one or both firms has an up-to-date list of your peer companies in advance of the filing of your 2014 proxy statement.

Institutional Shareholder Services

Beginning Wednesday, November 20th, ISS began accepting updates to companies' self-constructed compensation peer groups for consideration as part of its review of their executive compensation program during the 2014 proxy season. As you may recall, ISS uses a company's self-selected compensation peer group as a key input in developing the peer group that it uses to evaluate the alignment

of the company's CEO pay and financial performance on relative and absolute bases.

For more information on the ISS peer selection methodology, see this [web page](#), as well as ISS' U.S. 2013 Peer Group Methodology "Frequently Asked Questions."

Note that only companies with Annual Meetings of Shareholders scheduled between February 1 and September 15, 2014 are being invited to update their compensation peer groups at this time. A separate submission process for companies with Annual Meetings of Shareholders scheduled after September 15th will be held during the summer.

If you want to provide ISS with updated compensation peer group information, you can submit this information to ISS using a form that identifies the constituent-companies in the self-constructed compensation peer group that you used in setting the compensation of your chief executive officer for fiscal 2013 (which should be the subject of your next proxy statement filing). ISS has indicated that it will consider this information when formulating its new peer group. You can find additional information, including detailed instructions on this submission process, at the following link: www.issgovernance.com/PeerFeedbackUS.

To take advantage of this opportunity to update your compensation peer group, you must submit your information to ISS by 5:00 p.m. (EST) on Monday, December 9, 2013. Following submission, you will need to provide a PDF copy of the full peer group that you submitted online on your company's letterhead. Without this verification, your updated compensation peer group will not be factored into your new ISS peer group. You may submit your verification letter to peerfeedback@issgovernance.com.

Glass Lewis & Company

Similarly, Glass Lewis is now accepting peer group updates to be included in its 2014 Equilar Market Peers calculations. As you may recall, Glass Lewis has a partnership with Equi-

ISS, Glass Lewis Issue Reminders about Updating Peer Group Ahead of 2014 Proxy Season (continued)

lar pursuant to which the Equilar peer assessments are used in the quantitative portion of its Say on Pay analysis (as well as Equilar's own P4P Analysis). For more information on the Glass Lewis "pay for performance" analysis, see the following [web page](#).

U.S. companies in the Russell 3000 and Canadian companies in the S&P/TSX Composite Index that plan on filing updated peer groups can submit their new compensation peer groups on Equilar's [website](#). Companies have until December 31, 2013 to update their compensation peer groups. Companies that do not update their peer group before this date will have their 2014 Equilar Market Peers calculated using the peer group disclosed in their 2013 proxy statement. (The next update will not take place until July 2014.)

If You Need Assistance

Please contact your Compensia engagement manager with any questions on the suitability of conducting these updates for your company and for further assistance. ■

About Compensia

Compensia, Inc. is a management consulting firm that provides executive compensation advisory services to Compensation Committees and senior management.

Silicon Valley

1731 Technology Drive
Suite 810
San Jose, CA 95110
408.876.4025

Timothy J. Sparks, President
tsparks@compensia.com
408.876.4024

Thomas G. Brown
tbrown@compensia.com
408.876.4023

Susan Gellen
sgellen@compensia.com
408.907.4302

Tom LaWer
tlawer@compensia.com
408.907.4309

San Francisco

1550 Bryant Street
Suite 740
San Francisco, California 94103
415.462.2990

Mark H. Edwards, Chairman
medwards@compensia.com
415.462.2985

Mark A. Borges
mborges@compensia.com
415.462.2995

Southern California

Ralph Barry
rbarry@compensia.com
858.603.2288

Mathew T. Quarles
mqarles@compensia.com
323.919.7338