



January 29, 2015

Mr. Gary Retelny
President and CEO
Institutional Shareholder Services
1177 Avenue of Americas
2nd Floor
New York, NY 10036

Ms. Katherine Rabin
CEO
Glass, Lewis & Co.
One Sansome Street
Suite 3300
San Francisco, CA 94104

Dear Gary and KT:

The Council of Institutional Investors has occasionally provided input via public comment periods on voting guideline policies proposed by proxy advisory firms. CII has never provided comments to proxy advisory firms on company-specific voting recommendations. However, given the current uncertainty surrounding shareholder-proposed proxy access proposals and in light of the Jan. 23, 2015, letter sent to you by the Business Roundtable, I thought it appropriate for CII to provide input.

CII respects that the advisory firms have their own unique, independent approaches to analyzing issues, setting guideline policies and developing specific proposal recommendations. Certainly CII and investors, including many CII members, use and value the research provided by your firms. CII acknowledges that there is great controversy over the extent of reliance of institutional investors on your firms' voting recommendations. Our view is that most institutional investors, particularly the largest institutional investors (and predominant owners of U.S. equities), vote based on their own proxy voting policies after taking into account all relevant information.

Regardless, CII believes the proxy advisory firms should pay close attention to the views of investors in shaping the voting policies and recommendations intended for their use. And CII knows from recent conversations with global institutional investors representing trillions in equity investments that they intend to hold some directors or the entire board accountable if, based on a putative direct conflict with a binding management-sponsored access proposal, a company elects to litigate or to exclude from its proxy statement a non-binding proxy access shareholder proposal which would provide valuable information regarding shareholder preferences.

CII recognizes the uncertainty created by the Jan. 16, 2015 announcement that the Division of Corporation Finance of the U.S. Securities and Exchange Commission will express no view during the current proxy season on the application of Rule 14a-8(i)(9), which allows omission of a shareholder proposal that "directly conflicts" with a management proposal to be presented for a shareholder vote at the same meeting. We also appreciate the broad potential impact of the Division's announcement on a variety of proposal types.

CII strongly believes that directors nominated by companies proposing proxy access proposals affected by the Division's announcement merit special review. It appears that to date:

- Every company planning to propose its own proxy access bylaw tactically decided to do so only following the receipt of a non-binding shareholder proposal;
- Every one of the boards of these companies could have adopted these bylaws without shareholder approval;
- Every company-proposed access bylaw reviewed to date deviates significantly from the 3 percent, 3-year, multiple-shareholder structure approved by the SEC after significant analysis and public input and supported in past years by shareholders;
- Most of the company-proposed access bylaws are so restrictively drafted as to be largely unworkable or usable by only a few of these companies' largest shareholders;
- Every company faced with the uncertainty of the Division's announcement has the option of including the allegedly conflicting non-binding shareholder proposal in its proxy materials.

CII believes that good corporate governance policies support special scrutiny of boards electing to litigate or to exclude the non-binding shareholder-proposed access resolution. A board decision to litigate or to not include both proposals could be interpreted as an endorsement of the gamesmanship described above, which CII believes is inconsistent with the purpose of the shareholder proposal rule and a departure from the good-faith process of respectful dialogue on governance issues that has prevailed, with very few exceptions, to this point.

Thank you for your consideration. I would be happy to answer any questions, and I would welcome the opportunity to meet to discuss CII's perspectives.

Sincerely,



Ann Yerger
Executive Director