

May 10, 2018

Michael L. Bennett
Chairman of the Board of Directors and Chair, Nominating and Governance Committee
SandRidge Energy, Inc.
123 Robert S. Kerr Avenue
Oklahoma City, OK 73102-6406

Dear Mr. Bennett:

I am writing on behalf of the Council of Institutional Investors (CII) to express our support for your recent decision to adopt a universal proxy card in connection with your upcoming annual meeting of shareholders.¹

CII is a nonprofit, nonpartisan association of public, corporate and union employee benefit funds, other employee benefit plans, state and local entities charged with investing public assets, and foundations and endowments with combined assets under management exceeding \$3.5 trillion. Our member funds include major long-term shareowners with a duty to protect the retirement savings of millions of workers and their families. Our associate members include a range of asset managers with more than \$25 trillion in assets under management.²

Our corporate governance best practices for director elections states: “To facilitate the shareholder voting franchise, the opposing sides engaged in a contested election should utilize a proxy card naming all management-nominees and all shareholder-proponent nominees, providing every nominee equal prominence on the proxy card.”³ The basis for our policy is consistent with your view that “[t]he use of a universal proxy card provides shareholders with flexibility and clarity regarding their votes in a contested election and enables shareholders to cast votes for any director nominee . . . without attending the shareholder meeting in person.”⁴

As you may be aware, a long-standing quirk in the federal proxy rules—the so-called “bona fide nominee rule”—effectively prevents most issuers and dissident shareholders from availing themselves of the benefits of a universal proxy.⁵ Under the bona fide nominee rule, one party may not include the other

¹ Press Release, SandRidge Energy, Inc., SandRidge Energy Expands Board of Directors and Adopts Universal Proxy Card (May 7, 2018), <https://www.prnewswire.com/news-releases/sandridge-energy-expands-board-of-directors-and-adopts-universal-proxy-card-300643318.html>.

² For more information about the Council of Institutional Investors (“CII”), including its board and members, please visit CII’s website at <http://www.cii.org>.

³ CII, Corporate Governance Policies § 2.2 Director Elections (updated Sept. 15, 2017), http://www.cii.org/files/policies/09_15_17_corp_gov_policies.pdf.

⁴ Press Release at 2.

⁵ Requirements as to Proxy, 17 CFR 240.14a-4(d)(1) (2010), *available at* <https://www.law.cornell.edu/cfr/text/17/240.14a-4>.

party's nominees on its proxy card unless the other party's nominees consent.⁶ Unlike your circumstance, for a variety of reasons such consent is rarely provided.⁷

In 2016 the Securities and Exchange Commission (SEC or Commission) issued a proposal that would eliminate the bona fide nominee rule and require a universal proxy that includes the names of both management and dissident director nominees.⁸ The proposal was very carefully crafted, well thought-out, and strongly supported by CII⁹ and most commentators.¹⁰ Unfortunately, the SEC has not yet moved forward to adopt final universal proxy rules to the frustration of many.¹¹

We would respectfully request that you give consideration to communicating to the SEC the advantages to companies of requiring a universal proxy, or more generally your reasons for using a universal proxy card in connection with your upcoming meeting. We believe such input would likely be invaluable to the Commission in completing its important work to provide all companies and shareholders the benefits of a universal proxy rule.

Thank you for adopting a universal proxy card and for considering our request. If you have any questions or would like to discuss this further, please contact me at jeff@cii.org or 202.822.0800.

Sincerely,



Jeffrey P. Mahoney
General Counsel

⁶ Universal Proxy, Exchange Act Release No. 79,164, Investment Company Act Release No. 32,339, 81 Fed. Reg. 79,122, 79,164 (proposed rule Oct. 2016), available at <https://www.gpo.gov/fdsys/pkg/FR-2016-11-10/pdf/2016-26349.pdf>.

⁷ *Id.* (describing the reasons why consent is “rarely provided”).

⁸ *Id.*

⁹ See Letter from Ken Bertsch, Executive Director, Council of Institutional Investors, to Brent J. Fields, Secretary, Securities and Exchange Commission 3 (Dec. 28, 2016) (“With minor enhancements, the proposed framework will provide for a constructive universal proxy regime that gives greater effect to existing shareholder rights.”), http://www.cii.org/files/issues_and_advocacy/correspondence/2016/12_28_16_comment_letter_SEC_universal_proxy.pdf; see also FAQ: Why CII Supports the SEC’s Universal Proxy Proposal (Nov. 12, 2016), https://www.cii.org/files/issues_and_advocacy/board_accountability/universal%20proxy/Universal%20Proxy%20FAQ%2011-2-16%20final.pdf.

¹⁰ Letter from Jeff Mahoney, General Counsel, Council of Institutional Investors, to Brent J. Fields, Secretary, Securities and Exchange Commission 2-4 (Feb. 12, 2018) (describing the universal proxy proposal comment letters), [www.cii.org/files/issues_and_advocacy/correspondence/2018/February%202018%20SEC%20Reg%20Flex%20Letter%20\(final\).pdf](http://www.cii.org/files/issues_and_advocacy/correspondence/2018/February%202018%20SEC%20Reg%20Flex%20Letter%20(final).pdf).

¹¹ See Fredrikson & Bryon, P.A., “United States: Shareholders Continue to Promote the ‘Universal Proxy’ Idea,” Mondaq (May 7, 2018) (subscription required) (commenting on “[f]rustration with this current state of affairs”), <http://www.mondaq.com/unitedstates/x/699704/Securities/Shareholders+Continue+To+Promote+The+Universal+Proxy+Idea>; see also Commissioner Kara M. Stein, “Mutualism: Reimagining the Role of Shareholders in Modern Corporate Governance,” Remarks at Stanford University 6 (Feb. 13, 2018) (“we should adopt final rules regarding the use of universal proxy cards”), <https://www.sec.gov/news/speech/speech-stein-021318>.