November 18, 2010

The Honorable Mary L. Shapiro
Chair
U.S. Securities and Exchange Commission
100 F Street, NE Washington DC 20549-1090

RE: File No. S7-31-10
Shareholder Approval of Executive Compensation and "Golden Parachute"Compensation

Dear Ms. Shapiro:

We welcome the opportunity to comment on the proposed rules to implement the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act relating to shareholder approval of executive compensation and "golden parachute" compensation arrangements.

We believe affording shareholders the opportunity to cast a non-binding vote on compensation will encourage constructive dialogue between shareholders and companies about the important issue of compensation. This dialogue will promote a better understanding of a company's compensation practices, which we believe are an important indicator of the board's priorities and will enhance appreciation by shareholders of those priorities.

Glass Lewis is an independent governance services and investment research firm, which provides proxy voting research, recommendations and custom services to more than 700 institutional investors around the world. While, for the most part, our clients use our research to help them form their proxy voting decisions, they also utilize our research when engaging with companies before and after their shareholder meetings. Through our Web-based vote management system, ViewPoint, Glass Lewis also provides investor clients with the means to receive, reconcile and vote ballots according to their custom voting guidelines as well as to record-keep, audit, report and disclose their proxy votes.

Glass Lewis is submitting this comment letter as an interested industry advisor, not on behalf of any or all of its clients. We have confined our comments to specific topics raised by the proposed rules where we felt our input would be most relevant.

Shareholder Approval of Executive Compensation

We do not think it is necessary that the SEC determine the specific proposal language issuers must use for the shareholder advisory vote to approve executive compensation. However, we believe it would be beneficial to both shareholders and issuers if Proposed Rule 14a-21(a) provided guidance regarding exactly what shareholders are voting on, beyond the disclosure as required under Item 402 of Regulation S-K; this would ensure consistent evaluation of the proposal at all companies. Specifically, the SEC should provide guidance on the how the proposal should be framed to ensure companies make it clear that they are soliciting a shareholder vote on more than just an evaluation of a company's compensation policies and procedures.

Types of Disclosure

Clear, robust and comprehensive compensation disclosure is essential for shareholders to make an informed voting decision. Therefore, we believe investors would benefit from having as much information as possible to evaluate compensation, including: the performance goals of the company, including short-, medium- and long-term goals; how the compensation program is designed to reach the goals; how effective the compensation program has been in incentivizing the executives to reach those goals over the past three or more years; how the board evaluates the program's effectiveness; and how the board incorporates risk management into the compensation program design and implementation.

More specifically, we believe more disclosure regarding performance metrics used in incentive plans, and their relative weightings in determining compensation, would be instructive. In assessing the quality of an incentive package, a mere list of metrics that may be used provides little guidance on how to vote. We also believe companies should disclose (in their Compensation Discussion and Analysis) any new executive employment agreements, or changes thereto, so that shareholders do not have to review other filings, such as 8-Ks, to get that information.

Additionally, we believe it would be useful for issuers to disclose a means for shareholders to provide feedback regarding compensation. Encouraging compensation-related dialogue between issuers and shareholders was one of the primary factors for many in supporting the implementation of a compensation vote. The identification by issuers of their preferred method for receiving constructive feedback around compensation would facilitate dialogue and allow a means for shareholders to share their concerns. Further, issuers would be able to solicit feedback from shareholders on specific compensation components to learn what caused the vote against their compensation proposal. This would alleviate the concerns of some issuers that the vote is

a blunt instrument with limited utility because companies would not know why shareholders voted against the proposal.

Vote Results Disclosure and Company Response

With regard to proposed amendments to Item 402(b) of Regulation S-K, we believe shareholders would benefit from learning not just the results of the votes (currently disclosed in 8-Ks in any event) but, more importantly, how the company responded to the vote including making changes to compensation policies. Some shareholders consider holding accountable boards that ignored the will of shareholders; for example, many shareholders will vote against directors who do not implement a shareholder proposal approved by shareholders. Likewise, some shareholders will likely hold directors accountable for poor compensation practices. Issuers should disclose what they did in response to the vote well in advance of the next annual meeting to allow time for shareholders to review the information and for relevant follow-up discussion between companies and shareholders.

Frequency of Shareholder Votes on Executive Compensation

As with the vote on executive compensation itself, we do not believe it is essential that the SEC designate specific language issuers must use for the executive compensation frequency proposal. However, we believe the SEC should require companies to provide shareholders with four choices in making their decision, i.e. one, two or three years, or to abstain from voting on the matter. Further, we believe issuers not recommending annual compensation votes should explain why a biennial or triennial vote is more appropriate for them given their facts and circumstances.

Voting Standard

The SEC has proposed amendments to Rule 14a-8 to allow the exclusion of shareholder proposals that propose say-on-pay votes or frequency votes, provided the issuer has adopted a policy on the frequency that is consistent with the plurality of votes cast in the most recent vote. Glass Lewis believes, for consistency purposes, the SEC should establish a common standard to determine which frequency vote option prevails; we believe, given that there are three voting options, that a plurality standard is the most appropriate.

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Disclosure and Shareholder Approval of Golden Parachute Arrangements

Scope of Disclosure

We believe comprehensive disclosure about severance payments resulting from a merger is necessary to arm shareholders with the requisite information to cast an informed vote. Full disclosure should be required for all transactions to provide the additional benefit of limiting regulatory arbitrage.

While the SEC's proposed tabular disclosure includes many compensation components, we believe it can be expanded to more comprehensively reflect executive compensation payments triggered by a merger or similar corporate transaction. Specifically, in addition to the seven columns in the proposed table, we believe amounts already earned through previously vested grants, i.e. compensation realized, should be disclosed and clearly labeled as previously earned. In addition, we believe shareholders would benefit from more disclosure about the rationale for each compensation element.

Further, we believe all post-merger service agreements between named executive officers of the target company and the acquiring company should be disclosed in the compensation table. Disclosure would illustrate potential conflicts between the best interests of the executive and shareholders if the prospect for future compensation influenced the executive's decision to advocate selling the target company. The agreements should be quantified and included as a separate entry.

One of the biggest concerns among shareholders is the appropriateness of the triggering event, or events, employed by companies to determine when to make a golden parachute payment. Some of this concern derives from when executives receive large severance payments but are still employed by the surviving entity. Information regarding these triggers and whether there are more than one is therefore very useful. While the SEC has proposed including this information in the footnotes to the table, we believe this de-emphasizes the importance of this matter. Therefore we recommend the SEC require prominent disclosure of triggering events selected by companies for severance payments upon a merger or similar transaction.

Vote Exemptions for Prior Approval

We do not believe exemptions should be made for golden parachute compensation that was subject to a prior say-on-pay vote. True shareholder sentiment on golden parachutes is necessarily more evident in the vote results of a separate golden parachute proposal, not bundled with a broader vote on compensation, i.e. the say-on-pay vote. Including the vote on golden parachutes with say-on-pay proposals would create anomalous situations

where a majority of shareholders support a say-on-pay vote but, if the golden parachute payments were subject to a separate vote, the same shareholders would vote against the golden parachute payment.

Furthermore, we do not believe exemptions should be made for voting purposes if significant additional grants, even under an existing plan, are made. Subsequent awards necessarily result in a higher payout and should therefore be subject to a subsequent vote.

Treatment of Smaller Companies

Glass Lewis does not believe exceptions should be made for smaller companies in submitting votes on compensation to shareholders. Such companies would likely benefit the most from dialogue with shareholders about compensation. Further, shareholders are evaluating compensation at all companies irrespective of size, so the same rationale applies in allowing the vote on compensation at smaller companies as at larger companies.

We recognize it may not be feasible for smaller companies to provide a full Compensation Discussion and Analysis. However, if smaller companies are required to allow shareholders a non-binding vote on compensation, we believe they should provide adequate information about their compensation to afford shareholders sufficient information to make an informed decision.

We would be happy to provide any additional information to the SEC regarding this matter. Thank you for the opportunity to comment on the proposed rules regarding shareholder advisory votes on executive compensation and golden parachute compensation.

Sincerely,

/s/
Robert McCormick, Chief Policy Officer

/s/
David Eaton, Director of Global Compensation Analysis

cc: Kathleen L. Casey, Commissioner, Securities and Exchange Commission
Elisse B. Walter, Commissioner, Securities and Exchange Commission
Luis A. Aguilar, Commissioner, Securities and Exchange Commission
Troy A. Paredes, Commissioner, Securities and Exchange Commission