



GLASS
LEWIS & Co.

GLASS LEWIS' POLICY AND APPROACH TO DEVELOPING SOP RECOMMENDATIONS

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GL Framework for Evaluating Compensation

- **Overall design and structure of executive comp program**
- **Quality and content of the Company's disclosure**
- **Quantum paid to executives and ...**

What Matters Most to Investors

Pay For Performance



The screenshot shows a USA Today news article from March 15, 2013. The article is titled "Citigroup pledges to tie executive pay to performance" and is written by Gary Strauss. The main headline reads: "New CEO Mike Corbat and other executives will see incentive pay tied to predetermined performance metrics." A sub-headline states: "Citigroup, long under attack from shareholders for overpaying key executives and underperforming on Wall Street, is overhauling its pay practices, the company said Thursday." A small photo of Mike Corbat is included. Below the photo is a caption: "(Photo: Jemal Countess, Getty Images for Time Inc.)". To the right of the article is an Allstate advertisement with the text: "GET GOOD HANDS ROADSIDE ASSISTANCE JOIN FOR FREE IN LESS THAN 2 MINUTES".

What Factors Into AGAINST Recommendations

- **Peer group**
- **Bonus amounts**
- **Nature of bonuses**
- **Compensation targets**
- **Performance targets**
- **If/when discretionary bonuses**
- **Pay relative to performance**
- **Long-term incentive plan terms**

Yes, Say on Pay Has Made a Difference

- **Better pay practices**
- **Better comp plans**
- **Better disclosure**
- **Better engagement**



GL Support for SOP Increases YOY

- **US: Against 13.7% in 2013 vs. 15.6% in 2012 and 17.5% in 2011**
- **Europe x-UK: Against 37% in 2013 vs. 39% in 2012 and 43% in 2011**
- **UK x- AIM-listed issuers: Against 25% in 2013 vs. 28% in 2012 and 31% in 2011**

How Investors Use Glass Lewis Research

- **Research, data and analysis**
 - 70% of clients receive GL analysis as part of vote management service
 - Many voting clients also buy research from another provider
 - 30% are research-only clients who likely buy from more than one provider
- **Custom policy implementation**
 - 80% of clients vote according to a policy that is not the Glass Lewis policy
 - Custom policies generally differ from GL on many – but not all – issues
 - Policy may be case-by-case when one or more proxy advisors recommends Against

Case Study*: 2013 Non-US SOP Votes

Clients Voting According to Custom Policy*	
	% of total shares voted
Custom rec equal to Mgmt rec	67%
Custom rec not equal to Mgmt rec	33%
Custom rec equal to vote issued	69%
Custom rec not equal to vote issued**	31%
Custom rec equal to GL rec	71%
Custom rec not equal to GL rec	29%
Clients Voting According to Glass Lewis Policy*	
	% of total shares voted
GL rec equal to Mgmt rec	83%
GL rec not equal to Mgmt rec	17%
GL rec equal to vote issued	91%
GL rec not equal to vote issued	9%

* Based on votes issued in 2013, as of Nov. 30, 2013.

**If a client's custom recommendation is "case-by-case, any vote decision would differ from the recommendation.

Thank You

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