From: Wendy Hilburn [mailto:WJHilburn@fwcook.com]
Sent: Monday, October 31, 2011 5:29 PM
To: policy@issgovernance.com
Subject: Comments

On behalf of Frederic W. Cook & Co., we submit the following comments and questions on the proposed policy changes for 2012:

1. If grant date fair values for equity compensation will continue to be used for measuring compensation, we believe that proxy-reported accounting fair values should be used rather than recalculated fair values based on different assumptions, especially for stock options. We believe it is a fundamental flaw in ISS' methodology to assess pay for performance using different compensation values than those used by members of the Compensation Committee to make these decisions for executives.

2. ISS' new relative and absolute pay-for-performance alignment methodologies should either be sufficiently transparent that companies can estimate an outcome themselves or a free tool should be available for such determinations. We believe that implementing nontransparent methodologies and then launching a new consulting service for purchase by companies exacerbates the potential conflict-of-interest issues with ISS' business model.

3. We do not think the 40%/60% weighting achieves the intent of putting more emphasis on the longer term because it only reduces the current year's weight from 66.7% for a 50%/50% weighting to 60%. Having the current year weighted just half requires a weighting of 25%/75%, which might be too extreme. We recommend staying with a 50%/50% weighting as the additional complexity does not seem worth it.

4. Clarification in the policy updates that answer the following questions is recommended:

   a. Will judgment be used to identify "closest" peer companies, or will selection of peer companies be formulaic?

   b. How does market cap size relate to a company's "life cycle maturity phase"?

   c. How will CEO changes during the 3-year relative measurement period and the 5-year absolute measurement period be handled?

   d. Under the proposed further qualitative review of companies identified as having weak alignment, will the ratio of performance-based to time-based equity awards be done on a share basis or a grant date fair value basis?

   e. Under the new relative alignment assessment, will CEO pay percentile rank be on the same one- and 3-year basis with the same 40%/60% weighting as relative TSR percentile rank?

   f. If a company's relative TSR percentile rank is closely aligned with its relative CEO pay percentile rank, how could the multiple of CEO pay to median pay "identify cases where a high performing company may nevertheless be overpaying"?

Thank you for your consideration of these comments/questions.

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