

From: Brett J. Davidson [
Sent: Sunday, November 06, 2011 10:26 PM
To: policy@issgovernance.com
Subject: Comments: Proxy Access Proposals

Dear ISS:

Thank you for the opportunity to comment on your 2012 Draft Policies. I respond below to the questions you posed relating to **Proxy Access Proposals (U.S.)**.

Q: Does your organization intend to generally support or oppose proxy access shareholder proposals? Would your organization's view differ based on whether the proposal is a binding bylaw resolution versus a precatory (non-binding) one? If so, how?

A: My organization and myself, personally, strongly support both binding and nonbinding proxy access proposals that afford a reasonable means available to long-term shareholders to nominate one or more director(s). The abysmal corporate performance over the past ten years is a strong indication that the directors currently serving may not be the best qualified. Shareholders often have a greater financial stake in the company and their judgement could not be worse than many of the currently serving directors at our nation's companies.

Q: If your organization is likely to take a Case-by-Case approach on proxy access shareholder proposals, are there any additional factors not enumerated in ISS' proposed policy that your organization believes are central to the evaluation of these proposals? If yes, please specify.

A: I will oppose proposals that have too high a hurdle to nominate directors. Specifically, I will oppose high ownership thresholds. Any proposal requiring a greater than 1% ownership will not get my support. I will also vote against any proposal that has an unrealistically low share ownership threshold, say less than \$50,000. I will also oppose caps on the number of shareholder nominees, especially caps designed to ensure that a majority of board seats are retained by the current board's nominees.

Q: Would your organization look for specific thresholds or limits when evaluating these shareholder proposals (e.g., a minimum or maximum ownership percentage or number of board seats)? If yes, what specific parameters does your organization favor?

A: I am currently open to creative proposals that serve companies based on their unique needs and shareholder characteristics. A proposal of a \$50,000 dollar threshold may be appropriate at a \$20 million company, but be completely unrealistic at a \$200 billion company. I will be evaluating proposals on an individual basis. I also strongly support the model proposal being developed as detailed below.

The United States Proxy Exchange (USPX) is developing a model proxy access proposal that includes a number of sound innovations. One of these, as the draft is currently written, would allow a group of 100 shareowners, all satisfying the Rule 14a-8 eligibility requirements, to place one nominee on the proxy. The USPX model proposal has not yet been released. I urge ISS to consider supporting this proposal when it appears on proxy statements.

Q: Would your organization oppose the shareholder proposal if it allowed 13D filers seeking a change in control to place candidates on ballots? If no, please explain.

A: No, an appropriate proxy access proposal is a long overdue tool for shareholders. I would look favorably on a 13d filer who supported better governance practices, including making directors accountable.

Sincerely,

Brett Davidson
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