Please note that these comments are being sent on behalf of **John D. Martini**.

ISS Policy Board,
Please find our comments below regarding the 2013 Draft Policies for Say-on-Golden Parachute and Management Say-on-Pay proposals.

Say-on-Golden Parachute Proposals
The ISS proposal to update its current policy on Golden Parachute proposals to include existing change-in-control arrangements maintained with named executive officers, rather than focusing only on new or extended arrangements, will unfairly harm the vast majority of our public company clients.

This proposed policy change unfairly penalizes our public company clients for agreements they have absolutely no authority to amend. Existing change-in-control agreements are binding contracts and may only be amended with the consent of the executive. Our clients have no ability to disturb these agreements and the compensation committees have no authority to terminate these executives. For example, we represent a large financial services institution in which several executives have employment agreements. However, nearly all of these agreements are more than three years old and have not been amended. Why should this institution be penalized, ipso facto, for agreements entered into long before this proposed policy change?

When evaluating payments arising from pay practices in the context of a say on golden parachute proposal, existing arrangements should not be considered when determining whether to support the proposal. The focus should remain on new or extended arrangements. However, to the extent existing arrangements are considered, only those agreements entered into up to six months prior to the say on golden parachute proposal should be considered.

Management Say-on-Pay Proposals
The ISS proposal to use a company's self-selected peers meeting ISS' size criteria as a factor for peer group formation is a welcome change that will hopefully lead to more predictable results in the pay-for-performance analysis. However, a better approach would be to defer to the discretion of directors, in their entirety, for selecting the peer group. Directors, independent consultants and legal advisors spend a great amount of time, energy and effort determining the appropriate peer group to drive the compensation process. The assumption that an 8-digit GICS-based group will lead to superior peer group formation is just plain wrong. In our view, this approach leads to errors in both directions on a regular basis. If ISS desires to account for the quality of a peer group, they should simply encourage companies to disclose information about the manner in which the peer group was selected in the company's annual proxy statement.

Regards,
John D. Martini
Global Executive Compensation & Benefits
Reed Smith LLP