

GRId Information to Change When Proxy Filed

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A number of companies have been unhappy to discover that ISS' recent adoption and resulting move to GRId 2.0 changed "low" or "medium" concerns to move up a notch (to "medium" or "high" concerns), especially in the compensation category. Others were pleased to find that GRId 2.0 caused movement in the opposite direction. Any dissatisfaction, or relief, may be short-lived, because the compensation data reflects information from the 2011 proxy statement, meaning 2010 pay.

ISS has confirmed that they will update the data when companies file their 2012 proxy statements. When a company's proxy voting recommendation is published by ISS, the answers to the pay-for-performance related GRId questions will be updated along with the rest of GRId. GRId scores will be reflected in the voting report. The new GRId aligns more closely with the ISS proxy voting reports. Note in particular that the pay-for-performance section under GRId is the same pay-for-performance analysis that ISS conducts for its voting reports.

These answers will not change until the following year's proxy filing. Companies need not input anything through the data verification process, though should check the answers, as well as the proxy voting recommendations, for accuracy.

Having spent some time with the new GRId, we find that it is quite difficult if not impossible to discern how a company attained its particular compensation score, and what would constitute sufficient changes to move (up or down) to another level of concern. Perhaps it is no surprise that ISS offers a consulting service on GRId.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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