

Alert

SEC Disclosure and Corporate Governance

Heads Up for 2015 Proxy Season: Updating Peer Groups – December 11, 2014 Deadline

Institutional Shareholder Services considers a company's self-selected peers when constructing the peer group that ISS uses to evaluate pay-for-performance. ISS has requested that companies with annual meetings scheduled to be held between February 1, 2015 and September 15, 2015 notify ISS by 8:00pm EST on **December 11, 2014** of any changes to a company's self-selected peer companies for purposes of benchmarking CEO compensation. ISS has stated that it will conduct a separate peer submission process in mid-2015 for companies with annual meetings after September 15, 2015.

The peer group provided should be the peer group used for benchmarking CEO compensation for the fiscal year ending prior to the company's 2015 annual meeting (i.e., the peer group used for 2014 compensation decisions). However, if a company anticipates making changes to its peer group for 2015, ISS has indicated that an updated peer group would be helpful "if the anticipated 2015 changes are due to business events that have made companies in the 2014 peer group no longer relevant (e.g., significant business changes, mergers, spinoffs, or bankruptcies)."

Note, however, that even though ISS has said that it will take into consideration a company's self-selected peers, its FAQs clarify that a company's self-selected peers may not always appear in the ISS peer group, even if they meet ISS' size constraints (for example, if inclusion would lead to over-representation of a particular industry in the ISS peer group). The FAQs are available at <http://www.issgovernance.com/file/faq/us-peer-group-feedback-faq.pdf>.

If changes have been made to the company's self-selected peer group, updated peer group information should be provided to ISS via its web form, available at <http://www.issgovernance.com/u-s-company-peer-group-feedback>. ISS has also requested that companies confirm via email the submission of peer groups by sending an electronic copy of the submitted list on the company's letterhead along with a contact name and email

address to peerfeedback@issgovernance.com. Note that ISS expects that the list of companies provided to it will match the list of benchmarking peers that are disclosed in the 2015 proxy statement. ISS has indicated that significant differences between peers submitted to ISS and peers disclosed in the proxy statement “may cause ISS to re-run the peer group and may result in the company not being able to pre-submit peers in future years.”

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If you have any questions on these matters, please do not hesitate to speak to your regular contact at Weil, Gotshal & Manges LLP or to any member of Weil’s Public Company Advisory Group:

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