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September 15, 2009

The Honorable Mary L. Shapiro
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE Washington DC 20549-1090

RE: Proxy Disclosure and Solicitation Enhancements
Release No. 33-9052, File No. S7-13-09

Dear Ms. Shapiro:

We welcome the opportunity to comment on the proposed rules outlined in Release No. 33-9052 (File No. S7-13-09) on enhancing compensation and corporate governance disclosure by public companies. We commend the Commission for proposing to enhance such disclosure, since we generally believe both companies and shareholders benefit from more and clearer disclosure – particularly regarding executive compensation and boards of directors.

We believe that since shareholders elect directors to serve as their representatives on the boards of companies in which they invest, the election of directors is the most important proposal on which shareholders vote. Through the vote, shareholders can hold directors accountable and remove directors who fail to adequately represent shareholders' interests in overseeing management and ultimately working to increase shareholder returns. Therefore, clear, robust compensation disclosure is essential for shareholders in evaluating the performance of directors in properly incentivizing executives through prudent risk taking. Further, we likewise believe shareholders will benefit from learning additional information about the board structure as well as individual directors when making voting decisions.

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Enhanced Compensation Disclosure

Glass Lewis believes that complete, timely and transparent disclosure of executive pay is critical to allowing shareholders to evaluate the extent to which pay is aligned with company performance. We believe that analyzing executive compensation policies and practices is therefore one of the more visible and measurable means shareholders have for judging a board's effectiveness. However, as a general rule, Glass Lewis does not believe shareholders should be involved in determining the structure or amount of compensation packages. Such matters should be left to the compensation committee, which can be held accountable for its decisions through the election of its members. We believe the additional disclosure as proposed would facilitate shareholders' evaluation of companies' compensation practices and, therefore, of directors responsible for designing and setting compensation.

Compensation Discussion and Analysis Disclosure

The global financial crisis has underscored the importance of sound risk management and, in particular, has shown how compensation policies can contribute to excessive risk-taking. We, therefore, support the proposed rule to require companies to discuss in their CD&A how the company's compensation policies incentivize risk-taking by executives. We believe the requirement will not only provide relevant information to shareholders for evaluating the risk in their investment portfolio but, at a minimum, will force companies to examine the relationship between risk and compensation, a practice which the global financial crisis highlighted was lacking at many companies. Further, we believe companies would allay investors' concerns by disclosing risk mitigation policies relating to compensation, such as establishing reasonable holding periods for incentive awards and imposing claw-back policies, both of which foster better appreciation of risk incentives inherent in compensation design.

Since companies in many industries employ derivative and hedging strategies (e.g. the hedging of fuel costs by airline companies), which may distort earnings, we do not believe such risk disclosure should be limited to financial services companies. In addition, we believe that companies would benefit from monitoring and adjusting policies as appropriate to reflect evolving risk exposure and therefore should update their risk disclosure periodically.

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Revisions to the Summary Compensation Table

We believe revising the Summary Compensation Table and Director Compensation Table disclosure of equity-based awards to require disclosure of the aggregate grant-date fair value of awards rather than the value recognized for financial statement reporting purposes would resolve considerable confusion among shareholders. Investors examine the design, level and appropriateness of compensation to evaluate the effectiveness of the board in designing an appropriate compensation program for executives. Ultimately, most shareholders seek to determine if pay is tied to performance; this evaluation focuses mainly on comparing compensation paid to executives with company performance for a relevant period.

The current stock award valuation disclosure is unhelpful in evaluating if pay is tied to performance. Not only is it confusing since it does not provide the value of awards granted during the most recent fiscal year but it bases the valuation of an executive's equity-based awards on accounting standards, a valuation used neither by compensation committees in setting the appropriate level of compensation nor by shareholders in evaluating that level. Since shareholders do not rely upon the amounts listed in the current table, shareholders are forced to calculate the aggregate value of stock awards themselves, either by referring to the Grants of Plan-Based Awards Table or by using a Black-Scholes or other binomial valuation model. These valuation models require certain inputs based on assumptions of term and volatility. Since these assumptions are subjective, the values attributed to the grants by the company may therefore vary considerably from the values ascribed by various shareholders. Finally, revising the required disclosure would eliminate the anomalous display of negative compensation amounts, as described in the release.

We believe companies should include in the Summary Compensation Table grants made after the close of the fiscal year if the awards are based on performance during that fiscal year, since that better reflects compensation earned during that year and better allows for a comparison of compensation and performance for that year. Since having a breakdown by type and size of award is instructive to shareholders in analyzing the nature of awards granted to executives, we believe the Grants of Plan-Based Awards Table should be retained. Regarding recomputation of prior years' data, we believe not doing this would preclude accurate year-over-year comparisons and would lessen the effectiveness of the new disclosure for the first two years of the disclosure (i.e. until there is a full three years of comparable compensation data).

Enhanced Director and Nominee Disclosure

With the elimination of broker votes for the election of directors and the growing adoption of majority voting for directors, director elections are more meaningful than ever before. However, in the absence of a proxy contest, shareholders are presented with

no alternative to the directors selected and nominated by the incumbent board; shareholders' only option is to vote for or against a director (or withhold at companies without majority voting). In making that voting decision, we believe the proposed changes requiring further disclosure about directors promotes director accountability by facilitating more thorough shareholder evaluation of each director's background. Without this additional information, shareholders are limited in their ability to make a fully informed judgment about a director.

Since the effectiveness of directors, or lack thereof, is ultimately demonstrated through the performance of the companies on whose boards they serve, we believe a director candidate's track record while serving on the boards of other companies is the best indication of a director's likely effectiveness. Therefore, we support the proposed rule to require more disclosure by companies about the other board seats of director nominees. In addition, we believe lengthening to 10 years the required disclosure period for legal proceedings would provide a broader indication of lawsuits that, if still pending, are distracting at best and indications at worst of poor oversight by the director. Finally, we believe shareholders would benefit from learning more about how the specific skills and experience of each director benefit the company and ultimately promote shareholder interests.

We do not believe the additional disclosure should be limited to members of key committees, since the board as a whole is ultimately responsible for approving and implementing policies initially reviewed and endorsed by the key committees and all directors play an important role in representing shareholders. To promote director accountability, the disclosure should be provided every year. Since there is relatively limited turnover among directors, the burdens on public companies would be limited to updating the key information for a small number of board members. In addition to providing disclosure on the key committees of audit, compensation and governance, we believe shareholders would benefit from understanding which directors are charged with overseeing risk at the firm, such as a dedicated risk committee, the audit committee or the entire board.

<u>New Disclosure about Company Leadership Structure and the Board's Role in the Risk Management Process</u>

We believe that additional disclosure about the company's leadership structure, and the rationale for the type of structure in place, would promote shareholders' trust in the board and management, particularly around the crucial issue of the company's risk management process. Further, given our longstanding support for the appointment of an independent chairman, rather than the CEO also holding that role, we believe companies that have combined the roles should be required to provide an explanation for not having an independent chairman. While most companies already disclose if they have a lead

director and current disclosure affords the ability to determine if the chairman is independent, the disclosure rarely provides any rationale for the structure.

With the global financial crisis continuing to expose flaws in risk management oversight, we also believe companies and shareholders would benefit from more disclosure about companies' risk management procedures, including board and executive responsibilities and relevant reporting lines.

New Disclosure Regarding Compensation Consultants

We recognize that most companies rely on compensation consultants to help them design compensation programs for executives, directors and employees. However, we believe in those cases where the same consultant is engaged by both the compensation committee to help design executive compensation (and/or director compensation) and by company executives to consult on broader employee compensation policies, that potential conflict should be disclosed to shareholders. The disclosure would allow shareholders to determine if the conflict resulted in inappropriate types or levels of executive compensation.

Where a compensation consultant works for both the board and the management team, the concern is similar to that of auditors that conduct an audit and also provide other consulting services to the company. Just as companies must now disclose fees paid to auditors for audit, tax and non-audit fees, we believe fees paid to compensation consultants for executive and non-executive employee compensation consulting should be disclosed, as well as the type and nature of any additional services they provide. Further, we believe that the role of both management and the board in the decision to hire the consultant should be disclosed as well.

Since the rule would apply equally to all companies, specific disclosure of the dollar amounts of contracts would not inhibit the ability of a company to hire a consultant but may serve to encourage the hiring of unconflicted consultants. However, just like with audit and non-audit fees, most shareholders would focus on the relative size of the consultant engagement contracts for executive compensation compared to the engagement contracts for other employee compensation consulting, versus the actual amounts paid. We also believe that where a CEO hires a consultant upon his or her initial hiring, generally to assist in negotiating the CEO's employment contract, and company management subsequently hires the consultant for other work, that information should be disclosed.

We would be happy to provide any additional information to the SEC regarding this matter. Thank you for the opportunity to comment on the proposed rule changes regarding enhancing compensation and corporate governance disclosure by public companies.

Sincerely,

/s/	/s/
Katherine Rabin	Robert McCormick
Chief Executive Officer	Chief Policy Officer

cc: Kathleen L. Casey, Commissioner, Securities and Exchange Commission
Elisse B. Walter, Commissioner, Securities and Exchange Commission
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