2015 PROXY SEASON SURVEY

Public Company Experience during the Current Proxy Season

The U.S. Chamber Center for Capital Markets Competitiveness's (CCMC) was created nearly a decade ago to advance America's global leadership in capital formation by supporting diverse capital markets that are the most fair, transparent, and efficient in the world. A fundamental part of this goal is to ensure that companies are governed in a manner that fosters long-term growth, encourages risk-taking and innovation, and limits excessive controls that could deter companies from accessing the public markets.

In partnership with Nasdaq, the U.S. Chamber of Commerce conducted a survey of public companies of all sizes and industries regarding their interaction with the two dominant proxy advisory firms, ISS and Glass-Lewis, leading up to and during the 2015 proxy season. Over 155 companies responded to the survey which was open from May 28, 2015, to August 20, 2015.

<u>Summary of Survey Results</u>

- 94% of surveyed companies had a proxy advisory firm make a recommendation on a matter featured in the corporate proxy statement.

- Only 25% of companies believed the proxy advisory firm carefully researched and took into account all relevant aspects of the particular issue on which it provided advice.

- Companies asked advisory firms to provide input into the recommendation 47% of the time, and advisory firms permitted that input 53% of the time. Only 38% of companies believe that input had any impact on the final recommendation.

- For companies seeking input, companies reported a wide spread in the amount of time the advisors granted them to respond, with anywhere from one hour to a month being reported. 24 to 48 hours seemed most common.

- For companies that believe they had insufficient time to respond, only 26% of companies expressed their dissatisfaction to the advisory firm and portfolio managers.

- More than half of companies (53%) notified the proxy advisory firm when it relied on inaccurate or stale data to make a recommendation. 43% of companies notified portfolio managers in this situation. No companies reported bringing this issue to the attention of the SEC.

- 38% of companies surveyed reached out to proxy advisory firms to pursue opportunities to meet and discuss issues subject to shareholder votes. 60% of companies' outreach resulted in a meeting with the advisor.

- 20% of companies formally requested previews of advisor recommendations. About half (48%) reported that the advisor accommodated the request. Again, companies reported a wide spread of one day to one month in the time between the preview and the recommendation, with one to two weeks seeming most common.

- 84% of companies monitor proxy advisor firms' reports for accuracy and reliance on outdated information.

- 13% of companies took steps to verify the nature of proxy advisory firm conflicts of interest, and even fewer (6%) reported finding significant conflicts during the current proxy season. While affected companies uniformly notified proxy advisors 100% of the time when the companies discovered apparent conflicts, no companies notified the SEC.

- 78% of companies have some form of year-round, regular communication program with institutional investors.

To learn more about the survey results, contact the Center for Capital Markets Competitiveness at ccmc@uschamber.com