

Shareholder Activism Overview

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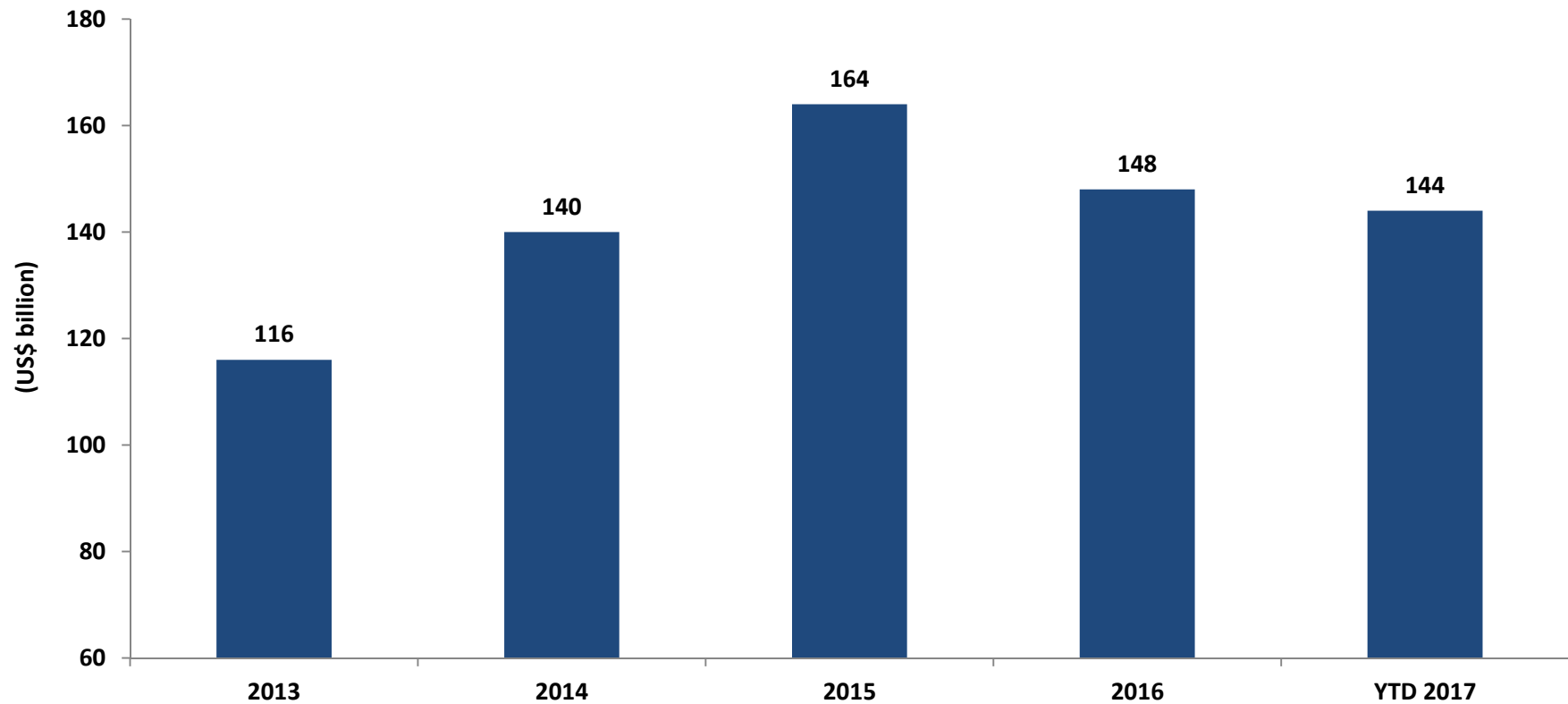
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[The Shareholder Communication Strategists](#)



Activist Investing Is a New Asset Class

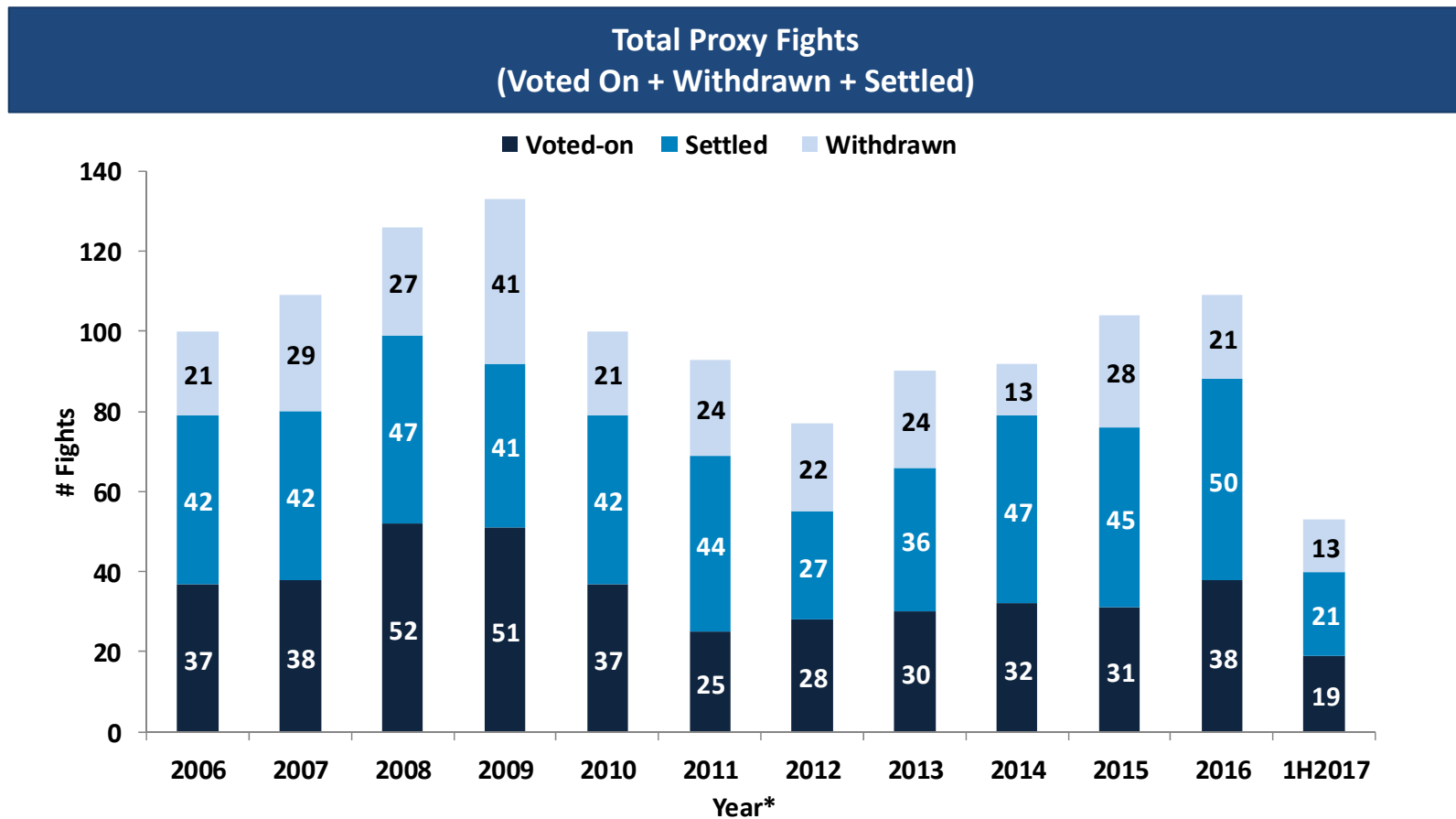
Assets Under Management by Activist Investors* (USD Billion)



Source: Activist Insight, as of Sep. 5, 2017.

*Includes activist investors in North America only.

Activist Campaigns – Voting Trends

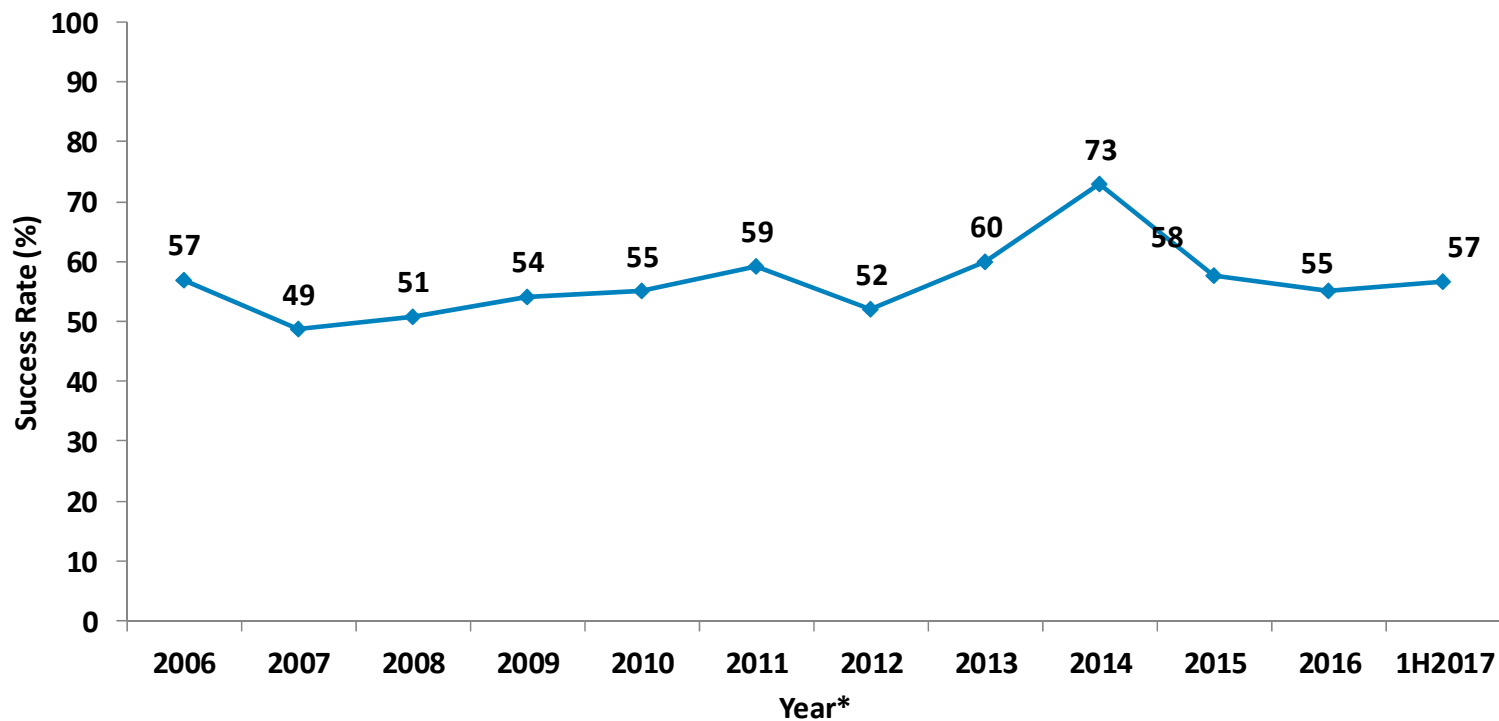


Most activist campaigns DO NOT go to a shareholder vote

Source: FactSet SharkRepellent, as of June 30, 2017.
*Based upon scheduled meeting date.

Activist Win-Rate (all campaigns)

Dissident Success Rate for All Proxy Fights



Access to expertise and support of long-only funds has resulted in high win-rate

Source: FactSet SharkRepellent, as of June 30, 2017.

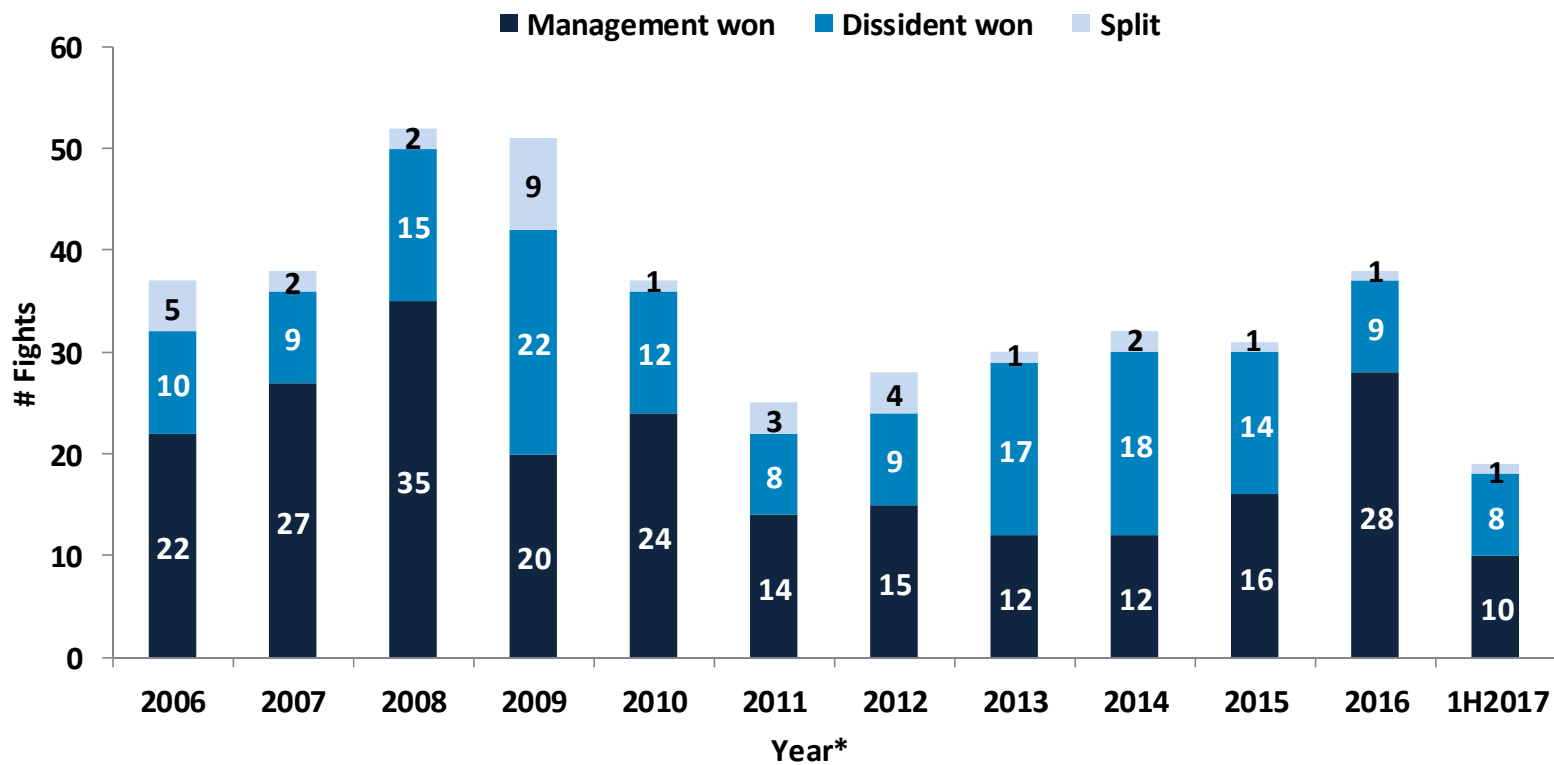
*Based upon scheduled meeting date.

Success rate is defined as the number of outright victories, partial victories or settlements by the dissident as a percentage of all proxy fights where an outcome has been reached.



Activist Campaigns – The Winner is ...

**Management vs. Dissident
Track Record in Proxy Fights That Went To Shareholder Vote**

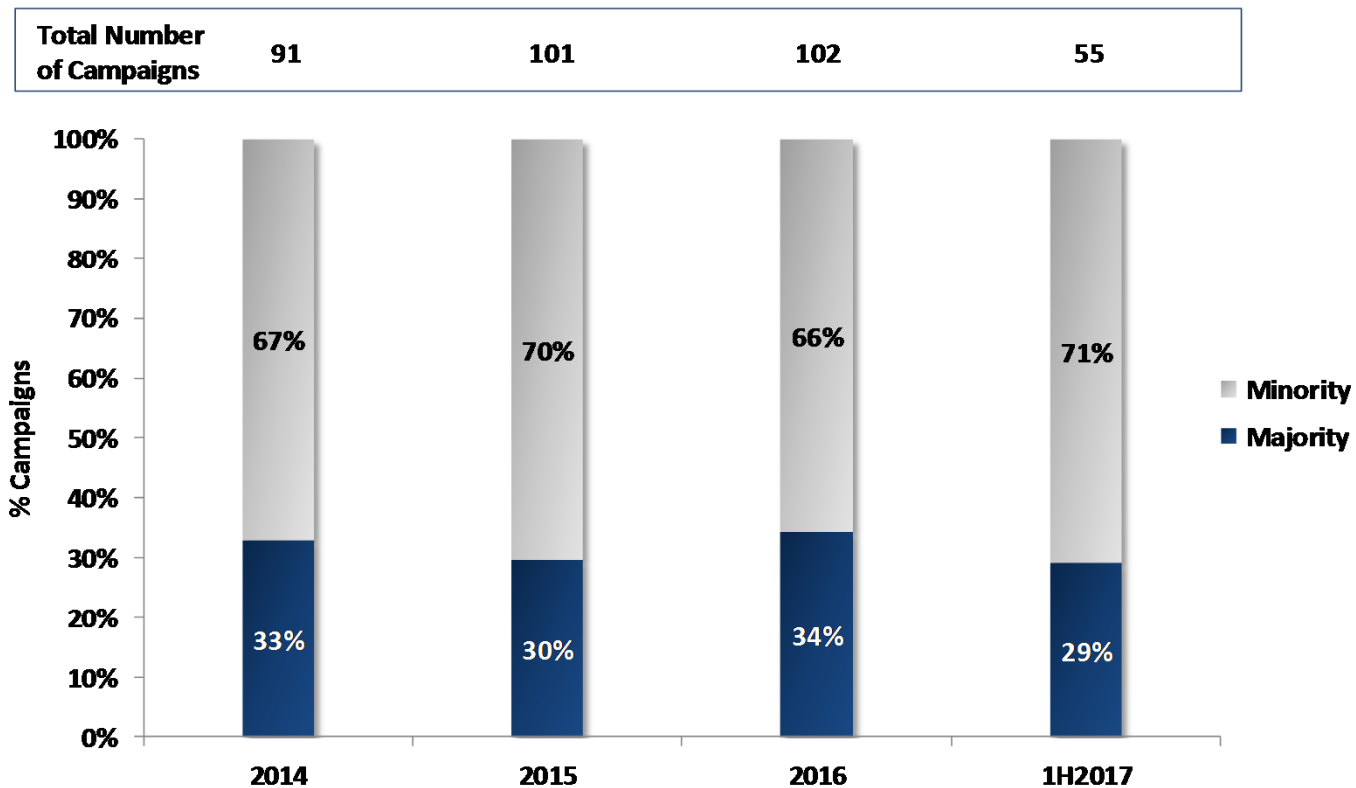


Management's win-rate has improved

Source: FactSet SharkRepellent, as of June 30, 2017.
*Based upon scheduled meeting date.

Activists Tend to Seek Minority Representation

Primary Proxy Contest Campaign Type* Board Control (Majority) vs. Board Representation (Minority)

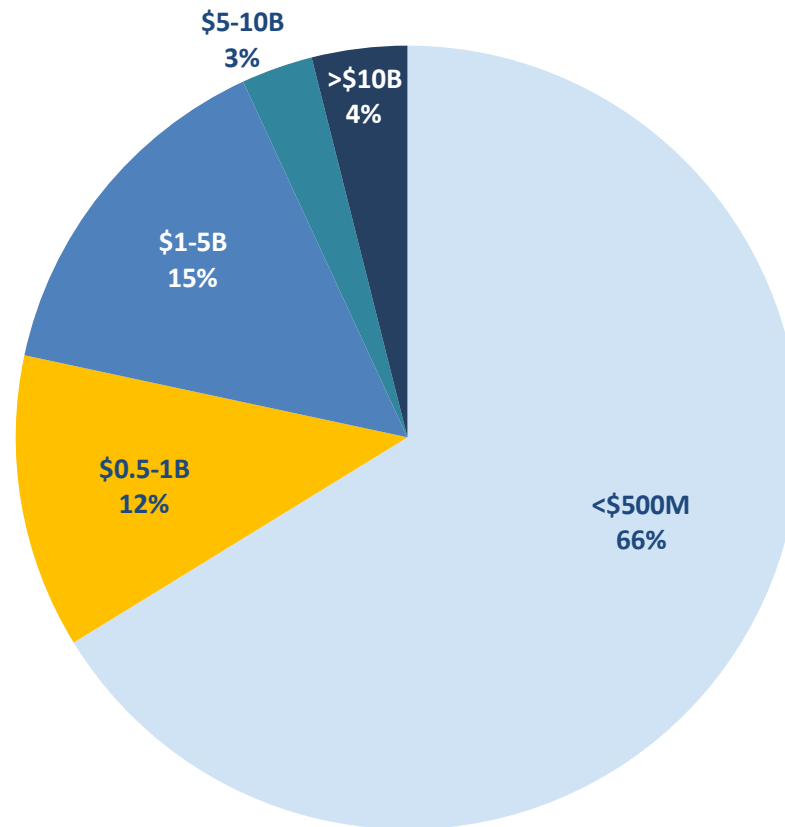


Source: FactSet SharkRepellent. Data based upon meeting date between Jan. 1, 2014 and Jun. 30, 2017.

*Campaign type includes board control and representation.

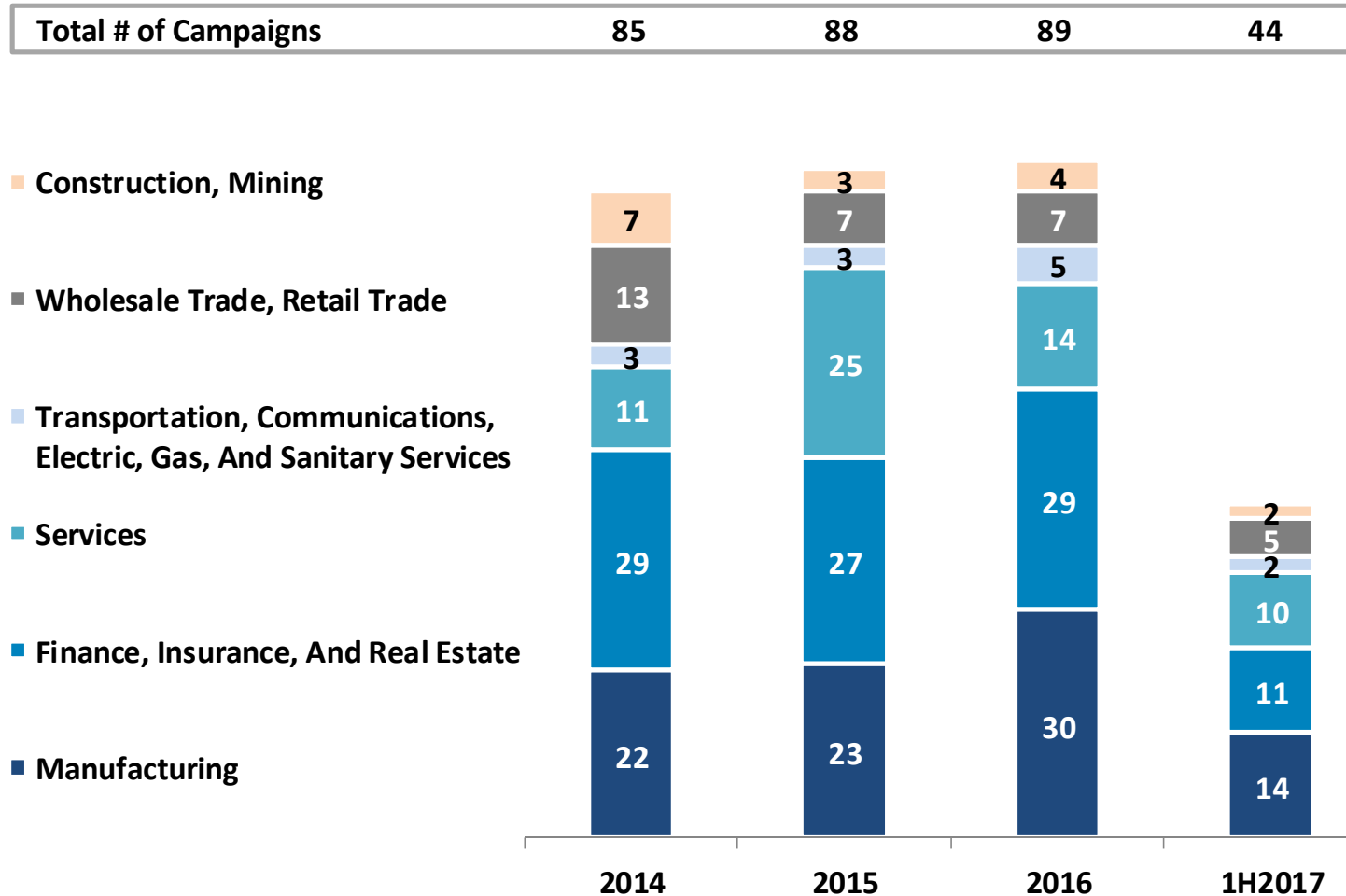
Activists Focus on Small/Mid-Cap Companies

Proxy Contest by Market Cap.
(Board Control/ Representation)



Source: FactSet SharkRepellent. Data based upon meeting date between Jan. 1, 2014 and Jun. 30, 2017.
Campaign type includes board control and representation.
Excludes companies for which market capitalization is unavailable at time of campaign announcement.

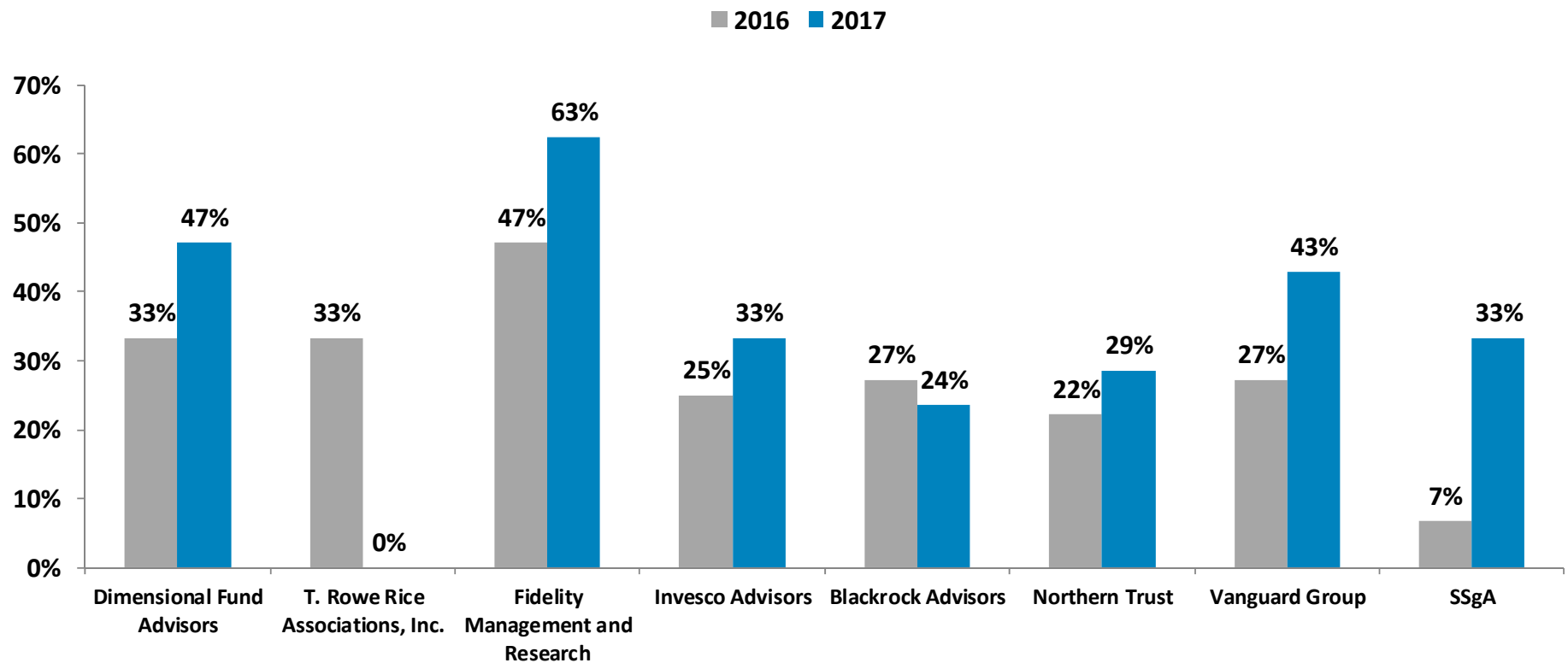
Manufacturing & Finance Industries are Primary Focus of Activist Campaigns



Source: FactSet SharkRepellent. Data based upon meeting date between Jan. 1, 2014 and Jun. 30, 2017. Campaign type includes board control and representation.

Institutional Investors Support Activists

Percentage of time any fund family voted on the opposition card

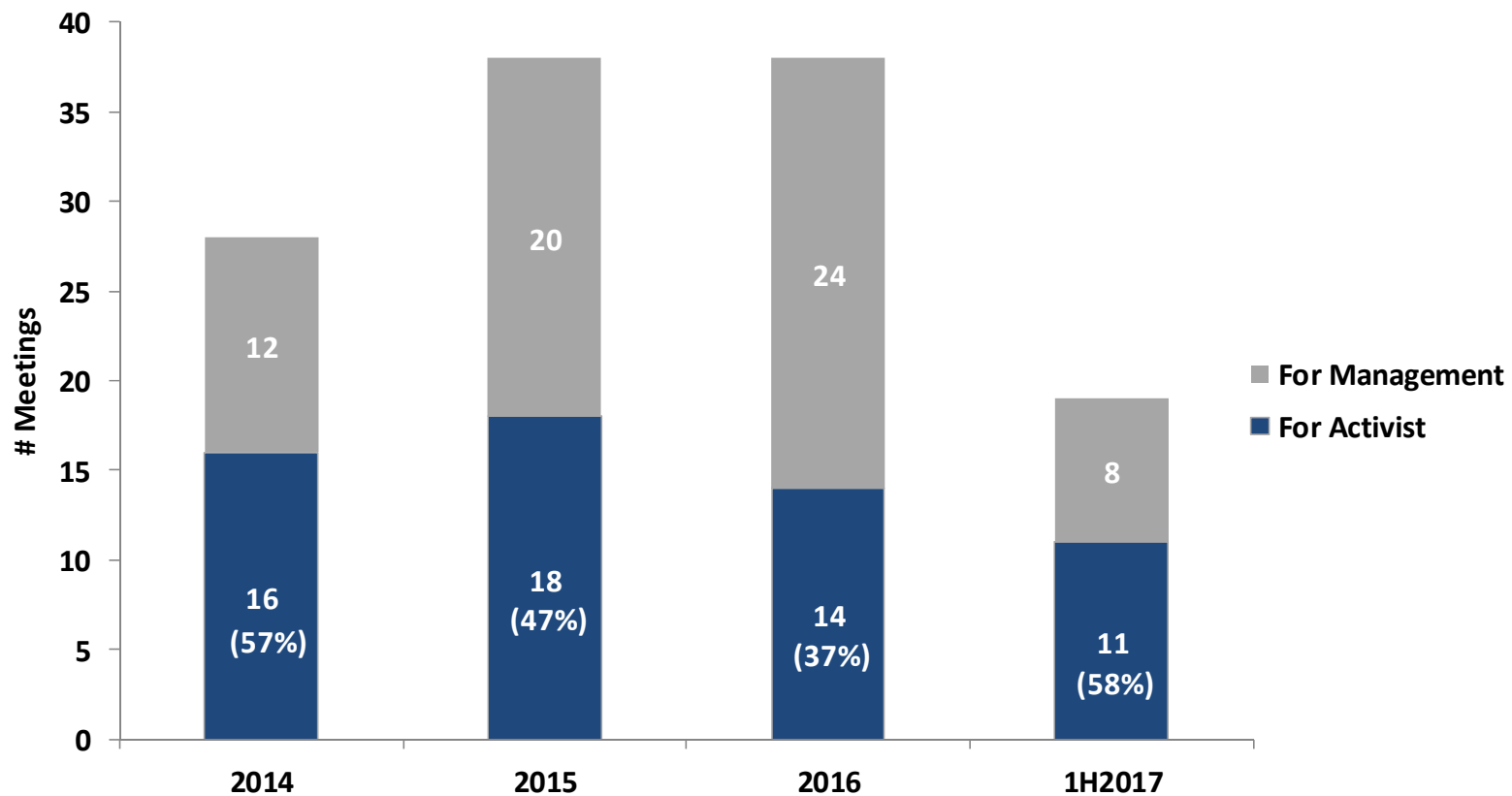


Source: Proxy Insight, ISS Voting Analytics.

- Data based on N-PX filings: 2016 (period covered: 7/1/2015–6/30/2016), 2017 (period covered: 7/1/2016–6/30/2017).
- Proxy contests for US companies only.

ISS appears to be more supportive of activist

Proxy Fights where ISS issued recommendation



Source: ISS Governance Voting Analytics.

- Data based upon meeting date between Jan. 1, 2014 and Jun. 30, 2017.
- Proxy contests for all indices in USA.
- Includes Elect Directors (Opposition Slate) and Remove Existing Directors only.

Key Activist Agendas

M&A

- Force sale or break-up of the company
- Oppose announced M&A or demand a better offer
- Potentially form groups with strategic acquirer
- E.g. Valeant/Allergan situation



BALANCE SHEET

- Maximize shareholder value via share buyback and special dividends
- Target cash on corporate balance sheet
- E.g. Carl Icahn vs. Apple



OPERATIONAL

- Seek operational improvements, elimination of business lines and products, geographic expansions etc.
- Requires extensive industry experience and expertise
- Focus is on underperformance of segments and/or poor capital allocation strategy.
- E.g. Starboard vs. Darden and Carl Icahn vs. EBay.



GOVERNANCE

- Pursue improvements in governance profiles/policies (separation of Chairman/CEO roles, board declassification, management compensation, etc.)
- E.g. David E. Stern/ Air T. and Marathon Partners vs. Shutterfly



Components of Activist Risk Assessment

