

M&A Activism

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The Shareholder Communication Strategists



Key Findings

Campaigns

- Since 2013, shareholders have opposed M&A transactions with cumulative deal value of approximately \$400B.
- Of the 89 different transactions that faced opposition, 73 campaigns were at the target company and 16 were at the acquiring company.
- 90% of the campaigns were led by investors (mostly institutional).
- Target's shareholders demanded higher merger consideration, while the acquirer's shareholders argued that the consideration was too high.

Targets

- M&A transactions by small and mid-cap companies were impacted most by opposition campaigns.
- A significant portion of which were in Manufacturing and Financial Services industries.

Activists

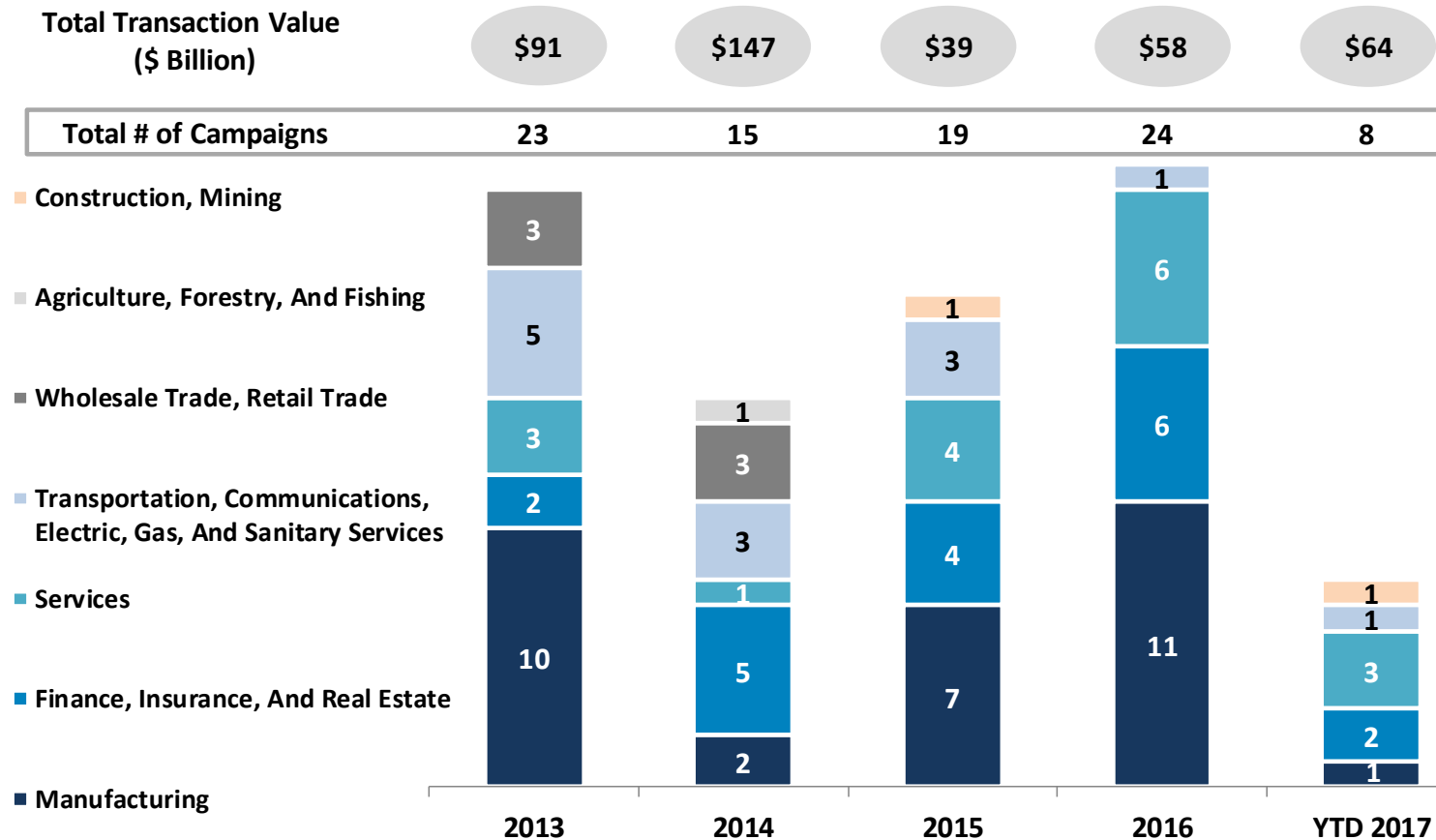
- Over half of the M&A opposition campaigns were led by first time or occasional activists.

Outcomes

- Many transactions (approximately \$116B in deal value) failed due to shareholder opposition.
- In most contested situations, ISS supported the underlying deal.

Contested M&A Transactions: By Sector

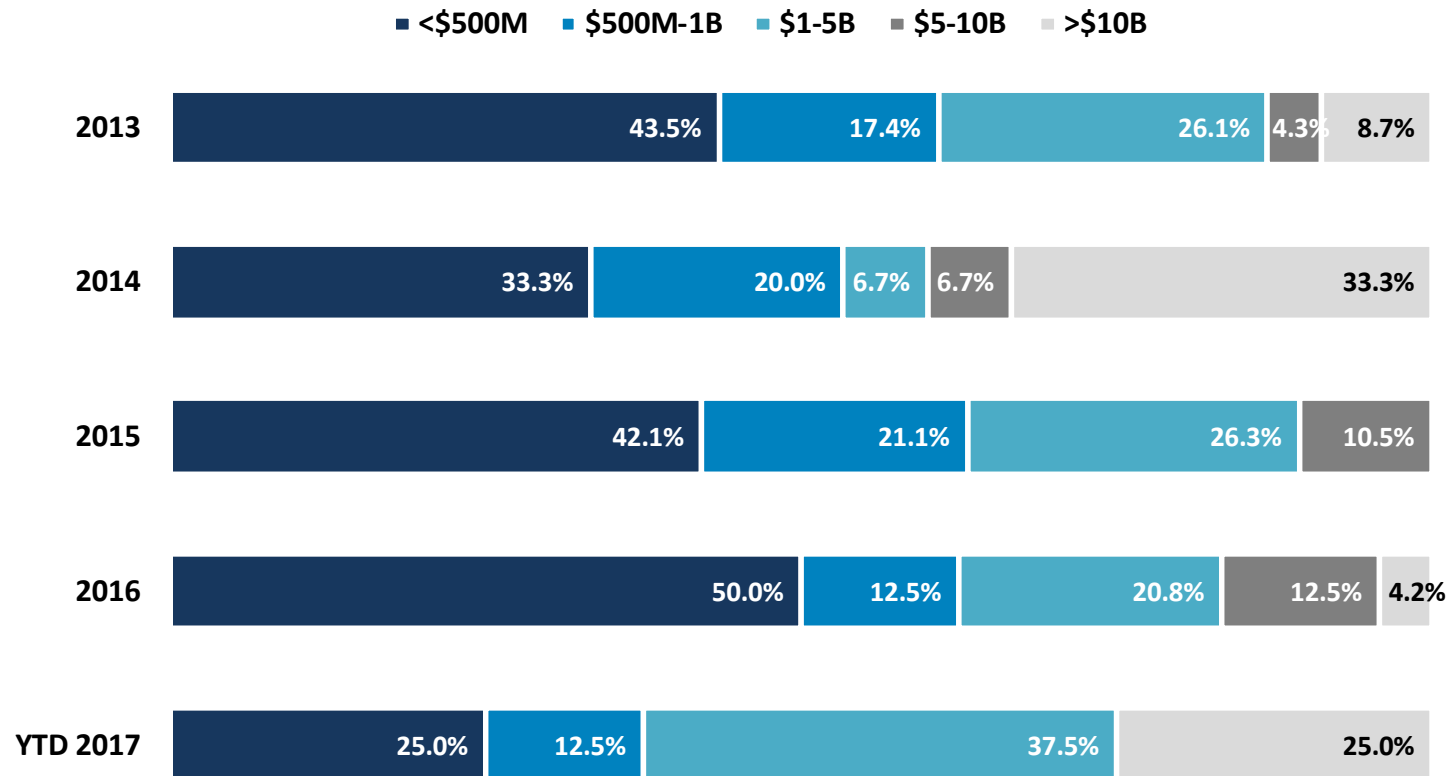
No. of Contested M&A Campaigns by Sector



3 Source: FactSet Shark Repellent. Data based upon deals announced between 1/1/2013 and 8/4/2017.

Contested M&A Transactions: By Market Capitalization

Market Cap. of Targeted Companies



Contested M&A Transactions: Campaign Demand

Activist Demands in Contested M&A Campaigns

of Campaigns at Target Companies: 73



of Campaigns at Acquiring Companies: 16

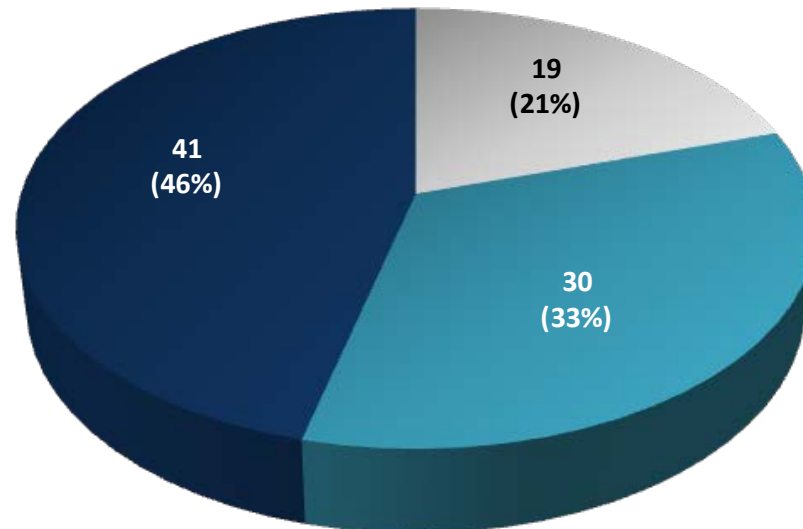


5 Source: FactSet Shark Repellent. Data based upon deals announced between 1/1/2013 and 8/4/2017.

M&A activism is not limited to experienced players

No. of Contested M&A Campaigns (% of total campaigns) (2013 – YTD 2017)

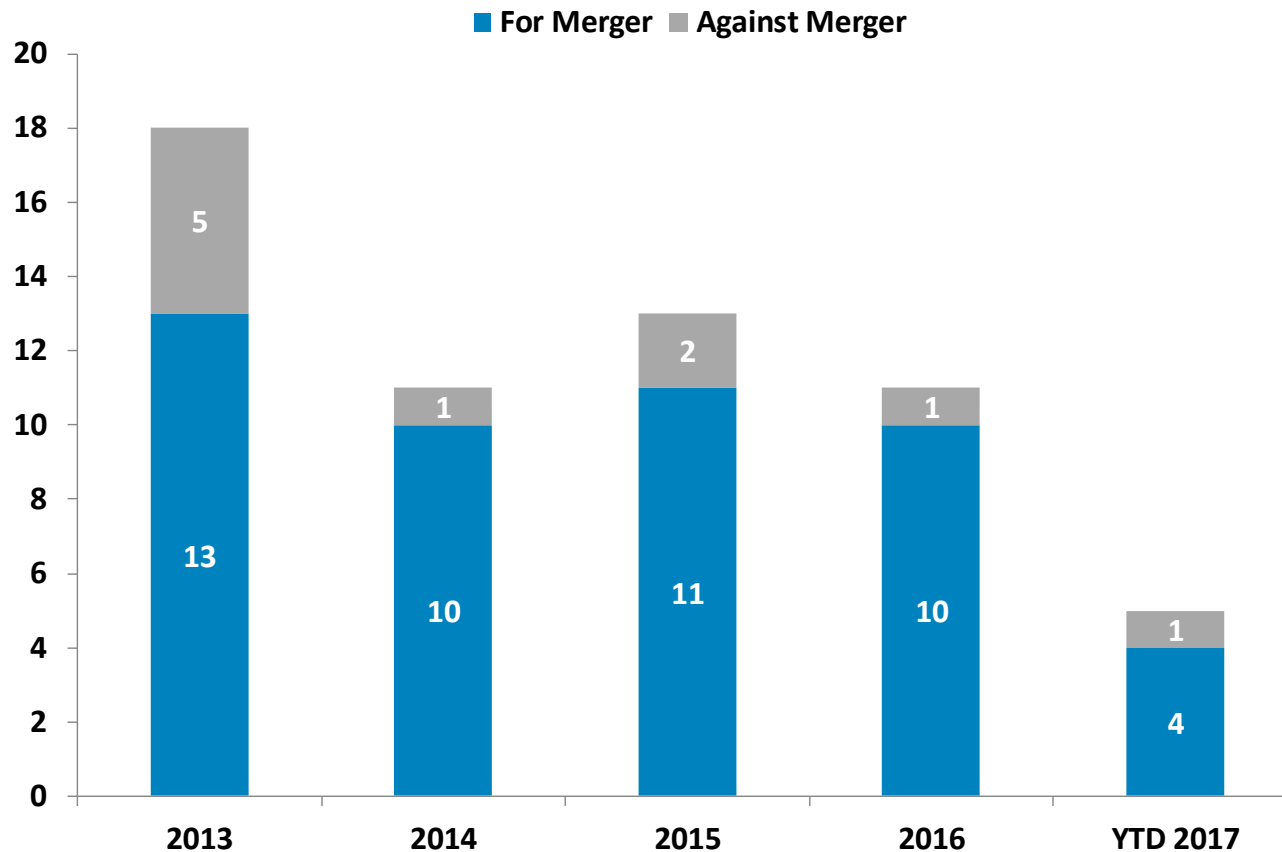
- First-time activist
- Activist with total number of campaigns between 2 and 5
- Activist with total number of campaigns greater than 5



Since Jan 2013, 54% of activist campaigns were led by first time or occasional activists

ISS tends to be “deal-friendly” in contested M&A

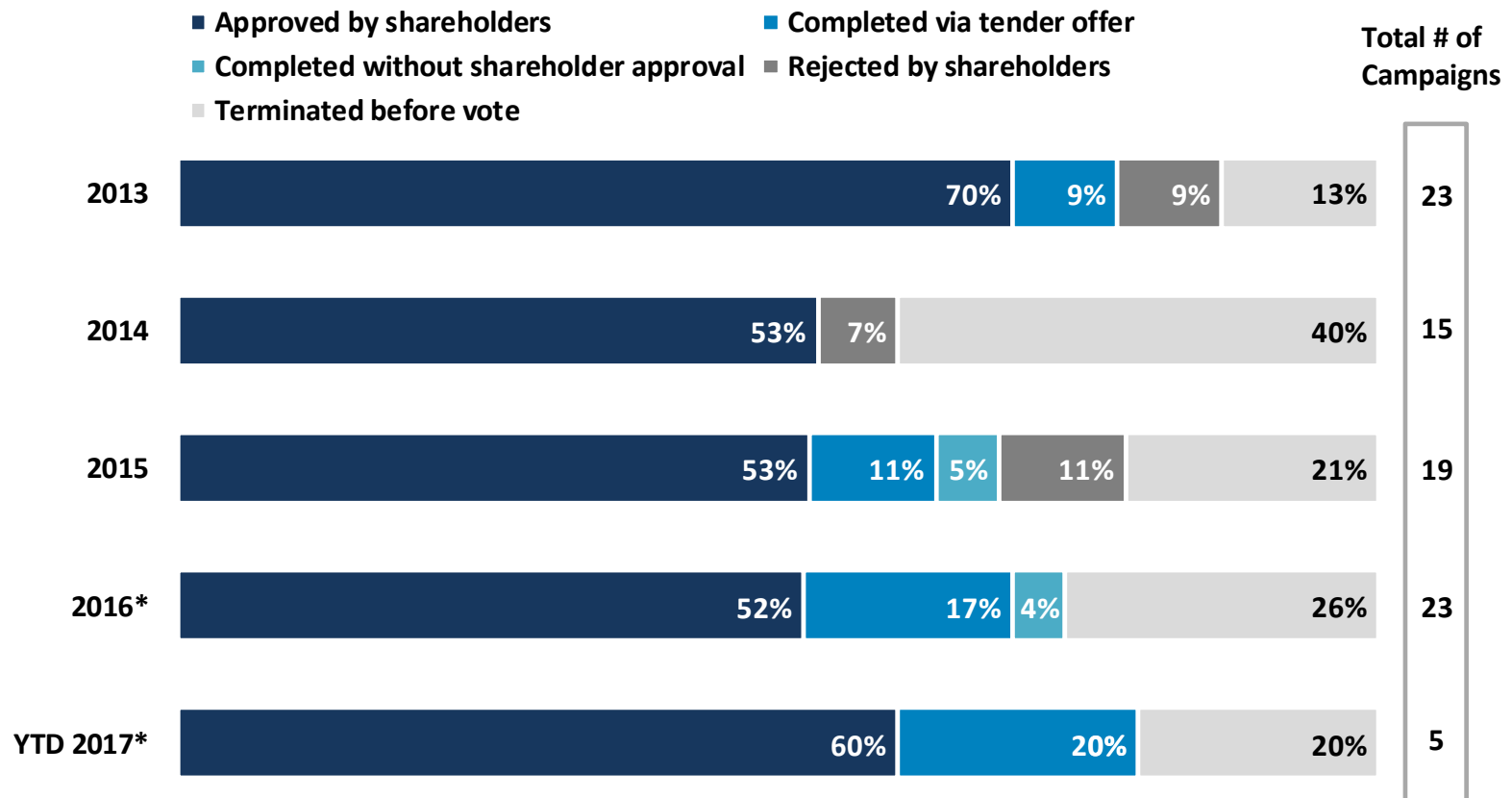
Contested M&A Campaigns where ISS Issued Vote Recommendation



7 Source: ISS Governance Voting Analytics. Data based upon deals announced between 1/1/2013 and 8/4/2017.

Significant majority of contested deals are approved/consummated

Outcome of Contested M&A Campaigns



8 Source: FactSet Shark Repellent. Data based upon deals announced between 1/1/2013 and 8/4/2017.
*Campaigns with pending outcome excluded.

Alliance's Value Proposition

Shareholder Engagement

- Strong relationship with institutional investors
- Insight into voting history and governance policies of major investors
- Proprietary database and in-house call center – i.e., enhanced ability to successfully connect with retail shareholders (**2.3 million individual investors contacted in 2016**)

Proxy Advisory Firm Engagement

- Four former ISS executives on staff
- Deep understanding of proxy advisory firm framework
- Proven track record in garnering support of proxy advisory firms

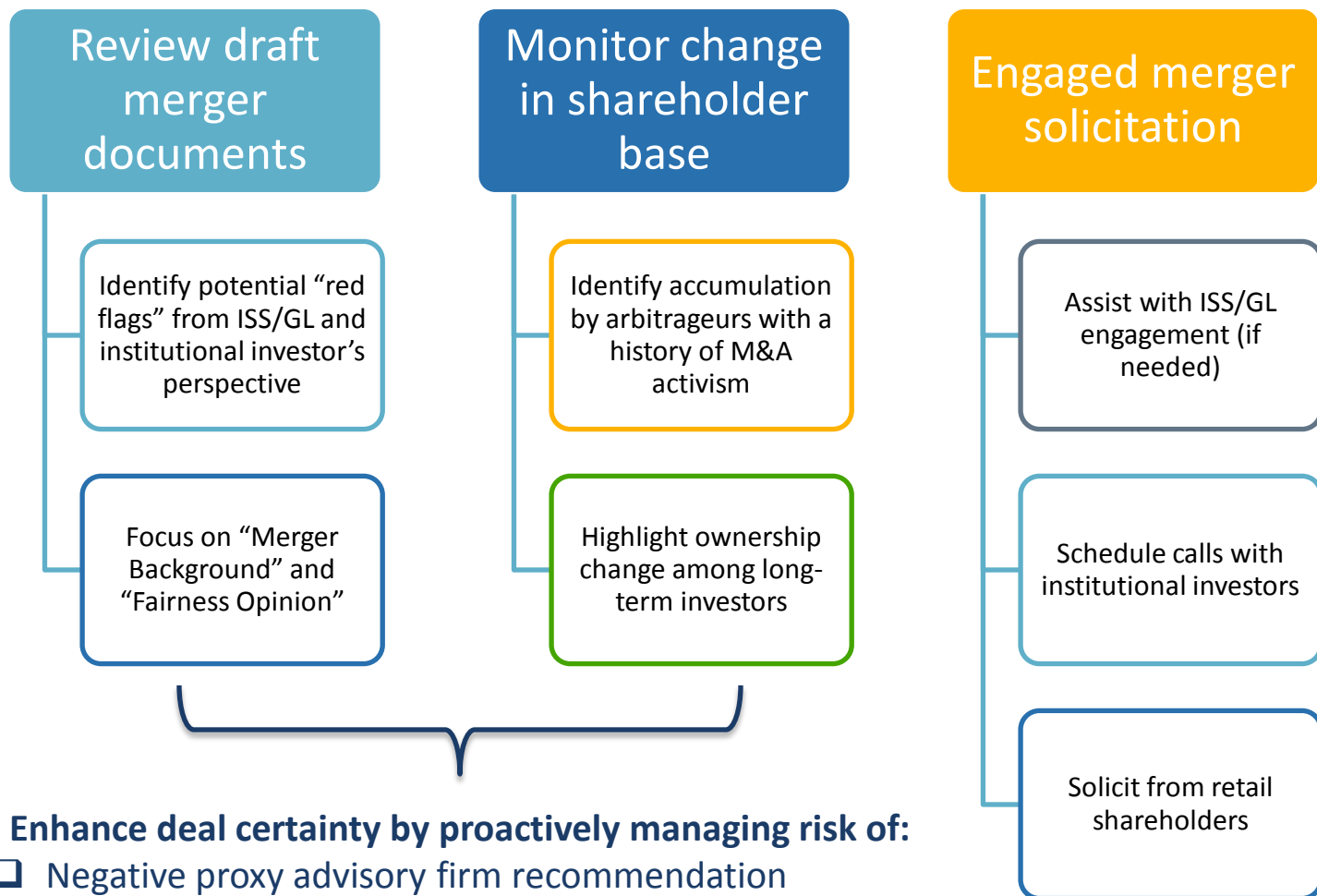
Shareholder ID

- Unique ability to track ownership changes by both passive and activist investor(s) driven by proprietary voting database

Shareholder Messaging

- Extensive experience in helping formulate successful communication strategy/messaging for investors and proxy advisory firms

Framework for successful M&A solicitation



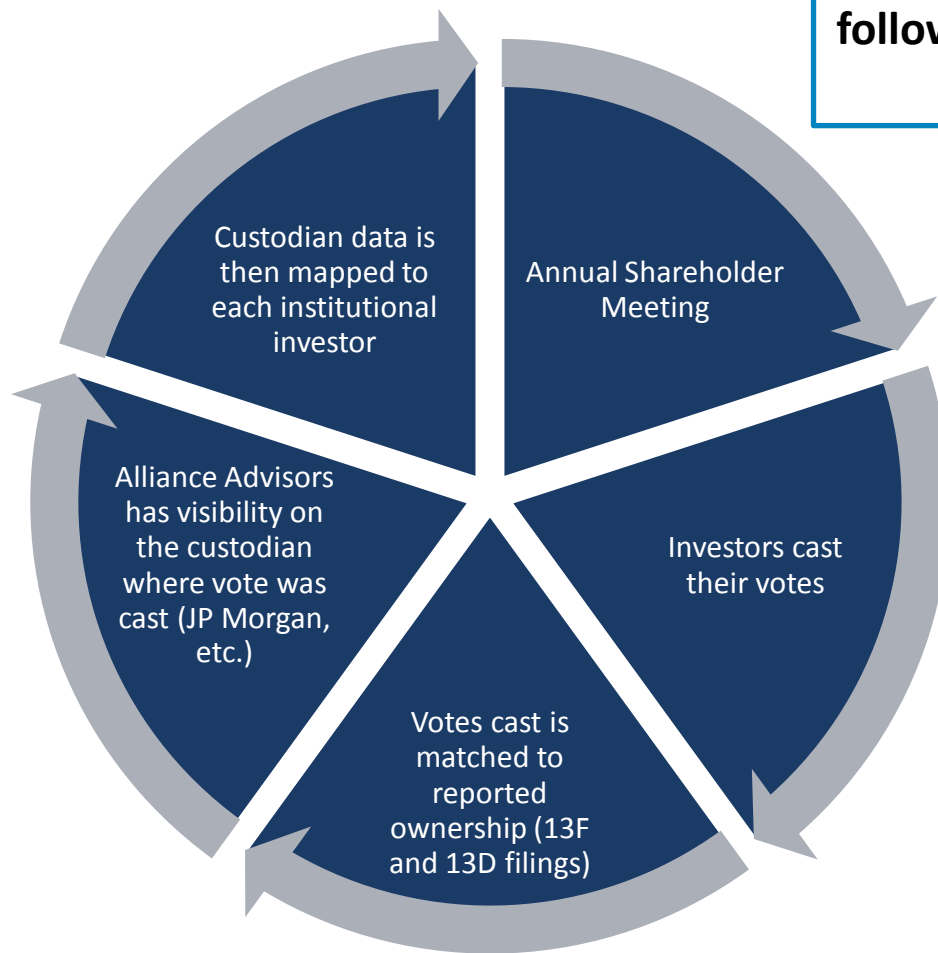
Enhance deal certainty by proactively managing risk of:

- Negative proxy advisory firm recommendation
- New investors who might oppose the transaction

“Intelligent” Stock Surveillance Program

+400 proxy solicitation campaigns helps build and maintain best-in-class institutional custodian database

Monitoring of institutional voting, allows accurate detection and identification of custodians used by activist investors, hedge funds and traditional institutional investors



Alliance identified the following activists prior to 13D filing

ICAHN
ENTERPRISES
L.P.

JANA
PARTNERS LLC

PERSHING SQUARE

VAC
VALUEACT CAPITAL

Alliance
ADVISORS

Unmatched ISS expertise

“TICC Capital was in a unique situation facing not one but two hostile actions: one to replace the entire Board so as to gain control of the management agreement, another representing a highly conditional unsolicited bid for the entire company. Before Alliance Advisors’ involvement, ISS recommended voting AGAINST management’s proposal. Two weeks before the shareholder meeting date, Waheed got involved and with his assistance, we re-engaged with ISS with a modified message and update. This approach worked, and ISS reversed its recommendation to in favor of voting FOR the management proposal. We would highly recommend anyone considering ISS engagement (in particular, in a contested situation) to retain Waheed and his team at Alliance Advisors.”



**Steve Novak, Chairman, Special Committee of the Board,
TICC Capital Corp.**

“We retained Alliance Advisors to assist us in the proposed merger with Fyffes. The Alliance team proved invaluable to these efforts, guiding both Chiquita and Fyffes through the ISS engagement process. Waheed and his team provided very accurate guidance and insight on ISS, which was instrumental in garnering ISS support for this contested transaction. We would highly recommend Alliance Advisors to anyone seeking any ISS engagement needs.”



**Chiquita
Brands
International**

**Edward Lonergan, Former CEO, Chiquita Brands
International Director, Owens Corning**



M&A Solicitation Experience



ACE Limited

ACE Ltd. Acquisition of Chubb Corporation

Value: \$28.3 Billion

Strategic Advisor



Quintiles Transnational Holdings, Inc.

Quintiles Merger with IMS Health Holdings, Inc.

Value: \$9 Billion

Proxy Solicitation



Robbins & Myers

Robbins & Myers acquired by National Oilwell Varco Inc.

Value: \$2.5 Billion

Proxy Solicitation



AGL Resources

AGL Resources, Inc. acquisition of Nicor Gas

Value: \$2.4 Billion

Proxy Solicitation



Keurig Green Mountain

Keurig Green Mountain Inc. acquired by a JAB Holding Company-led investor group

Value: \$13.9 Billion

Proxy Solicitation



Motorola Solutions

Modified "Dutch Auction" tender offer to repurchase shares of its common stock

Value: \$2 Billion

Information Agent



PrivateBancorp, Inc.

PrivateBancorp, Inc. acquired by CIBC

Value \$4.9 Billion

Proxy Solicitation



General Parts

General Parts International acquired by Advance Auto Parts, Inc.

Value: \$2 Billion

Proxy Solicitation