THE ACTIVIST REPORT

13D Monitor

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"Against" the Odds:

A Look at H Partners' Historic "Vote Against" Campaign at Tempur Sealy

STEVE WOLOSKY / ANDREW FREEDMAN

"There are certain situations where a 'just vote no' or 'withhold quorum' campaign can be a powerful and immediate strategic tool for giving shareholders a voice at a company....'Just vote no' campaigns have the potential to become even more valuable tools for activist shareholders seeking corporate change in years to come." "Just Vote No" Campaigns Come of Age in 2011 by Steve Wolosky and Andrew Freedman (The Activist Report: December 2011)

It was a mere three and a half years ago that we foreshadowed in this publication that an activist investor would enjoy success using a "vote against" campaign (aka, withhold campaign) to bring about significant change at a public company. Well, that situ-

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Under the Threshold

UPDATE

ANN TAYLOR

On May 18, 2015, **ANN INC. (ANN)** announced that it entered into a merger agreement under which it will be acquired by ascena retail group, inc. Upon closing, ANN shareholders will receive $37.34 in cash and 0.68 of an ASNA share for each share of ANN.

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Around the World

NEW

SAMSUNG

SAMSUNG C&T

On June 4, 2015, **Elliott Associates LP** announced that it acquired a 7.1% position in **Samsung C&T**, a construction and industrial investment business that owns a stake in Samsung Electronics. Elliott stated its

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DISSECTING ACTIVIST 13F'S

45 days after the end of each quarter, 13F filings are made by investors who have more than $100 million of qualifying assets under management. We examined the 13F filings made on March 31 by the top activist investors and assembled a chart of the increases, decreases and new positions for each activist and whether the activist requested confidentiality with respect to certain positions (See Pages 9 - 14). On Page 15 you will find a brief commentary on noteworthy new positions and you will see a list of situations where multiple activists are involved.

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10 Questions with Zach Oleksiuk

Zach Oleksiuk, CFA, is Head of BlackRock's Americas Corporate Governance and Responsible Investment team. Mr. Oleksiuk has over 13 years' experience in corporate governance, including with BlackRock in various roles since 2006. At BlackRock, Mr. Oleksiuk leads a team of analysts responsible for engaging with portfolio companies on corporate governance. Zach took the time to sit down with us for this month's edition of *10 Questions*.

13DM: What is the process at BlackRock in determining how to vote in contested election? How much weight is given to portfolio managers versus corporate governance specialists?

ZO: We have a thorough process in place to help us determine how to vote. Our 20+ person global corporate governance team conducts its own analysis, incorporating

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ation just happened in our client H Partners' recent, precedent-setting "vote against" campaign at mattress maker Tempur Sealy International targeting three Board leaders, including the CEO, the Chairman, and the Chairman of the Nominating & Governance Committee. From the outset, naysayers seemed to doubt whether this type of proxy campaign, traditionally employed by investors as a low-cost, half-hearted, fallback activist strategy, could achieve meaningful change at Tempur Sealy. Some even viewed missing the nomination deadline as a likely deal breaker for H Partners. Any remaining doubts, however, were laid to rest on May 8th when H Partners showed up at Tempur Sealy's Annual Meeting in Boston and delivered an overwhelming majority of the votes cast (80%+) against the election of the three targeted directors. The landslide vote was enough to shake up the center of power on Tempur Sealy's Board. By May 11th, H Partners and Tempur Sealy had announced an agreement enacting a series of significant leadership and board changes at the company, including, among others, the immediate resignation of the CEO; the immediate resignations of the two other targeted directors; the immediate appointment of H Partners' Usman Nabi to the Board; the formation of a CEO Search Committee to be led by Mr. Nabi; and the appointment of an additional director recommended by H Partners.

The Wall Street Journal heralded H Partners' victory as "something of a precedent-setting victory for activism, even amid recent years of new successes for these investors." The end result came as a surprise to some. Did a withhold campaign really just take out a CEO? Never before had this sort of campaign resulted in such immediate, sweeping change at a public company. Dave Benoit, who covers activist investors for The Wall Street Journal, tweeted the following after the May 11th announcement: "Tempur Sealy actually took the resignations. CEO and Chairman both out, activist in and leading a CEO search. The withhold campaign worked." Even Wall Street Journal columnist Ronald Barusch, who had previously voiced doubts about H Partners' campaign, did an about face in a May 14th column recognizing that "management of Tempur Sealy International suffered a stunning defeat last week as H Partners succeeded in convincing the company's shareholders to vote against the reelection of three incumbent directors."

What Mr. Barusch and others apparently failed to see in the lead-up to this landmark outcome is just how powerful a clear shareholder directive resulting from a no-confidence vote can be as an impetus for substantial change at a company, and one that a Board cannot afford to just casually dismiss or brush aside. As our client Starboard laid bare in last year's historic election contest victory at Darden, the consequences can be quite dire for a Board who dares to blatantly disregard the clear will of its shareholders. Here, we take a look at some of the factors that contributed to H Partners' unthinkable success at Tempur Sealy and what the future holds for these types of campaigns as a viable proxy contest alternative for activist and institutional investors.

How a Full-Tilt Withhold Campaign Came into Play at Tempur Sealy

By the time H Partners had decided to turn up the heat on Tempur Sealy in early February, the nomination deadline had come and gone. It soon became clear that Tempur Sealy had no interest in inviting H Partners onto the Board or replacing its struggling CEO. We strategized with H Partners on its proxy campaign options. Without the ability to call a special meeting or act by written consent, it was either act now or wait until next year's Annual Meeting. H Partners was concerned the situation could deteriorate too far by mid-2016. We turned to a withhold strategy discussion and its related pros and cons.

Pros: ability to still send a strong message to the Board through an Annual Meeting vote with ample time to solicit shareholder support; ability to target select "problem" directors; and ability to conduct a full-scale, credible campaign that would resemble a traditional proxy contest.

Cons: uncertain if immediate change will result even with a very strong vote turnout, but where Board remains recalcitrant; uncertain if SEC would clear a dissident with hold proxy card under the proxy rules, which could render us unable to get daily vote updates or allow institutions to vote on our card; and uncertain how institutions would view a withhold campaign seeking the type of change that is typically reserved for a more traditional proxy contest with nominations, even with our own card.

H Partners understood going in that it had historically proven difficult for investors to achieve a majority of votes "against" directors in withhold campaigns. The prevailing view was that a 30-35% withhold vote is a strong indicator of shareholder dissatisfaction with the status quo. But it wasn't just a message of discontent that H Partners was seeking to send. Immediate and substantial leadership changes are what H Partners was after at Tempur Sealy. We knew that to drive this level of change, it would take well north of a 35% withhold on the three targeted directors to deliver a strong enough shareholder mandate that the Board could not simply shrug off or attempt to disregard.

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AGAINST THE ODDS (cont'd. from pg. 2)

With this in mind, H Partners set an extremely high bar, well north of a 50% withhold vote, for its campaign and was strongly determined to achieve nothing less. The goal was to deliver such a large vote of no-confidence on the three targeted directors that the Board would virtually have no choice but to immediately succumb to their resignations and H Partners' demand that Mr. Nabi and another H Partners-recommended candidate be immediately appointed to the Board. To achieve this, it would be necessary for H Partners to solicit proxies using its own proxy card as otherwise there would be no way to receive daily voting reports from Broadridge in the weeks leading up to the Annual Meeting.

Would H Partners' Withhold Proxy Card Clear the SEC?

A gating issue for H Partners' withhold proxy campaign was whether its proxy card would clear the SEC. There has been uncertainty for many years around the validity of a dissident's withhold proxy card under the SEC's proxy rules. The irreconcilable issue has been that, on the one hand, the proxy rules require a proxy card to set forth the names of the persons nominated for election as directors, while, on the other hand, another section of the same proxy rule referred to as the "bona fide nominee" rule prevents a dissident proxy card from naming directors, or providing the ability to vote for directors, who have not agreed to be named in the dissident's proxy materials. Ultimately, after much back and forth with the Staff on the form of proxy, we were able to arrive at a compromise solution for a proxy card that would permit shareholders to vote either (i) against the three targeted directors and in favor of the remaining directors, (ii) against all of the directors, or (iii) against the three targeted directors and in favor of the remaining directors other than any the shareholder may write-in to withhold from. With that, the path was clear for H Partners to proceed with its withhold campaign using its own proxy materials.

H Partners Pulls Out All the Stops

Unlike many withhold campaigns, which tend to be launched just weeks before a target company's annual meeting, H Partners initiated its campaign close to two months prior to Tempur Sealy's Annual Meeting. This broadened time-window allowed H Partners to formulate the strategy necessary to achieve such historic results and surround itself with an experienced team of advisors that included, in addition to us, Sard Verbinnen on the public relations front and Innisfree for proxy solicitation. To the naked eye, H Partners "vote against" campaign very much resembled a traditional, large-scale, full-blown proxy contest. H Partners had a dedicated internal team that went to work day and night to make its case for change at Tempur Sealy through a series of public letters, press releases and a 95-page detailed investor presentation that laid out a compelling plan to unlock shareholder value. H Partners' case for change at Tempur Sealy was more akin to an activist campaign seeking a majority of a target's board than a campaign seeking to withhold votes on three directors. The thoughtful, professional and credible manner in which H Partners built its case for change helped rally shareholder support around its cause. H Partners' public communications were progressive in tone and demonstrated the firm's dedication to, and conviction in, its platform for change at Tempur Sealy. The implementation of H Partners resource-intensive public relations strategy not only achieved historic results, but also demonstrated a historic level of commitment by an activist investor to such a withhold campaign.

Proxy Advisory Firms Line Up to Support H Partners' Campaign

Beginning with ISS on April 21st, and continuing with Glass Lewis and Proxy Mosaic on April 24th, H Partners received unanimous, emphatic support from the proxy advisory firms for its withhold campaign. Each proxy advisory firm's report criticized Tempur Sealy's weak financial performance and poor corporate governance and endorsed H Partners' framework to reinvigorate Tempur Sealy's leadership by recommending against the three targeted directors. The proxy advisory firms blasted the struggling CEO for the company's poor execution and held the other two targeted directors, each holdovers of their respective, exited private equity firm, for enabling such poor performance as entrenched board leaders. Another blow was dealt to Tempur Sealy by Egan Jones, who reversed their initial recommendation not realizing the contested nature of the Annual Meeting, and came out in support of H Partners' platform for change by recommending against all three of the targeted directors. The widespread support from four proxy advisory firms, together with the public backing by another significant shareholder, built a wave of momentum for H Partners that would only continue to increase up to the May 8th Annual Meeting.

Yet, even in the days leading up to the Annual Meeting, when the vote against the three directors was overwhelmingly in H Partners' favor, it was not certain how the Board would immediately respond to the referendum at hand. There were no settlement overtures from company counsel or management in the week leading up to the Annual Meeting. We were already laying the preparations for a worst-case scenario in which the Board failed to

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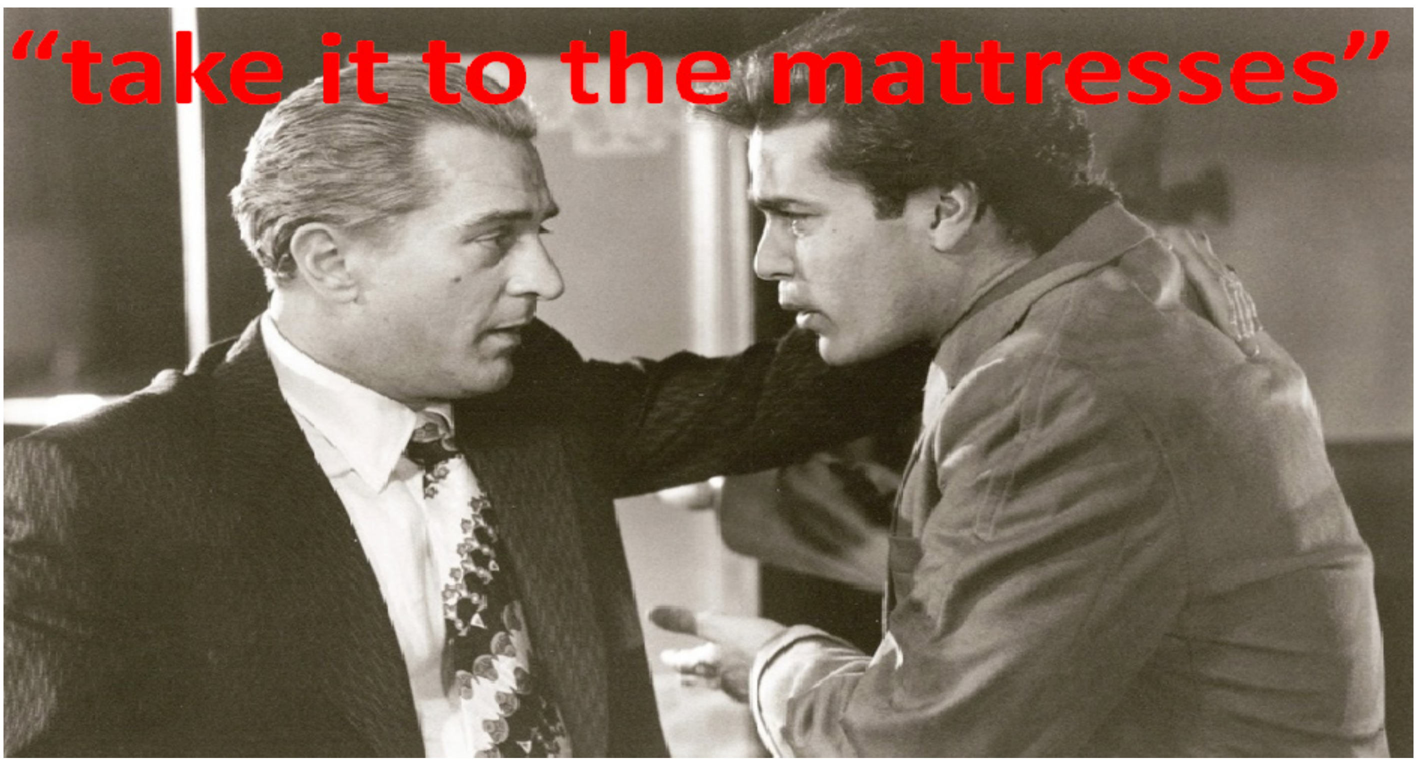
immediately accept the withheld directors' resignations, allowed the CEO to remain in office and waited the full 90 days permitted under its Bylaws before taking any action on the resignations. Thankfully, the Board ultimately did the right thing and worked with H Partners in the days immediately following the Annual Meeting to implement significant leadership changes at Tempur Sealy.

So What's Next for Withhold Campaigns?



The historic nature of the results of H Partners' withhold campaign at Tempur Sealy is inarguable. H Partners successful campaign was a clear shot across the bow of public company boards that took many by surprise. This does not mean, however, that withhold campaigns will suddenly become a trending tool for activist investors. What it does stand for is that withhold campaigns can be a viable and appropriate proxy campaign alternative in specific situations and under certain circumstances. It has also importantly paved the way for dissidents to confidently proceed in future withhold campaigns using their own proxy cards, which remained an uncertainty as we approached this situation.

We believe withhold campaigns will continue to feature prominently in situations where concerned investors are seeking a referendum to express the clear wishes of the shareholders, such as on a sale of the company or related matter. In fact, our client TIG Advisors recently used a withhold campaign at Altera Corporation as a means to put pressure on the board of directors to negotiate in good faith with Intel. A little more than a month after TIG Advisors launched its withhold campaign, it was announced that Intel would acquire Altera for $54 per share in cash.

A withhold campaign is also suitable where, like at Tempur Sealy, the deadline to nominate directors has come and gone, but an investor nevertheless feels compelled to solicit shareholder support to send a clear message of disapproval with the status quo. We also believe institutional investors like CalSTRS and CalPERS, who may be reluctant to nominate directors, will look to withhold campaigns as an attractive alternative for expressing shareholder discontent through a clear and direct mechanism. Lastly, we believe that a withhold campaign may be a more direct and effective activist tool than a traditional proxy contest for directly seeking senior management change by targeting a CEO who is up for election with a vote of no-confidence. Whatever the future may hold for withhold campaigns, one thing is for certain: H Partners' momentous withhold campaign represents another watershed moment in shareholder activism and a big win for shareholder democracy.

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ZACH OLEKSIUK (cont'd. from pg. 1)

research from the leading proxy advisory firms and brokers, company publications, media articles and other public sources of information, and is also informed by engagement with issuers and other market participants. Our corporate governance team works closely with our active portfolio managers to share insights on a regular basis – this partnership is particularly valuable in conducting our analysis and making voting decisions in situations involving fundamental strategic or economic questions posed to shareholders.

In deciding our vote for proxy contests, we evaluate a number of factors, which may include, but are not limited to: the qualifications of the dissident and management candidates; the validity of the concerns identified by the dissident; the viability of both the dissident's and management's plans; the likelihood that the dissident's solutions will produce the desired change; and whether the dissidents represent the best option for enhancing long-term shareholder value. We also examine an activist's track record as part of our assessment of their proposals. In the course of our analysis, we may determine to engage with relevant parties from each side. Also, in addition to our partnership with our active portfolio managers, our regional corporate governance committees, comprising senior investment professionals, may provide guidance on certain high-profile proxy voting decisions.

We seek to reach a universal BlackRock view and vote all of our holdings consistently, across both our passively managed and actively managed strategies. However, to ensure that active portfolio managers can execute votes in a manner consistent with their view of what is in the best interests of the clients invested in their fund, our process allows us to cast votes differently in those few cases where consensus can't be reached.

13DM: Do you consider the opinion of proxy advisory services? Are those opinions at all relevant in your decision-making process?

ZO: We review research from leading proxy advisory firms as one of many inputs in the course of making a vote decision. Generally speaking, we use proxy advisory firms to synthesize information and analysis into a concise, easily reviewable format that allows our team to devote its efforts to additional research and engagement; the research from proxy advisors helps us to identify those meetings that need to be prioritized in our workflow. Proxy advisors also add value in helping investors manage the operational complexity associated with proxy voting.

That said, many activist situations become public well before any proxy filing and play out over a period of months, if not years, and we engage in these situations closely over time. In these longer-running activist situations, we perform our analysis and conduct engagement in real time, not just at the "finish line" of the annual meeting. In many instances, we form our own views well in advance of any proxy research publication.

Either way, we do not follow any single proxy advisor's voting recommendations or consider these recommendations as a relevant benchmark for decision making. We have our own set of proxy voting guidelines that we follow and that are premised on protecting and enhancing the economic value of securities held in client accounts.

13DM: What level of discourse do you have with management in the midst of an activist engagement? Do you engage as openly with activists who take a position in your portfolio companies?

ZO: We have ongoing private dialogue with management and board members of portfolio companies – with approximately 1,500 issuers globally each year – in the normal course of business and covering a wide range of governance and leadership topics. We may also have general, non-company specific discussions with activist investors to build mutual understanding of general views and approaches.

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ZACH OLEKSIUK (cont'd. from pg. 5)

In many instances where an activist investor is already public with its engagement at a particular company, we will meet with them to better understand their views. When we meet with an activist in the context of a proxy voting decision, we also meet with the company to ensure a fair hearing and balanced analysis. This engagement process helps us draw out key distinctions between our choices, provides an opportunity to get acquainted with each side's proposed director candidates, and allows us to cut through the unproductive noise that frequently surrounds proxy fights to make sure we understand the key issues at hand.

13DM: How active is BlackRock in engaging with the boards and management of underperforming companies in its portfolio when there is no activist present? How much change can a company like BlackRock effect at the Board level as a 13G filer?

ZO: We enter into private dialogue with company management and board members where we have concerns. We don't tell companies what to do, and we don't try to micromanage companies; instead we present our views as a long-term shareholder and listen to companies' responses. We do not discuss our engagements publicly because we do not believe this is necessary to protect shareholder value. As a long-term investor, with significant investment in index-tracking strategies, we're patient and persistent and we work with our portfolio companies to build trust and develop mutual understanding. This is sometimes misconstrued as being passive but in our experience it is essential that management have bought into and leads the requisite change if it is to be effective.

At the same time, we must prioritize our engagements based on whether we think discussion would be effective in protecting the value of our clients' investments. For various reasons, there may be instances where we think engagement will not work and therefore voting against management is likely the best option to express our views. In most cases, however, we find that using our voice to raise concerns and ask challenging questions, coupled with our long-term perspective, can be very effective.

13DM: Over the past ten years it seems like the burden in a proxy fight has significantly changed. It used to be a director needed to exhibit poor behavior to be voted out; then underperforming boards were at risk; now activists are going against outperforming boards if they believe they have a better strategy or can nominate a value-added director. What does BlackRock need to see from the activist to earn its support? Could you see BlackRock supporting a dissident nominee at an outperforming company?

ZO: I believe there is a very high bar for shareholders to elect a dissident nominee over incumbents. Shareholders have demonstrated that they will think for themselves; they do not follow the proxy advisory firms; and generally they do not appear to subscribe to the "what's the harm" school of thought. At BlackRock, we take the election of directors very seriously. To the extent a change of strategy or financial structure may be necessary, we typically support incumbent management in making that change.

However, boards do fail from time to time. In fact, we have supported activists to some degree in nearly half of proxy contests going to a vote in recent years. Even then, in order to vote for change, we typically need to determine not only that the board has failed, but also that the alternative solution is in our view the best option to protect shareholders' economic interests over the long-term.

"However, boards do fail from time to time. In fact, we have supported activists to some degree in nearly half of proxy contests going to a vote in recent years."

When voting proxy contests in which we conclude that change in the boardroom is warranted, we typically vote for a minority of new directors, not a change in control of the board. Of course, we reserve the right to vote for comprehensive change if we deem this to be in shareholders' best long-term economic interests, and in fact we have supported wholesale change in several high profile proxy contests in recent years – which, given our starting point to support incumbents, underscores just how idiosyncratic each situation can be.

13DM: What is BlackRock's policy on the loaning and recalling of shares? Do you think large institutional shareholders have a duty not to disenfranchise themselves, particularly in the midst of competitive, contested elections?

ZO: With regard to the relationship between proxy voting and securities lending, BlackRock's approach is driven by our clients' economic interests. We evaluate the economic desirability of

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recalling loans, which requires balancing the revenue producing value of the loan for the portfolio against the likely economic value to the portfolio of casting votes. Where the value of voting outweighs the cost of recalling shares, a recall is the appropriate response.

13DM: What are the most important issues in corporate governance for BlackRock today?

ZO: Board composition and effectiveness is the most important governance issue from our perspective, and earlier this year we adopted a significantly enhanced proxy voting guideline on the topic to emphasize the importance of directors and our high expectations of them. We encourage boards to routinely refresh their membership to ensure the relevance of the skills, experience and attributes of each director to the work of the board.

To ensure that the board remains effective, regular reviews of board performance should be carried out and assessments made of gaps in skills or experience amongst the members. We believe it is beneficial for new directors to be brought onto the board periodically to refresh the group's thinking and to ensure both continuity and adequate succession planning. We believe that the nominating committee of the board is typically best positioned to implement such refreshment. In identifying potential candidates, boards should take into consideration the diversity of experience and expertise of the current directors and how that might be augmented by incoming directors.

We encourage boards to disclose their views on the mix of competencies, experience and other qualities required to effectively oversee and guide management; the process by which candidates are identified and selected, including whether professional firms or other sources outside of incumbent directors' networks have been engaged to identify and/or assess candidates; the process by which boards evaluate themselves and any significant outcomes of the evaluation process, without divulging inappropriate and/or sensitive details; the consideration given towards board diversity, including, but not limited to, diversity of gender, race, age, experience, and skills; and other factors taken into account in the nomination process.

On a related note, there is much attention paid recently to director tenure. While we support regular board refreshment, we are not opposed in principle to long-tenured directors nor do we believe that long board tenure is necessarily an impediment to director independence. We believe that a variety of director tenures within the boardroom can be beneficial to ensure board quality and continuity of experience; our primary concern is that board members are able to contribute effectively as corporate strategy evolves and business conditions change over time, and that all directors, regardless of tenure, demonstrate appropriate responsiveness to shareholders over time. We acknowledge that each director brings their own unique skills and experiences and that no single person can be expected to bring all relevant skill sets to a board; at the same time, we generally do not believe it is necessary or appropriate to have any particular director on the board solely by virtue of a singular background or specific area of expertise.

13DM: Many mutual funds actually state in their voting guidelines that they generally support management. Why do you think the mutual fund industry at large is so passive? How does that co-exist with their fiduciary duties?

ZO: I can't speak for the mutual fund industry at large, but I can say we take our role as a fiduciary to our clients very seriously and undertake our stewardship work with the aim of protecting and enhancing the long-term value of our clients' assets. Our starting position is indeed to be supportive of management, because in our view most management teams are best positioned to run their own businesses, and the boards that oversee those companies are subject to fiduciary duties and shareholder oversight. As I've mentioned, where we have concerns, we'll engage, and ultimately vote against management if we do not believe our concerns will be addressed.

I would argue that if the opposite were the case – if investors were generally opposed to management – this would be a huge distraction that could draw management's attention from value-creating activities. On a related point, we would note that most traditional (active) asset managers invest with the view that a company is well run and that the investment has the potential to generate positive returns. It would follow that asset

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ZACH OLEKSIUK (cont'd. from pg. 7)

managers would be generally supportive of the management team of the company they just invested in. Additionally, constant opposition to management has the potential to reduce the credibility of investors were they to raise an actual, serious concern. This would simply not be pragmatic.

In any event, I think it is unfortunate that an investor's stewardship might be measured based on support or opposition to management, or the number of proxy votes cast against management. We view a vote against management as a failure to resolve our concerns via engagement.

That said, the proxy vote is an important, formal and ultimately public mechanism for communicating with boards, and as such we put a lot of thought into our internally developed proxy voting guidelines and into each individual voting decision. We also believe it is important to provide transparency into the work of our corporate governance team, given our extensive use of engagement as the mechanism for addressing governance and performance concerns, and so we publish a quarterly report on our website describing our voting and engagement activities.

13DM: There has been on and off talk about changing the 13D rules, perhaps to shorten the ten day pre-reporting period and/or to include swaps in beneficial ownership. Is this an issue that is important to BlackRock? Are you ok with the rule the way it is now?

ZO: The rules around beneficial ownership disclosure have implications that extend beyond the activist investment situations that have been the primary focus of this discussion. From our perspective, it is important that any changes to rules that have such a broad impact be made only after a comprehensive review of how the current rules work, the implications of any contemplated changes, and a conclusion that any changes would protect the interests of shareholders.

13DM: Is activism good or bad for the markets in general?

ZO: I think that activism can play an important disciplinary role in the markets. There is plenty of evidence that activist intervention has proven to be beneficial at certain companies, and we have supported activists to some degree in nearly half of proxy contests going to a vote in recent years. Activism is also contributing to what I think is a positive trend in that more boards are seeking to understand the wide range of views that comprise their shareholder base, and those boards are ultimately well positioned to make their own decisions after hearing this range of perspectives. This is better than boards either acting unilaterally or alternatively assuming that an activist represents "the" shareholder perspective and then acting on that one view before consulting shareholders more broadly. So clearly I see some good.

On the other hand, I think that the activism-related improvements at some companies are coming at an expense to the markets more broadly. In my experience, the threat of a potential activist situation seems to be a real distraction for many otherwise well-functioning boards and management teams. The amount of time, energy and money being spent on activism preparedness has increased dramatically. This appears to correlate with the significant increase in assets dedicated to activist strategies and the corresponding uptick in campaigns. I do think that for some companies, "being your own activist" can be a valuable exercise – but only if it leads to an outcome that supports sustainable financial performance over time.

Given that we have just witnessed record levels of share buybacks by S&P 500 companies in the first quarter of 2015 – a phenomenon often associated with activist pressure – there are legitimate doubts as to whether companies are investing sufficiently to ensure their long-term viability, and thus I think the debate around activism remains far from settled. My sense is that market participants are searching for, and are well positioned to achieve, a new equilibrium that addresses the concerns I've raised while supporting the ongoing beneficial aspects of activism. I believe companies need to keep the activist "threat" in perspective and remain focused on building value for the long-term, and communicating their plans to all shareholders in a clear and timely fashion. And in turn, I think that activists increasingly acknowledge that to be successful over the long-term, they need to demonstrate not only a good investment track record but also that their interventions have driven lasting value, well after the position has been exited.

"I think that activism can play an important disciplinary role in the markets."

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DISSECTING ACTIVIST 13F'S (cont'd. from pg. 1)

Blue Harbour

Total Holdings: $3.31B - Versus Previous Quarter: +$195.14M - Confidentiality: No

New	Increases	Decreases/Exited	Unchanged
XILINX INC	AGCO CORP	ALLIANCE DATA SYSTEMS CORP	ALLSCRIPTS HEALTHCARE SOLUTN
	AKAMAI TECHNOLOGIES INC	CACI INTL INC	CHICOS FAS INC
	BABCOCK & WILCOX CO	DOMINION DIAMOND CORP	ENTEGRIS INC
	BLACKHAWK NETWORK HLDGS	EMPLOYERS HOLDINGS INC	GLOBE SPECIALTY METALS INC
	CLEAN HARBORS INC	INTERXION HOLDING N.V.	
	INVESTORS BANCORP INC	PROGRESSIVE WASTE SOL.	
	RACKSPACE HOSTING INC	TRIBUNE MEDIA CO	
	ROWAN COMPANIES		
	WEBMD HEALTH CORP		

Carl Icahn

Total Holdings: $32.05B - Versus Previous Quarter: +$155.86M - Confidentiality: Yes

New	Increases	Decreases/Exited	Unchanged
	CHESAPEAKE ENERGY CORP	TALISMAN ENERGY INC	AMERICAN RAILCAR INDS INC
	FEDERAL MOGUL HLDS.		APPLE INC
	MANITOWOC INC		CVR REFNG LP
	VOLTARI CORP		CVR ENERGY INC
			EBAY INC
			ENZON PHARMACEUTICALS INC
			GANNETT INC
			HERBALIFE LTD
			HERTZ GLOBAL HOLDINGS INC
			HOLOGIC INC
			ICAHN ENTERPRISES LP
			MENTOR GRAPHICS CORP
			NAVISTAR INTL CORP NEW
			NETFLIX INC
			NUANCE COMMUNICATIONS INC
			SEVENTY SEVEN ENERGY INC
			TRANSOCEAN LTD

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DISSECTING ACTIVIST 13F'S (cont'd. from pg. 9)

Corvex

Total Holdings: $8.27B - Versus Previous Quarter: +$118.12M - Confidentiality: No

New	Increases	Decreases/Exited	Unchanged
AXIALL CORP	AMERICAN RLTY CAP PPTYS	ACTAVIS PLC	ARIAD PHARMACEUTICALS INC
CALIFORNIA RES CORP	APPLIED MATLS INC	ANHEUSER BUSCH INBEV SA/NV	EQUITY COMWLTH
CIT GROUP INC	DANAHER CORP DEL	B/E AEROSPACE INC	NORTHSTAR ASSET MGMT GROUP I
COMPUTER SCIENCES CORP	MOLSON COORS BREWING CO	CROWN CASTLE INTL	WILLIAMS COS INC DEL
ENDO INTL PLC	PLATFORM SPECIALTY PRODS	FIDELITY NATIONAL FINANCIAL	
HUNTSMAN CORP	SIGNET JEWELERS LIMITED	INTERCONTINENTAL EXCHANGE	
MCDONALDS CORP		LAMAR ADVERTISING CO	
MEDICINES CO		LEVEL 3 COMMUNICATIONS INC	
MGM RESORTS INT'L		TIME WARNER INC	
PANDORA MEDIA INC		ALLERGAN INC	
TEKMIRA PHAR. CORP		AVOLON HLDGS LTD	
VIACOM INC		CBS CORP NEW	
YUM BRANDS INC		CLOROX CO DEL	
ZAYO GROUP HLDGS INC		DOLLAR GEN CORP NEW	
		KLX INC	
		MONSANTO CO NEW	
		NCR CORP NEW	
		OCEANEERING INTL INC	
		POTASH CORP SASK INC	
		SALIX PHARMACEUTICALS INC	

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DISSECTING ACTIVIST 13F'S (cont'd. from pg. 10)

Elliott

Total Holdings: $8.12B - Versus Previous Quarter: -$1.47B - Confidentiality: No

New	Increases	Decreases/Exited	Unchanged
AIRGAS INC	BARCLAYS PK PLC	ANADARKO PETE CORP	CALIFORNIA RES CORP
AMERICAN RLTY CAP PPTYS	COGNIZANT TECH SOL.	CORONADO BIOSCIENCES	COMPANHIA DE SANEAMENTO BASI
CA INC	CORMEDIX INC	E M C CORP MASS	COVISINT CORP
CDK GLOBAL INC	FAMILY DLR STORES INC	KINDER MORGAN INC DEL	ENERGY XXI LTD
GOLDCORP INC NEW	INFORMATICA CORP	MELCO CROWN ENTMT LTD ADR	EXXON MOBIL CORP
LORILLARD INC	OI S.A.	MICROCHIP TECHNOLOGY INC	FCB FINL HLDGS INC
MITEL NETWORKS CORP	TIM PARTICIPACOES SA	NEWMONT MINING CORP	GULFPORT ENERGY CORP
NOVELLUS SYS INC	WHITING PETE CORP NEW	ORACLE CORP	HARTFORD FINL SVCS GROUP INC
SANOFI		SANDISK CORP	HESS CORP
SUNEDISON INC		TIME WARNER CABLE INC COM	INTERPUBLIC GROUP COS INC
TENET HEALTHCARE CORP		ALLERGAN INC	JUNIPER NETWORKS INC
		BOYD GAMING CORP	MERITOR INC
		CAMERON INTERNAT'L CORP	MURPHY USA INC
		CHEVRON CORP NEW	NATIONAL BK HLDGS CORP
		COMPANHIA PARANAENSE ENERG C	NEWS CORP NEW
		CONOCOPHILLIPS	NORTHERN OIL & GAS INC NEV
		CONTINENTAL RESOURCES INC	OASIS PETE INC NEW
		CUBIST PHARMACEUTICALS INC	ONE GAS INC
		DOLLAR TREE INC	ONEOK INC NEW
		GENERAL GROWTH PPTYS INC	OPUS BK IRVINE CALIF
		IRELAND BK	RIVERBED TECHNOLOGY INC
		LAUDER ESTEE COS INC	SM ENERGY CO
		MARATHON OIL CORP	SOLAZYME INC
		NETAPP INC	TALISMAN ENERGY INC
		NEWFIELD EXPL CO	TWENTY FIRST CENTY FOX INC
		NOBLE ENERGY INC	WILLIAMS COS INC DEL
		QEP RES INC	ZIONS BANCORPORATION
		SIMON PPTY GROUP INC	
		SUNPOWER CORP	
		VMWARE INC	

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DISSECTING ACTIVIST 13F'S (cont'd. from pg. 11)

JANA

Total Holdings: $17.23B - Versus Previous Quarter: +$5.75B - Confidentiality: No

New	Increases	Decreases/Exited	Unchanged
ARAMARK	APPLIED MATLS INC	ACTAVIS PLC	WALGREENS BOOTS ALLIANCE
BROOKDALE SR LIVING INC	COMPUTER SCIENCES CORP	AERCAP HOLDINGS NV	
CITIZENS FINL GROUP INC	EBAY INC	ASHLAND INC NEW	
EURONAV NV ANTWERPEN	GOLAR LNG LTD BERMUDA	HD SUPPLY HLDGS INC	
HILTON WORLDWIDE HLDGS	HERTZ GLOBAL HOLDINGS	KINDER MORGAN INC DEL	
INFRAREIT INC	NCR CORP NEW	LIBERTY INTERACTIVE CORP	
LIONS GATE ENTMNT CORP	QUALCOMM INC	RACKSPACE HOSTING INC	
LKQ CORP		SUPERVALU INC	
MCDONALDS CORP		VALEANT PHARMACEUTICALS	
PINNACLE FOODS INC DEL		AMERICAN INTL GROUP INC	
STARWOOD HOTELS&RESORTS		CHARTER COMM. INC	
STARZ		ENERGY TRANSFER EQUITY LP	
STRYKER CORP		GAMING & LEISURE PPTYS INC	
SUMMIT MATLS INC		IROBOT CORP	
TIME WARNER INC		PETSMART INC	
UNITED RENTALS INC		SALIX PHARMACEUTICALS INC	
YUM BRANDS INC		SOLARCITY CORP	

Marcato

Total Holdings: $2.70B - Versus Previous Quarter: -$361.45M - Confidentiality: No

New	Increases	Decreases/Exited	Unchanged
	BANK NEW YORK MELLON CORP	GOODYEAR TIRE & RUBR CO	AVIS BUDGET GROUP
		MACQUARIE INFRASTR CO LLC	LEAR CORP
		LIFE TIME FITNESS INC	NCR CORP NEW
		VAIL RESORTS INC	PACKAGING CORP AMER COM
			SOTHEBYS

Pershing Square

Total Holdings: $14.97B - Versus Previous Quarter: -$1.07B - Confidentiality: No

New	Increases	Decreases/Exited	Unchanged
ACTAVIS PLC	ZOETIS INC	ALLERGAN INC	AIR PRODS & CHEMS INC
VALEANT PHARMACEUTICALS INTL			CANADIAN PAC RY LTD
			HOWARD HUGHES CORP
			PLATFORM SPECIALTY PRODS COR
			RESTAURANT BRANDS INTL INC

DISSECTING ACTIVIST 13F'S (cont'd. from pg. 12)

Starboard

Total Holdings: $4.81B - Versus Previous Quarter: +$395.71M - Confidentiality: No

New	Increases	Decreases/Exited	Unchanged
BANK NEW YORK MELLON CORP	INSPERITY INC	ALIBABA GROUP HLDG LTD	DARDEN RESTAURANTS INC
BRINKS CO	INTEGRATED SILICON SOLUTION	BABCOCK & WILCOX CO NEW	LSB INDS INC
TEMPUR SEALY INTL INC COM		CALGON CARBON CORP	MEADWESTVACO CORP
		CLEAN HARBORS INC	MICREL INC
		CURTISS WRIGHT CORP	OFFICE DEPOT INC
		DSP GROUP INC	QUANTUM CORP
		STAPLES INC	REALD INC
		TESSERA TECHNOLOGIES INC	TITAN INTL INC ILL
		YAHOO INC	UNWIRED PLANET INC NEW
		AOL INC.	WAUSAU PAPER CORP
		DOLLAR GEN CORP NEW	
		ENERGIZER HLDGS INC	
		FAMILY DLR STORES INC COM	
		INTEGRATED DEVICE TECHN.	

Third Point

Total Holdings: $10.82B - Versus Previous Quarter: -$266.68M - Confidentiality: No

New	Increases	Decreases/Exited	Unchanged
ENERGY TRANSFER EQUITY L.P.	ACTAVIS PLC	ALLY FINL INC	AMERICAN INTL GROUP INC
FEDEX CORP	ANHEUSER BUSCH INBEV	AMGEN INC	CONSTELLATION BRANDS INC
MAXIM INTEGRATED PRODS	COBALT INTL ENERGY INC	CITIGROUP INC	DOLLAR GEN CORP NEW
MCKESSON CORP	DELTA AIR LINES INC DEL	INTREXON CORP	DOW CHEM CO
NXP SEMICONDUCTORS N V	EBAY INC	PHILLIPS 66	ENERGIZER HLDGS INC
PRECISION CASTPARTS CORP	FLEETCOR TECHNOLOGIES	SUNEDISON INC	ENPHASE ENERGY INC
SMUCKER J M CO	IAC INTERACTIVECORP	ALIBABA GROUP HLDG LTD	GREEN BRICK PARTNERS INC
WILLIAMS CLAYTON ENERGY	MOHAWK INDS INC	ALLERGAN INC	LIBERTY GLOBAL PLC
YUM BRANDS INC	ROPER INDS INC NEW	AMERICAN AIRLS GROUP	MASCO CORP
		ANADARKO PETE CORP	MOELIS & CO
		CF INDS HLDGS INC	SENSATA TECHNOLOGIES HLDG NV
		E M C CORP MASS	SOTHEBYS
		FCB FINL HLDGS INC	
		HERTZ GLOBAL HOLDINGS	
		RICE MIDSTREAM PARTNERS LP	
		SHIRE PLC	
		WILLIAMS COS INC DEL	

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DISSECTING ACTIVIST 13F'S (cont'd. from pg. 13)

Trian

Total Holdings: $8.56B - Versus Previous Quarter: -$871.45M - Confidentiality: No

New	Increases	Decreases/Exited	Unchanged
	Bank New York Mellon Corp. Du Pont E I De Nemours & Co. Mondelez Intl Inc. PepsiCo Inc.	Family Dlr Stores Inc. Ingersoll-Rand PLC Lazard Ltd	Allegion Pub Ltd Co Legg Mason Inc. Tiffany & Co. NEW Wendys Co.

ValueAct

Total Holdings: $18.09B - Versus Previous Quarter: +$2.13B - Confidentiality: No

New	Increases	Decreases/Exited	Unchanged
PRECISION CASTPARTS CORP WESCO INTL INC	BAKER HUGHES INC HALLIBURTON CO MICROSOFT CORP TWENTY-FIRST CENTURY FOX INC	AGRIUM INC ROCKWELL COLLINS INC	ADOBE SYSTEMS INC ALLISON TRANSMISSION HOLDING ARMSTRONG WORLD INDUSTRIES CBRE GROUP INC MOTOROLA SOLUTIONS, INC MSCI INC VALEANT PHARMACEUTICALS WILLIS GROUP HOLDINGS SHS PLC

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DISSECTING ACTIVIST 13F'S (cont'd. from pg. 14)

Noteworthy Additions:

American Realty Capital Properties: Elliott acquired a tiny position in ARCP, the target of an activist campaign by Corvex. **Axiall Corp.:** Corvex acquired a small position in Axiall Corp., which is presently the subject of a 13D filing by Franklin Resources (6.0%). Franklin is advocating for the exploration of a sale of the Company and possibly the replacement of senior management. Axiall has an activist-friendly shareholder base and just needs an experienced activist to take the lead. Corvex would obviously not be that activist unless it significantly increased its position. **Bank of New York Mellon Corp.**: Starboard acquired a $30 million (.07%) position in Bank of New York, a company being targeted by Marcato and which Trian has a board seat. **CA Inc.**: Elliott acquired a $32 million (.23%) in the Company. Elliott is a very experienced activist investor, particularly in the technology industry. While CA is likely too large for them to acquire more than 5%, if they increase their position, this could get interesting. **Computer Sciences Corp.**: Corvex acquired a small position in Computer Sciences Corp., a present target of JANA Partners. Computer Sciences has announced a plan to separate the company into two publicly traded companies. **McDonalds Corp.**: Corvex and JANA have taken small positions in McDonalds. McDonalds has been underperforming its peers and losing customers to them and has been the subject of activist speculation. Activism there could include operational, strategic or using cash and debt for share buybacks. **Medicines Co.**: Corvex acquired a $57 million (3.05%) position in Medicines Co., which is a small position for Corvex and could easily be increased to over 5%. **Mitel Networks Corp.**: Elliott acquired a $27 million (2.67%) in the Company. Elliott is a very experienced activist investor, particularly in the technology industry. This is on the smaller size of companies that Elliott generally engages, but it would not take a large investment for them to exceed 5%. **Tempur Sealy International**: Starboard acquired a $39 million (1.11%) position in the Company. The company recently settled with H Partners pursuant to which the Board was reconstituted and a new CEO will be hired. **United Rentals:** JANA owns 5.77% of United Rentals and is a passive investor. It has been speculated that United Rentals could be a potential buyer of Hertz's equipment rental business. JANA is one of Hertz's largest shareholders (9.13%) and this just strengthens that speculation. Also, if this ever became a possibility and United Rentals management opposed it, JANA could convert to a 13D and put their feet to the fire. **Wesco International**: ValueAct acquired a $74 million (2.41%) position in Wesco International. This is a small company for them and even at a 10% ownership would be their smallest 13D investment. **Yum Brands**: Corvex acquired a $67 million (0.2%) position in Yum Brands and JANA has acquired a small position. Third Point has taken a much larger position ($261M; .77%) and believes that the Company is in the early stages of turning the page on recent troubles in its Chinese business and that this development should neutralize the largest overhang on the stock, set the stage for a dramatic profit recovery over the next 12-24 months, and change the public market narrative around long-term shareholder value-creation for the company. Third Point has also been encouraged by recent actions that Yum! corporate and local management have taken to stabilize the business and return it to growth. Also, JANA disclosed several positions that were between 2.5% and 5% ownership, including **Brookdale Senior Living, Lions Gate Entertainment, Pinnacle Foods, and Starwood Hotels and Resorts**. Brookdale is a situation where activist Sandell recently settled with the Company for two board seats so the activism is pretty much over there. The other situations are passive investments by JANA where they are investing because they like and support management.

Piling On:

The following 25 positions are held by more than one major activist (New or Unchanged, Increase, Decrease):

ACTAVIS PLC: Corvex, Pershing Square, Third Point; **AMERICAN RLTY CAP PPTYS INC**: Corvex, Elliott; **ANHEUSER BUSCH INBEV SA/NV**: Corvex, Third Point; **APPLIED MATLS INC**: Corvex, JANA; **BABCOCK & WILCOX CO NEW**: Blue Harbour, Starboard; **BANK NEW YORK MELLON CORP**: Marcato, Starboard, Trian; **CALIFORNIA RES CORP**: Corvex, Elliott; **CLEAN HARBOURS INC**: Blue Harbour, Starboard; **COMPUTER SCIENCES CORP**: JANA, Corvex; **EBAY INC**: Carl Icahn, JANA, Third Point; **FAMILY DLR STORES INC**: Elliott, Trian; **HERTZ GLOBAL HOLDINGS INC**: Carl Icahn, JANA; **KINDER MORGAN INC DEL**: Elliott, JANA; **MCDONALDS CORP**: Corvex, JANA; **NCR CORP NEW**: JANA, Marcato; **PLATFORM SPECIALTY PRODS COR**: Corvex, Pershing Square; **PRECISION CASTPARTS CORP**: Third Point, ValueAct; **RACKSPACE HOSTING INC**: Blue Harbour, JANA; **SOTHEBYS**: Marcato, Third Point; **SUNEDISON INC**: Elliott, Third Point; **TIME WARNER INC**: Corvex, JANA; **TWENTY FIRST CENTY FOX INC**: Elliott, ValueAct; **VALEANT PHARMACEUTICALS INTL**: ValueAct, Pershing Square, JANA; **WILLIAMS COS INC DEL**: Corvex, Elliott; **YUM BRANDS INC**: Corvex, JANA, Third Point

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New Filings for June

Company Name	Investor	Mkt. Cap.	Filing Date	%	Cost	Item 4 Action
The Brink's Company (BCO)	Starboard	$1.49B	5/4/15	8.20%	$27.20	n/a
Atlantic Power Corp. (AT)	Mangrove	$403.47M	5/5/15	7.50%	$2.41	settled for board seats
CDK Global, Inc. (CDK)	Elliott	$8.27B	5/11/15	4.00%	$46.20	n/a
Spectrum Pharmaceuticals (SPPI)	Armistice	$405.99M	5/12/15	5.40%	$6.53	calls for sale
Hill International, Inc. (HIL)	Bulldog	$272.52M	5/15/15	5.53%	n/a	nominate directors/explore alternatives
Twenty-First Century Fox (FOX)	ValueAct	$27.64B	5/18/15	5.50%	n/a	n/a
Mutualfirst Financial Inc. (MFSF)	Ancora Advisors	$160.41M	5/22/15	5.09%	n/a	explore merger
Axiall Corporation (AXLL)	Franklin Resources	$2.49M	5/26/15	6.00%	$44.05	undertake a strategic review
Textura Corp. (TXTR)	Northwater	$747.46M	5/29/15	18.70%	n/a	explore strategic sale

One to Watch

Company

Twenty-First Century Fox, Inc. (FOX)
Market Cap.: $27.64B ($34.61)
Enterprise Value: $37.45B
Cash: $9.28B
Debt: $19.09B
EBITDA: $6.79B

Investor

ValueAct Capital
13F Holdings: $18.09B
# of 13F Positions: 15
Largest Position: $3.85B
Avg. Return on 13Ds: 73.08%
Versus S&P500 avg: 10.70%

Investment

Date of 13D: 5/18/2015
Beneficial Ownership: 5.50%
Average Cost: n/a
Amount Invested: ~$1.52B
Highest price paid: $32.65
# of larger shareholders: 3

This is a classic ValueAct investment - strong, predictable business with an attractive entry point due to factors that do not affect the Company's long term operations. ValueAct first started acquiring shares of Fox about a year ago when it was trading in the low $30s and once again over the last month when it returned to $32 - $33. The stock has been affected by struggles in broadcasting with the demise of American Idol and currency issues due to its international footprint. But the broadcasting business is approximately 50% sports related, which is the holy grail of broadcasting content and transitions in the broadcating landscape, such as Apple re-bundling a smaller number of key channels will be disruptive to the industry but will likely highlight the value of content providers. The international currency issues are likely just growing pains for a company with an international competitive advantage - its BskyB business is worth approximately $10 billion and its Star India asset could grow to $1 billion of EBITDA once its cricket investment rolls off. The one thing that is different about Fox from other ValueAct investments is that it has a 38% control bloc owned by the Murdoch family. ValueAct would not make this investment if they did not believe the entire Murdoch contingency (Rupert, James, Lachlan, etc.) were talented, disciplined, driven executives. However, a control bloc like that can often spook investors and depress the stock price, particularly when there is a potential management succession on the horizon and the Company is sitting on almost $10 billion of cash. ValueAct founder, Jeff Ubben, is one of today's most respected corporate governance investors, particularly by large institutional shareholders. ValueAct has an impressive history of taking board seats on large companies and generating long term shareholder value, even if it is to the detriment of short term earnings, like advocating for Adobe to move from a licensing model to a subscription model. Moreover, they have shown as a long term director at Valeant that they are not going to automatically urge companies to use excess cash for buybacks but will analyze all options ad recommend the use that is best for long term shareholders, whether that is acquisitions, capital expenditures or share buybacks. Offering Jeff Ubben a board seat would go a long way towards alleviating the optical concerns of the marketplace, and would have the added benefit of adding to the board an experienced, open-minded, value generating shareholder director.

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UNDER THE THRESHOLD

UPDATE

At **Dupont's** Annual Meeting, shareholders re-elected the Company's incumbent directors, defeating **Trian's** slate.

UPDATE

At **Imation Corp.'s (IMN)** 2015 Annual Meeting, shareholders elected three directors nominated by the **Clinton Group**.

UPDATE

On May 14, 2015, **Lear Corp. (LEA)** rejected **Marcato Capital Management's** call to split in two. The Company's CEO stated that: "The company is stronger and better able to create future value with both business segments. We have done an exhaustive analysis and we came to the conclusion that between the negative synergies between the breakup and the tax leakage, the reality is we are better as one."

UPDATE

On May 19, 2015, **Land and Buildings** issued a letter to shareholders of **MGM Resorts International (MGM)** withdrawing its intention to nominate candidates for election to the Board at the 2015 Annual Meeting.

UPDATE

On May 21, 2015, **Qualcomm Inc. (QCOM)** announced that it entered into accelerated share repurchase agreements to repurchase an aggregate of $5 billion of the Company's common stock. The accelerated share repurchase is being funded with proceeds from its recently completed $10 billion debt offering.

UPDATE

At **Rovi Corp.'s (ROVI)** Annual Meeting two out of three of **Engaged Capital's** nominees, Glenn Welling and Raghavendra Rau, were elected to the Board, defeating two of the Company's incumbents.

UPDATE

On May 22, 2015, **Barington Capital Group** and **Macellum Advisors (the "Group")** and **The Children's Place, Inc. (PLCE)** entered into an agreement under which the Company will appoint the Group's nominee, Robert L. Mettler, as a new director immediately following the 2015 Annual Meeting. The Board also agreed to appoint an additional, mutually agreeable independent director to the Board. The Group agreed to withdraw both their nominees from consideration and to vote as solicited other than for the two withdrawn nominees. The Company will reimburse the Group for up to $500,000 for out-of-pocket expenses.

For Under the Threshold - Ongoing Situations, please continue to page 21

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ACTIVISM AROUND THE WORLD

NEW

opposition to Cheil Industries bid to acquire Samsung C&T. The Samsung heir apparent, Jay Y. Lee, is vice chairman of Samsung Electronics and has a 23% stake in Cheil Industries, the main holding company for the Lee family's interests across the Samsung Group. Elliott opposes Cheil's bid, worth at least $8 billion, because it undervalues Samsung C&T. In a regulatory filing, Elliott disclosed that it bought its shares of Samsung C&T "for the purpose of participating in management." Samsung C&T rejected Elliott's assertion that Cheil's bid undervalues the Company. On June 9, 2015, Elliott filed an injunction with the Seoul Central District Court to block the vote on Cheil Industries offer. On June 11, 2015, Elliott filed a second injunction with the court to stop Samsung C&T Corp from selling treasury shares to KCC Corp., in an effort to gain KCC's support for the proposed Cheil Industries takeover.

NEW

On May 7, 2015, **Knight Vinke** stated that it continues to be concerned about **UBS AG's** strategy. Knight Vinke has been urging the bank to split its wealth management business from its investment bank.

NEW

On May 5, 2015, **GO Investment Partners** revealed a stake in **Premier Farnell**, creating speculation that the Company could be forced into merging with a rival or making disposals.

UPDATE

On May 26, 2015, Crescent Point Energy said it would acquire **Legacy Oil + Gas** for $457 million.

Continued on page 19

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AROUND THE WORLD - ONGOING SITUATIONS

On April 28, 2015, **Alliance Trust** agreed to appoint two of the three directors put forth by **Elliott Associates**. Elliott agreed to suspend its plans to agitate against the Board or management publicly until after the 2016 Annual General Meeting. Elliott had previously rejected the Company's defense of its performance, costs and dividend policy and called for the election of three new directors.

Elliott Management has launched legal action against Hong Kong's **Bank of East Asia**. Elliott is seeking to compel the Company's directors to hand over internal documents covering their decision to sell 222 million new shares last September to Sumitomo Mitsui Financial Group. Elliott presently holds approximately a $230 million (2.5%) position.

In an investor letter released on February 9, 2015, **Third Point** disclosed that during the fourth quarter of 2014 it invested in **Fanuc**, the leading factory automation and robotics company in the world. Fanuc is based on Japan and was spun out of Fujitsu in the 1970's. Third Point notes that the Company is unique with a long history of being the best and fastest to market in everything it does, and has a relentless focus on producing only a limited number of products, which are technically superior with the lowest possible cost structure. Third Point explains how the Company's Factory Automation division, Robots division and Robodrill products are each expanding and notes that the Company's productivity is among the highest in the world – it is on track to achieve $2.4 billion of operating profit and 40% margins in FY14 with just 5,500 employees. Third Point points out that the reason why the Company remains cheap at 13x FY15 earnings, which because of the Company's capital structure comprised of $8.5 billion of cash, 44 million treasury shares (repurchased from Fujitsu) and no debt. Third Point believes this is hard to understand given the Company's business quality, growth opportunities and low capital intensity. Furthermore, Third Point states that because the Company as a rule does not communicate with investors and sell-side analysts, its future earning potential is obscured. Third Point believes the stock could rerate significantly if a buyback program was initiated, which the Company has done in the past and would be consistent with a trend Third Point has recently observed at a number of far less advantaged Japanese companies.

On May 1, 2015, Third Point said that Dan Loeb recently traveled to Japan to meet with Fanuc Corp. Third Point said the Company was taking "important steps" to reward shareholders. Fanuc recently stated that it would increase shareholder returns by raising its dividend, buying back stock and canceling treasury shares that it holds on the books.

On April 30, 2015, **Lakestreet Capital** stated that it was "constructively" engaging in talks with **John Menzies Plc's** senior management about unlocking value. Lakestreet estimated that by splitting the Company in two, the Company would have an enterprise value of £525 million. Lakestreet believes the Company's distribution and aviation services would be worth more apart.

On April 17, 2015, **FrontFour Capital Group** submit a notice of its intention to nominate the following individuals for election to the Board of **Legacy Oil + Gas Inc.** at the Company's Annual General and Special Meeting to be held on May 26, 2015: (i) Martin Ferron, 35-year energy industry veteran and CEO of North American Energy Partners; (ii) Zachary George, Co-Founder and Portfolio Manager of FrontFour Group and (iii) Matt Goldfarb, Chief Restructuring Officer and Acting CEO of Cline Mining Corporation. FrontFour believes its nominees will strengthen the Company's Board by bringing decades of natural resource industry experience as well as a track record of value creation in the capital markets.

Third Point has asked **Royal DSM NV (DSM)**, the Dutch chemical maker, to focus on nutritional additives. Third Point believes the Company's low valuation comes from the performance materials and polymer intermediates businesses and Third Point wants DSM to unlock value through asset sales.

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AROUND THE WORLD - ONGOING SITUATIONS

On March 16, 2015, Royal DSM and CVC Capital Partners (CVC), announced a partnership for DSM's activities in Polymer Intermediates and Composite Resins through the formation of a new company, NewCo. As part of the transaction: (i) NewCo will be 65% owned by CVC and 35% by DSM, with 1,950 employees; (ii) Pro-forma third-party sales of NewCo in 2014 amounted to €2.1 billion with a 2014 EBITDA of €106 million; (iii) The enterprise value of the transaction is €600 million plus an earn-out of up to €175 million; (iv) Financing of NewCo will primarily be through an equity contribution from both shareholders, third party financing and a €100 million bridge loan provided by DSM; (v) Estimated net cash proceeds at closing to DSM of €300-350 million; (vi) DSM will recognize an initial book loss of approximately €130 million after tax and non-controlling interests, as an exceptional item in Q1 2015 and (vii) Closing, subject to customary conditions and approvals, is expected in Q3 2015.

On March 23, 2015, **P. Schoenfeld Asset Management ("PSAM")** submitted to **Vivendi SA** two resolutions for the April 17th meeting demanding that the Company return a total of €9 billion ($10 billion). Specifically PSAM stipulates that payment to shareholders would be in the form of a special dividend as follows: (i) An amount equal to €2,857,546,032 from distributable profit for 2014 and (ii) An amount equal to €6,142,453,967 from share issue premium, merger premium and contribution premium. PSAM also shared its analysis and views on the Company's cash holdings, stock price discount and benefits the PSAM proposals present for shareholders. Some highlights include: (a) Vivendi is undervalued relative to its intrinsic value of approximately €25.00-€27.50 per share and should restructure its capital allocation strategy to close the discount to its sum of the parts valuation; (b) Excess cash on Vivendi's balance sheet is distorting the potential returns for investors in the Company. PSAM estimates investors could realize upside up to 38% on their ownership of Vivendi based on its analysis set forth in the white paper. This gain could be further magnified for investors who choose to reinvest their distribution in Vivendi shares; (c) Vivendi's share price has failed to outperform its peers over the past year despite successful disposals of SFR and GVT at higher than expected valuations and growth in the music streaming market; (d) PSAM's capital allocation strategy leaves Vivendi with €5 billion of excess cash, which could be used to significantly expand its scope of operations and (e) Strategic acquirers paying a control premium for either UMG, Canal+ or both could be a source of additional upside.

On April 8, 2015, Vivendi announced that after conversations with P. Schoenfeld Asset Management ("PSAM"), its Board decide to convene a General Shareholders' Meeting with a view to proposing to shareholders the additional distribution of €2 per share, with €1 to be paid out in Q4 2015 and €1 in Q1 2016. These distributions are in addition to the Company's existing commitment to pay out a €1 ordinary dividend per share, in both 2016 and 2017. The Company's Board also confirmed their commitment to this €1 dividend. In total the Company is committing to return €6.75 billion (€5.00 per share) to shareholders. Furthermore, the Company will review the possibility to propose additional distributions if its acquisition strategy were to require less cash than anticipated over the next two years. PSAM dropped its resolutions for the Annual Meeting and backed management on the award of double voting rights to long-term shareholders.

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UNDER THE THRESHOLD - ONGOING SITUATIONS

Abercrombie & Fitch

On December 3, 2013, **Engaged Capital** sent a letter to the Board of **Abercrombie & Fitch. Co (ANF)** urging them not to renew CEO Jeffries' employment agreement when it expires on February 1, 2014 and to immediately commence a CEO search for candidates with relevant retail apparel and turnaround experience. Engaged believes that the Company's continuing underperformance is a result of a failure of leadership. Engaged notes that management's strategy of investing hundreds of millions of dollars to expand the Company's domestic footprint has resulted in a materially overbuilt U.S. store base which has led to years of store closures and asset impairments. Engaged also notes management has pursued the same "spendthrift capital allocation discipline" internationally through a high-risk flagship store strategy which has saddled the Company with costly and underperforming stores in Europe and Japan. Also, Ruehl and Gilly Hicks, the Company's two newest brands were costly failures. Altogether, according to Engaged, investors have suffered through asset impairments and operating losses of over $500 million during the past six years alone, operating margins that have deteriorated from over 21% in 2007 to below 5% today, and return-on-capital declined from over 20% to levels below the Company's current cost-of-capital. While Engaged believes that investors should benefit from recently announced expense reductions of over $130 million in fiscal 2014, they note these changes are coming a full six years after margins and returns drastically declined. In the letter, Engaged discusses that the Company's management team has a reputation for habitually under-estimating and under-executing on the changes needed to remain competitive in the fast moving teen apparel market. Since 2000, the Company has only generated positive same-store-sales five times while experiencing material declines in eight of the last fourteen years, and over this time period, compounded same-store-sales have declined by 41%. However, Engaged notes the Company still maintains brands with domestic and international appeal, a highly profitable direct-to-consumer business, and significant cash flow generation potential. The Company has consistently been cited as an attractive target for private equity investors, and Engaged believes a sale may be the best option for shareholders. Engaged is concerned that the Company has not identified any internal successors to Mr. Jefferies and believes the renewal of Jeffrie's employment contract would be a direct contradiction to what the Company needs and what shareholders want. Engaged points to the say-on-pay voting results of the Company's recent annual meetings as evidence of shareholder unrest. Shareholder support for ANF's say-on-pay proposals was 56%, 25%, and 20%, for 2011, 2012, and 2013, respectively, versus an average approval rating for say-on-pay proposals in the S&P 500 of approximately 90% in each of the past three years. Despite activist pleas to retain a new CEO, on December 9, 2013, the Company entered into a new and restructured employment agreement with Michael Jeffries. The new contract pays a base salary of $1.5 million a year, to be reviewed annually. He will have an annual target bonus opportunity of 150% of his base salary and a maximum bonus opportunity of up to 300% of his base salary. In the new agreement, he is eligible to receive long-term incentive awards each year with a target value of $6 million. Also, he will be entitled to use, for security purposes, the Company's aircraft for up to $200,000 of personal travel. On January 28, 2014, Abercrombie announced that it appointed Arthur C. Martinez (appointed as Non-Executive Chairman), Terry Burman, and Charles R. Perrin to its Board. Abercrombie also announced separating the roles of Chairman of the Board and CEO. Michael Jefferies, who served as Chairman since 1996, will continue to serve as a director and as the Company's CEO.

On February 20, 2014, Engaged Capital announced that it has nominated the following individuals for election to the Board of Abercrombie at the upcoming 2014 Annual Meeting: (i) Alexander P. Brick, former Chief Executive Officer of Specialty Retail Group; (ii) Robert D. Huth, former Chief Executive Officer of David's Bridal; (iii) Michael W. Kramer, former Chief Operating Officer of J.C. Penney; (iv) Diane L. Neal, former Chief Executive Officer of Bath & Body Works; and (v) Glenn W. Welling, CIO & Managing Member of Engaged Capital. Engaged states that despite governance improvements (instituted only after stockholder pressure), the Board still lacks a majority of qualified, independent voices. Engaged also notes that this public nomination follows the failure of weeks of private outreach to the Board to arrive at a negotiated settlement, which Engaged believes proves the incumbent directors' unwillingness to put the interests of the Company's stockholders ahead of their own interests.

On April 7, 2014, Abercrombie disclosed that the Compensation Committee of the Board made a number of significant changes to the structure of the 2014 equity awards, reflecting shareholder input and the Company's ongoing commitment to the best practices in executive compensation and corporate governance. The Committee believes this approach will support business objectives and will align with stockholders' interests. On April 30, 2014, Engaged Capital and the Company entered into a settlement agreement pursuant to which Engaged will withdraw its notice of nomination of directions and will vote in support of all the Company's nominees at the 2014 Annual Meeting. The Company agreed it will nominate four new independent director candidates. Engaged Capital will also abide by customary standstill provisions.

On December 9, 2014, Abercrombie & Fitch Co. announced that Michael Jeffries is retiring as CEO and as a member of the Board effective immediately.

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On March 5, 2015, **Orange Capital** sent a letter to **American Capital, Ltd. (ACAS**) stating that it supports the Company's announcement to separate the asset management business from the investment portfolio, but it has concerns about management's stance on capital allocation and seeks assurances with respect to the governance of the newly separated companies after giving effect to the spin off. Orange Capital notes that management has communicated to it that after preparing the business development companies (BDCs) for the spin off, funding growth at American Capital Asset Management, LLC (ACAM) is its single best use of capital because management believes the market will assign a high multiple to ACAMs fee management income. Orange Capital expresses its disappointment that management continues to shun share repurchases in favor of funding new, higher risk investments, and urges management to reconsider its stance on share repurchases and designate at least one-third of the $600 to $800 million allocated for ACAM growth in the Fourth Quarter 2014 earnings presentation for share repurchases. Also, Orange Capital expresses concern that any proposal to effect the spin off will require shareholders to accept governance and compensation practices that may not be in their best interests as part of an all-or-none vote. Orange Capital encourages the Company to put shareholder interests first by allowing them to evaluate all compensation/governance proposals separately from the spin off itself.

Third Point's 2014 third quarter investor letter revealed that Third Point is now one of **Amgen's (AMGN)** largest shareholders. In the letter, Third Point details its concerns with Amgen and suggests ways to enhance value, including by separating into two separate businesses. Third Point states that using nearly any valuation metric, Amgen trades at a substantial discount to peers, and it even trades at a discount to the US pharmaceutical sector, despite superior revenue and earnings growth rates. Third Point expresses that its conviction about Amgen's growth pipeline has been bolstered by its discussions with its newly created Scientific and Medical Advisory Board ("SMAB"), comprised of a world-class team of scientists and physicians to assist in Third Point's evaluation of therapeutic companies and their clinical assets.

Through Third Point's due diligence, it states that it's become clear that Amgen has been penalized by the market for several key reasons: (i) its historical lack of R&D productivity; (ii) more than a decade of flat operating margins; and (iii) the suspension of its share repurchase program in 2013 following its $9 billion acquisition of Onyx Pharmaceuticals. Third Point believes (also supported by SMAB), that given Amgen's sparse output versus to investment, improvements are needed in the Company's R&D evaluation process. Third Point also believes Amgen's cost structure is bloated and details that while the biotechnology industry has seen substantial improvements in manufacturing efficiency, the Company has not demonstrated any of the obvious economies of scale that should have been realized. Next, Third Point believes the Company's purchase of Onyx Pharmaceuticals was a questionable capital allocation decision, which halted its own share repurchase program. Instead of purchasing Onyx, Third Point states that the Company could have accretively repurchased over 10% of its shares outstanding, at the depressed valuation of just 4x sales.

Third Point recognizes that the Company has taken first steps to target its cost structure by rationalizing its US facilities footprint and creating centers of R&D excellence. However, Third Point believes much more should be done to create shareholder value, including: (i) focusing its R&D efforts; (ii) providing long-term margin guidance demonstrating a commitment to reducing a bloated cost structure; and (iii) creating clarity on additional shareholder returns. Third Point states that it also asked the Company to seriously consider a more radical option: separating into distinct operating units – i.e. MatureCo and a GrowthCo. Third Point explains that internally, each business would have different priorities: MatureCo would focus on efficiency and cash flow and GrowthCo would emphasize product development and innovation. Externally, Third Point elaborates, each business would be valued with different metrics: MatureCo on a dividend yield and GrowthCo on a peer-based sales or earnings multiple. Third Point believes this is a more effective way of running the business. Third Point sees the most upside in the scenario where Amgen separates into two standalone businesses – in two years, Third Point expects such a separation could create almost $249 per share in total value, over 80% upside to the current share price.

On August 25, 2014, it was reported that **Engine Capital LP** and **Red Alder LLC** sent a letter urging **Ann Inc. (ANN)** (the owner of the Ann Taylor Chain) to sell itself. Engine and Red Alder stated that the Company would be worth $50-$55 per share to a private equity firm or even more to a "strategic buyer". Engine believes that the Company should conduct a strategic review. On October 14, 2014, ANN INC. announced that it entered into a non-disclosure agreement with Golden Gate Capital providing for the sharing of certain non-public information with Golden Gate.

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On August 13, 2013, **Icahn** tweeted [@Carl_C_Icahn]: "We currently have a large position in **APPLE**. We believe the company to be extremely undervalued. Spoke to Tim Cook today. More to come." Icahn believes that Apple Inc. (AAPL) should buy back $150 billion of its common stock. Icahn says that they can do this by borrowing the money at less than 3%, a unique opportunity, and they would still have a ten times interest coverage ratio and $146 billion of cash on the balance sheet, a portion of which would have to be repatriated if necessary. Icahn believes that a tender offer at $525 per share could result in a $625 stock price if the P/E ratio remains the same and assuming earning do not increase, and he believes they will. In three years, Icahn expects shares to appreciate to $1,250, assuming the market rewards EBIT growth of 7.5% per year with a more normal market multiple of 11x EBIT. Icahn had dinner with Tim Cook and conveyed his recommendation to him. Icahn had since increased his position in Apple to $2.5 billion with intentions to buy more. To invalidate any criticism that he would not stand by his thesis in terms of its long term benefits to shareholders, he states that he would withhold his shares from the proposed $150 billion tender offer. Icahn also said that he would explore running a proxy fight if necessary. On December 4, 2013, Icahn announced that he will submit a precatory proposal to Apple's shareholders at the Annual Meeting, calling for a $50 million buy back in stock.

On January 23, 2014, Carl Icahn reported that he bought another $500 million of Apple's stock, bringing his total investment to $3.6 billion. Icahn also reported that he sent out a seven page letter to the Company's shareholders discussing why buyback should be markedly increased. In the letter, he states his belief that the combination of Apple's unprecedented net cash balance, robust annual earnings, and tremendous borrowing capacity provide more than enough excess liquidity to afford both the use of cash for any necessary ongoing business-related investments in addition to the cash used for the increased share repurchase proposed by Icahn. Icahn believes Apple will be able to participate in this growth without sacrificing pricing and gross margins, especially with its competitors, because of the continuing loyalty of Apple's growing customer base. He further states that as software and services improve and become even more important to consumers in the future, he thinks customer loyalty will strengthen even more. Icahn discusses the scale of opportunity that stems from new products in new categories (which he believes Wall Street analysts lack in their financial projections), including the possibility of an Apple TV, opportunities in hardware alone (i.e. rumors of a smartwatch) and a next generation payments solution. Icahn responds to a potential argument that with so much opportunity, the Company should maintain excess liquidity to increase R&D or make acquisitions, by stating that even after taking such factors into account, he believes tremendous excess liquidity remains. While comparing Apple to Microsoft, its next largest competitor, Icahn notes that Apple has $68 billion more net cash and is expected to generate $18 billion more in earnings during 2014. He also notes that since much of the Company's cash and earnings are international and subject to a repatriation tax if returned to the US to repurchase shares, Apple should simply borrow the money in the US to the extent it deems its domestic cash of $36 billion and domestic earnings are insufficient. Icahn believes this is one of the greatest examples of a "no brainer" he has seen in five decades.

On February 6, 2014, Tim Cook stated in an interview that Apple has recently bought $14 billion of its own shares. In a letter on February 10, 2014, Icahn stated that while he is disappointed that ISS recommended against his proposal, he does not altogether disagree with ISS's assessment and recommendation in light of the recent actions taken by the Company to repurchase shares. Icahn states that in light of these actions and ISS's recommendation, he seeks no reason to persist with his non-binding proposal, especially when the Company is so close to fulfilling his requested repurchase target.

On April 23, 2014, Apple unveiled a plan to increase its share repurchase authorization by $30 billion through December 2015. Additionally, the Board has approved an increase to the Company's quarterly dividend of approximately 8 percent and has declared a dividend of $3.29 per common share, payable on May 15, 2014 to shareholders of record as of the close of business on May 12, 2014. Icahn stated that he agrees with the Company's increased buyback and is extremely pleased with results. He also continues to believe the Company is meaningfully undervalued.

On October 9, 2014, Icahn sent a letter to Apple expressing his opinion that there is a massive undervaluation of Apple in today's market, which he believes will not last long. Also, given the excessive liquidity of $133 billion net cash on the Company's balance sheet, Icahn asks Tim Cook to present to the rest of the Board Icahn's request for the Company to make a tender offer, which would accelerate and increase the magnitude of share repurchases. Icahn commits not to tender any of his shares if the Company consummates any form of a tender offer at any price to preemptively diffuse any cynical criticism with respect to his request. Icahn would like to see the Board repurchase a lot more and sooner because given Apple's undervaluation, the more shares repurchased now, the more each remaining shareholder will benefit from that earnings growth.

On February 11, 2015, Icahn sent a letter to his twitter followers stating that given his estimated value for the Company repre-

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sents an 84% price appreciation from where the shares trade today, he continues to hope that Tim Cook and the Company's Board, on behalf of all stockholders, take advantage of this dramatic market value anomaly and increase the magnitude and the rate of share purchases while this opportunity still exists. Icahn believes the Company will continue to dominate the premium smartphone market, while maintaining or growing average selling prices and gross margins and there will be no stopping its innovation track record, best-in-class ecosystem of services, software and hardware.

On October 16, 2014, **Clinton Group Inc.** (note: On October 1, 2014, Greg Taxin resigned as President of Clinton Group) called on **Atlantic Power Corp. (AT)** to restart a sale process it abandoned last month. Clinton criticized the Company's recent decision to remain independent and called for a re-engagement of the sale process. On October 21, 2014, the Company stated that, in order to dispel Clinton's misconceptions about the results of the sale or merger process, the Company offered to share certain information from the process, provided that Clinton agreed to be bound by confidentiality obligations, which Clinton declined. In light of the letter and enquiries from investors, the Company provided additional detail concerning its process including that it did not receive any offers that the Board believed could be consummated at or above the closing share price of $3.04 on May 1, 2014, being the day prior to press rumors concerning a possible sale or merger of the Company. The Company stated that it will continue to assess other potential assets, including asset sales or the contribution of assets to a joint venture in order to raise additional capital for growth and/or debt reduction.

On November 25, 2014, Atlantic Power Corporation and Clinton entered into an agreement pursuant to which, among other things, the Board increased the size of the Board and appointed Teresa M. Ressel as a director and agreed to appoint an additional individual mutually agreed upon by December 19, 2014. Clinton agreed to customary standstill provisions including capping its ownership at 10% and not soliciting any proxies or consents.

On June 30, 2014, **Trian** unveiled a $1.05 billion position in **Bank of New York Mellon (BK)**, representing a 2.5% stake and stated its intention to discuss ways of improving shareholder value with management. On December 2, 2014, Bank of New York Mellon Corp. added Ed Garden, co-Founder of Trian Fund Management, to its Board. Mr. Garden will serve on the Company's Human Resources and Compensation and Risk Committees.

On March 10, 2015, Marcato Capital Management demanded the replacement of the CEO of Bank of New York Mellon (BK), Gerard Hassell, as part of what Marcato believes is a much-needed, wholesale reconsideration of the Company's operations, brand and brand management. Marcato also stated that it has shared its view with Trian, who also holds a stake in the Company.

On February 6, 2015 **Sandell** sent a letter to **Brookdale Senior Living (BKD)** urging the Company to spin off its real estate portfolio to shareholders through the formation of a REIT and reconstitute its Board. Sandell believes the changes could help boost the Company's price to $49 per share. Sandell would like to see the Board appoint two new members with real estate experience and make certain changes to its corporate governance which would make it easier for shareholders to elect new directors, such as adopting annual board elections and giving the investors the ability to call special meetings. Sandell did not specify its stake in the Company, but stated that it is a shareholder.

On March 16, 2015, Sandell Asset Management announced its intention to nominate a slate of three independent candidates for the Brookdale Senior Living (BKD) Board to replace the three incumbent directors who are expected to stand for reelection at the upcoming Annual Meeting. Sandell believes the following director nominees bring the requisite industry experience, fresh independent perspective and shareholder representation required to deliver need strategic, operational and governance changes to the Company: (i) Edward Glickman; (ii) Lee Wielansky; and (iii) Thomas Sandell. Sandell intends to run these directors as replacements for: (A) Jeffrey R. Leeds; (B) Mark J. Schulte and (C) Dr. Samuel Waxman.

On April 23, 2015, Brookdale Senior Living Inc. (BKD) and Sandell Asset Management (a 1.4% owner) entered into an agreement pursuant to which, among other things, Mark J. Parrell and Lee S. Wielansky were appointed to the Board. Sandell agreed to withdraw its notice of nomination and abide by certain customary standstill and voting provisions, including voting in favor of the three nominees to be recommended by the Board at the 2015 Annual Meeting.

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On December 4, 2014, **Clinton Group, Inc. (CCG)** announced that it provided notice of its intention to nominate the following individuals for election to the Board of **Campus Crest Communities, Inc.**: (i) Scott Arnold, Senior Portfolio Manager, Private Equity and Asset Backed Securities at Clinton Group, Inc.; (ii) Randall H. Brown, former Executive Vice President, Chief Financial Officer and Treasurer of Education Realty Trust, Inc.; (iii) William A. Finelli, former Global Chief Operating Officer of the real estate platform of BlackRock Inc. and (iv) Raymond C. Mikulich, Managing Partner and Chief Investment Officer for Ridgeline Capital Group and former head of Apollo Global Real Estate Private Equity Investment. Clinton believes its nominees bring decades of real estate experience, financial acumen and a track record of equity creation. Clinton believes the Board of the Company should be held accountable for the prior years of underperformance and the Company lacks permanent top executive leadership today. Clinton believes that at today's comparable companies' FFO multiples, the implied stock price would be over $10.50 per share. As of Clinton's most recent 13F filing, Clinton reported beneficial ownership of 619,365 shares (0.96%) of the Company's outstanding shares.

On February 16, 2015, Clinton sent a letter to Campus Crest and stated that since Clinton submitted its nominations, Clinton has had no success regarding an amicable solution. Clinton announced that in the course of its due diligence and meetings with various management teams in the student housing sector, Clinton has come across Campus Evolution Villages, LLC ("CEV"), a private owner and operator of student housing assets, and has come to know its two co-founders, Andrew Stark and Evan Denner. Clinton states the cohesive CEV management has years of experience in all disciplines and aspects of student housing and strong industry relationships, allowing them to successfully complete the most challenging opportunities. Clinton is confident that they can deliver this management team and the acquisition of their management company to Campus Crest at market terms attractive to Campus Crest Shareholders. Clinton explains many of the benefits including that bringing in Campus Evolution's in-place team, including, stabilizing current operations, improving marketing and positioning the Company properly in the critical current pre-leasing period. In addition, the Company would benefit from CEV's contributed stream of management income which is accretive to shareholder value. Clinton believes its slate of nominees is complementary to the proposed reconstituted leadership of the Company.

On April 2, 2015, Clinton Group Inc. sent a letter to the shareholders of Campus Crest (CCG)expressing its astonishment over the Company's announcement about the dividend cut. Clinton states that after its nomination notice was made public, Clinton urged the Board to do the right thing and appropriately size the dividend and prevent a future reduction. Clinton believes there are two paths forward from here: (i) the Company can continue a sale process which Clinton believes should garner between $8.50 and $9.50 per share or (ii) shareholders can elect to take Clinton's path and install the management team of Campus Evolution. While Clinton believes the stock would be worth more than $10 per share in a year under a newly reconstituted Board, refreshed executive team with Campus Evolution management team at the helm, the adoption of their operating strategy, and the re-installment of the dividend, Clinton continues to pledge that it will not stand in the way of a change of control transaction acceptable to its fellow shareholders.

On May 4, 2015, Campus Crest Communities, Inc. (CCG) and Clinton Group entered into an agreement pursuant to which, among other things, the Company appointed Raymond C. Mikulich and Randall H. Brown, previously nominated by Clinton, to the Company's Board and also appointed Curtis B. McWilliams to the Board. Additionally, as part of the agreement, the Board announced that it has changed the composition of the existing three person Transaction Committee which has been overseeing the ongoing strategic alternatives process. The Transaction Committee will be comprised of Curtis McWilliams, Raymond Mikulich and Richard Kahlbaugh and will be chaired by Mr. McWilliams. Further, as part of the agreement, Campus Evolution Villages, LLC has been invited to sign a non-disclosure agreement and participate in the Board's strategic alternatives process. By so doing, the Company's Board will evaluate Campus Evolution's proposed ideas for value creation against all other strategic opportunities it considers throughout its alternatives process.

On April 3, 2014, **Wintergreen Advisers, LLC** reported that they believe **The Coca-Cola Company's (KO)** Compensation Plan is: (i) potentially highly dilutive to shareholders; (ii) unsupported by any strategic rationale; (iii) unnecessary, since adequate capacity exists under the Company's current plan; (iv) inadequately disclosed in the proxy materials; (v) grossly outsized for a company with earnings growth in the single digits; and (vi) a bad precedent for corporate America. On April 15, 2014, Wintergreen issued a letter to shareholders reiterating its belief that the

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2014 Equity Plan is deeply flawed and contrary to shareholder interests. In the letter, Wintergreen urged all institutional investors, as fiduciaries for many thousands of individuals, to review the Company's proposed plan for themselves before they decide how to vote. Wintergreen believes existing equity plans at the Company are more than adequate to meet the Company's needs.

Wintergreen also believes the methodology described in the ISS publicly available proxy guidelines understates the true cost to shareholders of the Company's equity plans, and that the 2014 Equity Plan appears to fall short of publicly available ISS guidelines in a number of areas. Specifically, Wintergreen believes: (a) the Company's plan fails to meet the ISS standard for linking pay for performance, because the Company has lowered its performance targets for management over the past two performance periods; (b) the fact that every named officer at the Company has received more equity option grants over each of the past two years, even as the Company's performance has failed to meet targets, demonstrates that the Company is not properly linking pay to performance; (c) the proposed plan fails to meet the publicly available ISS standard for investors that manage union pension plans under the Taft-Hartley Act; and (d) the proposed plan may also fall short of the Taft-Hartley guidelines that discourage excessive pay practices because it does not have a cap on the amount of equity that can be awarded to an individual. The Ontario Teachers' Pension Plan also planned to vote against the 2014 Equity Plan.

At the Annual Meeting held on April 23, 2014, the plan passed. In an interview on May 2, 2014, Warren Buffett told CNBC that he does not approve of the plan but out of respect for management abstained on the issue instead of voting against it, and that he believes the Company will be responsive to shareholder concerns and he wouldn't be surprised if the Company revised the plan before it goes into effect next year.

On July 8, 2014 David Winters sent a letter to the Board criticizing Coca-Cola's governance and operational performance. He also announced the launch of a dedicated website – Fixbigsoda.com – where he will provide his views and provide a forum for disgruntled investors. Winters also questioned the role of Howard Buffett, Warren Buffett's son, on the Company's Board. Winters said that he intends to "remain a long-term investor in the company," but that he had heard from too many investors that they remained concerned about Coca-Cola's poor margins, especially in comparison to other drinks manufacturers.

On October 1, 2014, Coca-Cola announced that the Board adopted Equity Stewardship Guidelines for the existing 2014 Equity Plan. The Guidelines will extend the years shares will last under the approved Equity Plan by using fewer shares each year, increase transparency about equity awards, formalize the Company's existing practice of share repurchases to minimize dilution, and renew commitments to continue an open dialogue with shareowners on compensation matters. On November 13, 2014, David Winters stated that he is still pushing for changes to Coca-Cola's equity compensation plan. Winters stated that the new guidelines are "all fizz ... [and] don't address the fundamental problem that was raised that it was excessive, and we believe now is still excessive." On December 15, 2014, Wintergreen issued a report on Coca-Cola (KO) and called on the Company to get rid of bad compensation plans, bring in new and more capable management, get expenses and overhead under control and replace the Board will shareholder-focused directors. Wintergreen estimates that the discount placed on the Company's shares because of its issues is between $30 and $38 per share and by removing these discounts, the Company's share price would be brought to $74 - $82 per share.

On February 3, 2015, Wintergreen sent a letter to the Board of Coca-Cola Co. asking the Company to retract "secret bonus" shares given to top management and asked for the Company's Board to resign, along with any parties involved in arranging or encouraging the executive compensation plan.

On April 27, 2015, CalSTRS disclosed that it will be opposing the appointment of all four of Coca-Cola Co.'s (KO) 15-member Board, all members of its compensation committee and will vote against the CEO's compensation. At Coca-Cola's 2015 Annual Meeting, executive compensation was approved, but by a lower-than-average margin. Also, the Company's nominees were elected to the Board.

CROWN CASTLE

On October 14, 2014, **Corvex Management** sent a letter to the shareholders of **Crown Castle International (CCI)** expressing its belief that the Company's valuation can be improved dramatically and sustainably through changing the Company's capital allocation plan, reducing the Company's cost of capital and enhancing its ability to grow and compound shareholder value over the long term. Based on Corvex's own analysis, Corvex sees a near-term opportunity for the Company to drive a 27% re-rating in its equity, and the potential for over 60% upside in the next 15

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months. Once the equity currency is strengthened, Corvex believes the Company can aggressively pursue a Verizon towers transaction, creating even greater value for shareholders over the long-term. Corvex's analysis also suggests a change in capital allocation could result in the Company's stock trading in excess of $100 per share in the near future, and compounding further from there. Corvex thinks that based on recent commentary by the Company's management, Company may be considering the same actions suggested by Corvex.

Corvex believes the Company must address its capital allocation plan and states that the Company's two clear options today are: (i) increasing its dividend payout ratio significantly or (ii) increasing and maintaining a higher leverage ratio. Specifically, Corvex believes increasing the Company's payout ratio to 80% - 90% of AFFO and paying a dividend of at least $4.00 per share, or increasing and maintaining leverage of approximately 7.0x net debt/EBITDA and buying back stock regularly to shrink the Company's float, will both create significant long-term value for shareholders. Corvex believes the Company will prefer increasing its payout ratio and urges the Company to immediately embrace the full payout structure it has publicly stated it will eventually adopt once its net operating losses expire in 2018-2020, rather than artificially deferring strong dividends until the end of the decade. Corvex also believes changing the Company's capital allocation strategy would attract a new class of yield-oriented investors.

In summary, Corvex recommends the following: (i) pay a dividend of at least $4.00 per share in 2015; (ii) guide to 10% or higher dividend per share growth over the next 3+ years; (iii) plan to maintain leverage of approximately 4.5x net debt/EBITDA on an ongoing basis and target an investment grade rating over time; (iv) flex leverage up to 6.0x net debt/EBITDA or higher for future M&A (including the Verizon towers), if the transaction is accretive to the standalone dividend per share plan described above; and (v) de-lever back to 4.5x following M&A through EBITDA growth (maintain 80%+ payout ratio over time).

At a Special Meeting held on November 19, 2014, shareholders voted to adopt the merger agreement with the Company's wholly-owned subsidiary, Crown Castle REIT Inc. The Company commenced operating as a REIT for U.S. federal income tax purposes effective January 1, 2014 and proposes to complete the merger to ensure the effective adoption of certain charter provisions that implement REIT-related ownership limitations and transfer restrictions related to its capital stock. The merger is expected to close no later than December 31, 2014.

On January 21, 2014, **Third Point** disclosed in an investor letter that its largest current investment is in **The Dow Chemical Company (DOW)**, but did not disclose its stake. Third Point notes that the Company's shares have "underperformed over the last decade, generating a return of 46% (including dividends) compared to a 199% return for the S&P 500 Chemicals Index and a 101% return for the S&P500." Third Point believes these results reflect a poor operational track record across multiple business segments, a history of under-delivering relative to management's guidance and expectations, and the ill-timed acquisition of Rohm & Haas. Third Point states that the Company's lacking performance is even more surprising given that the North American shale gas revolution has been a powerful tailwind for the Company's largest business exposure – petrochemicals.

Third Point believes the Company should engage outside advisors to conduct a formal assessment of whether the current petrochemical operational strategy maximizes profits and if these businesses align with the Company's goal of becoming a "specialty" chemicals company. Third Point also believes the Company should apply the "intelligent logic" of its recently announced chlor-alkali separation to the entirety of its petrochemical business by creating a standalone company housing the Company's commodity petrochemical segments.

On February 11, 2014, Dow Chemical filed an addendum to its fourth quarter and full-year 2013 earnings teleconference materials stating that it has conducted an evaluation as part of a review of the Company's strategic option. The review found that "a break-up of the Company in a significant manner (simplistically described as petrochemical and specialty chemical assets) created no productivity or capital allocation improvements, but rather negatively impacted Dow's value proposition which leverages scale, integration costs and technology benefits across multiple science-based, vertically integrated value chains." On February 12, 2014, Dan Loeb said that the Company's "lack of transparency" makes it difficult to determine whether the Company should be split up or kept together. In Third Point's statement, it said it has hired financial advisers of its own to look into the Company's options and is prepared to sign a non-disclosure agreement to see how the Company came to decide against Third Point's plan. On March 19, 2014, Dow Chemical told investors that it plans to sell an additional $1.5 billion to $2 billion of assets this year.

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On November 21, 2014, The Dow Chemical Company announced that it entered into an agreement with Third Point to add four new, independent directors to the Company's Board, two of which were suggested by Third Point. The four independent directors will be included in the Company's nominees for election at the 2015 Annual Meeting. Third Point agreed to vote in favor of the Company's nominees at the 2015 Annual Meeting and to a one year customary standstill and voting agreement.

On March 27, 2015, Dow Chemical and Olin Corporation announced today that the Boards of both companies unanimously approved a definitive agreement under which Dow will separate a significant portion of its chlorine value chain and merge that new entity with Olin in a transaction that will create an industry leader with revenues approaching $7 billion. The transaction has a tax efficient consideration of $5 billion, and a taxable equivalent value of $8 billion.

In August 2013, **Trian** disclosed that it owned 21 million shares of **DuPont Co. (DD)** (valued at $1.25 billion). Trian had met with Chairman/CEO Ellen Kullman and other senior managers to talk about their ideas outlined in a white paper. It was predicted that Trian was proposing breaking DuPont into two companies, one focused on its agriculture business and the other focused on materials. On October 24, it was announced that DuPont was splitting in two, spinning off its performance chemicals segment into a new publicly traded company. The unit — which makes a pigment that turns paints, paper and plastics white, as well as refrigerants and polymers for cables — generated about $7 billion in revenue in 2012. DuPont had announced in July, prior to Trian's involvement, that it would explore "strategic alternatives" for the unit and stated that its decision came after a thorough strategic review process over the last year. DuPont expects the spinoff to be completed in about 18 months, and said it would be tax-free to shareholders, who will receive stock in the new company. The DuPont that remains will have three main areas of focus, each trying to make products that address global population growth. Its agriculture business will develop and produce seeds and herbicides aimed at increasing crop yields around the globe. A bioindustrials unit will be involved in the production of biofuels in an effort to reduce the world's reliance on fossil fuels. And an advanced materials segment will make components for green buildings and solar panels, as well as products like Kevlar.

On September 16, 2014, Trian sent a letter to the Board of DuPont stating that the Company should implement the following strategic and operating initiatives to optimize long-term value for shareholders: (i) separate DuPont into GrowthCo (Agriculture, Nutrition and Health, Industrial Biosciences) and CyclicalCo/CashCo (Performance Materials, Safety and Protection, Electronics and Communications), in addition to the announced separation of Performance Chemicals; (ii) Commit to the elimination of unnecessary holding company costs, the implementation of zero-based budgeting, and a timeframe for best-in-class revenue growth and margins in each business, by segment; (iii) Commit to a shareholder-friendly capital allocation policy at the low-growth and highly cash generative CyclicalCo/CashCo and a prioritization of high return on invested capital (ROIC) organic growth initiatives at GrowthCo; and (iv) Implement the following corporate governance initiatives: (a) Put an end to extraordinary charges (or "significant items") and (b) Commit to best-in-class transparency and consistency of reporting. Trian believes its initiatives have the potential to double the value of the Company's stock over the next three years. Trian notes that it has discussed adding a Trian representative and an industry-insider to the Board to ensure shareholder perspectives are adequately represented, but states the idea has been summarily rejected. Therefore, Trian states, it will begin to meet with shareholders to present its White Paper and discuss its views. Also, Trian will closely monitor the Company's performance and recommends that instead of dismissing Trian's initiatives, the Board meets shareholders without management present to learn their views.

On January 8, 2014, Trian nominated the following candidates for election to the Company's Board at the 2015 Annual Meeting: (i) Nelson Peltz, Chief Executive Officer and a Founding Partner of Trian and a director of Mondelēz International, Inc., The Wendy's Company and The Madison Square Garden Company; (ii) John H. Myers, former President and Chief Executive Officer of GE Asset Management and currently a director of Legg Mason, Inc., (iii) Arthur B. Winkleblack, former Executive Vice President and Chief Financial Officer of H.J. Heinz Company and currently a director of RTI International Metals, Inc. and Church & Dwight Co., Inc. and (iv) Robert J. Zatta, Acting Chief Executive Officer and long-time Chief Financial Officer of Rockwood Holdings, Inc., a leading global developer, manufacturer, and marketer of specialty chemicals.

On February 5, 2015, Dupont sent a letter to Trian stating that its Board considered appointing one of the independent Trian nominees in return for Trian dropping its slate and backing the Company's nominees, but stated that Trian rejected the settlement because it did not include adding Nelson Peltz to the Board. Also, on February 5, the Company announced the resignation of Curtis J. Crawford and Richard H. Brown from its Board and the appointment of James L. Gallogly and Edward D. Breen

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as new directors. Trian stated that: "With today's announcement, DuPont appears to be acknowledging the need to upgrade its board of directors with individuals that have "fresh, independent, highly relevant perspectives." Trian has spent time with Messrs. Breen and Gallogly and respects their records of stockholder value creation. Trian still believes there is more value to be unlocked and states that the Trian nominees, working collaboratively with the remaining board members, will seek to assure that management is held accountable for achieving their stated financial targets.

On February 23, 2015, Trian sent a letter to Dupont requesting use of a universal proxy card for the election of directors at the upcoming annual meeting. On March 3, 2015, Dupont stated that following a thorough review, the Board unanimously determined that the use of a universal proxy card would not be in the best interests of shareholders for a variety of reasons. Nelson Peltz made the following statement in response: "We are disappointed that the DuPont Board has unanimously chosen to limit stockholder choice and veto best-in-class corporate governance by rejecting our proposal to allow stockholders to elect the best directors from among all director candidates. In objecting to the use of the universal proxy card, DuPont is forcing stockholders to elect either the Trian slate of candidates or the DuPont slate of candidates -- rather than permitting stockholders to elect whichever candidates they prefer regardless of which proxy card they submit. It is unfortunate that DuPont would frustrate shareholder democracy by rejecting a mechanism that we believe would result in the election of the most qualified directors and would allow stockholders who wish to choose among the best of all candidates to do so without having to travel to the Annual Meeting. Accordingly, Trian believes it is time for fresh perspectives and the election of Trian's nominees who will stimulate robust dialogue and enhanced engagement in the boardroom."

On March 13 it was reported that Dupont (DD) was prepared to accept one of Trian Fund Management's nominees, John Myers, in an attempt to end a proxy fight with Trian, but Trian said that offer was not enough. Trian wants two of its nominees, including a Trian principal, on the company's Board and two on the Board of Chemours, the performance chemicals business the Company plans to spin off.

On April 27, 2015, Institutional Shareholder Services recommended that shareholders elect Nelson Peltz and John Myers (a former GE Executive) to the Company's Board. On April 30, 2015, Glass Lewis & Co. said shareholders should elect Nelson Peltz to the Company's Board, citing the Company's recent earnings disappointments and its slowing revenue growth. On May 4, 2015, Egan-Jones recommended shareholders vote for all of Trian's nominees.

Icahn has taken a stake in **eBay (EBAY)**, proposed a spin-off of eBay's PayPal division and nominated two directors to the Board of the Company. eBay indicated it does not agree with Icahn's plan to spinoff PayPal. On February 24, 2014, Icahn sent a letter to eBay's stockholders criticizing directors Marc Andressen and Scott Cook for, among other things, directly competing with the Company, funding competitors, and putting their own financial gain in ongoing conflict with their fiduciary responsibilities to stockholders. Icahn also states that the Company's CEO, John Donahoe, seems to be "completely asleep or, even worse, either naive or willfully blind to these grave lapses of accountability and stockholder value destruction." Icahn questions his judgment and ability to make decisions that must be made concerning the future of PayPal. Icahn believes separating eBay and PayPal will: (i) highlight the significant value of the disparate business currently shrouded by a conglomerate discount the market has afforded eBay; (ii) focus and empower independent management teams to most effectively build two very different business platforms, make economic decisions independent of each other, and, foster innovation; and (iii) provide an even more valuable currency for future bolt-on acquisition opportunities and for recruiting the top talent necessary for PayPal to remain the market leader in payment technology. Icahn urges shareholders to vote for his slate of directors and for his precatory proposal in order to send a clear message to the Company's Board that it should be separated from PayPal.

On February 27, 2014, Pierre Omidyar, eBay Founder and Chairman, rejected Icahn's call to separate the Company's PayPal unit, saying the businesses were better off together. On March 3, 2014, Icahn reiterated his view that Andressen has conflicts of interests. He also stated that he is in the process of demanding the Company's books and records. On March 5, 2014, Icahn stated that the corporate governance at the Company is the worst he's ever seen. On March 19, 2014, Icahn called on eBay to sell 20% of PayPal in an initial public offering (even though he initially called for a complete spinoff). Icahn believes conducting a 20% IPO would provide the best opportunity for the businesses to remain competitive over the long-term. He also noted that the 20% IPO structure should alleviate any concern of lost synergies, could preserve all of the benefits of keeping PayPal in-house and could be structured to be tax free to shareholders.

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On April 10, 2014, eBay and Carl Icahn entered into an agreement ending their proxy contest for the upcoming annual meeting. Pursuant to the agreement, Icahn is withdrawing both his proposal to separate PayPal and his two nominees to the Company's Board. eBay has agreed at Icahn's suggestion to appoint David Dorman as an independent director to its Board. Icahn has signed a confidentiality agreement covering any non-public information that directors or officers of eBay may share with him, and the Company agreed not to adopt a policy precluding such persons from speaking to Icahn.

On September 30, 2014, eBay announced that its Board approved a plan to separate into two independent publicly traded companies, by spinning off PayPal. The tax-free spin is expected to be completed in the second half of 2015, subject to market, regulatory and other conditions. On October 19, 2014, Marc L. Andreessen, a director of eBay Inc. (the "Company"), notified the Company that he would resign from the Company's Board, effective immediately.

On November 26, 2014, **Ebix, Inc. (EBIX)** reported that it added **James A. Mitarotonda** and Joseph R. Wright to the Company's slate of nominees for election at the 2014 Annual Meeting. As part of the agreement reached with **Barington Capital Group** (which represents a group of investors that owns approximately 1.6%), Barington agreed to vote its shares in support of all nominees at the 2014 Annual Meeting, and has agreed to certain customary standstill provisions.

On March 25, 2015, Ebix, Inc. announced that George Hebard III, Manging Director of Barington Capital Group, was appointed to the Board, replacing James A. Mitarotonda, who will be leaving the Board to devote his own time on other companies. As part of an amendment to the prior agreement reached between Barington and the Company, Barington agreed to an extension of certain standstill provisions through the 2018 Annual Meeting.

On July 21, 2014, it was revealed that **Elliott** has taken a stake of more than $1 billion (about a 2% position) in **EMC Corp. (EMC).** According to people familiar with the matter, Elliott plans to push the Company to break itself apart, specifically by spinning off VMware Inc., a publicly traded Company that EMC owns an approximately 80% stake in. Under the Company's federation model, it manages three businesses: EMC Information Infrastructure, VMware Virtual Infrastructure and Pivotal.

On October 8, 2014, Elliott sent a letter to EMC Corporation's Board detailing its recommendations for the Company. Elliott believes the Company's Federation structure obscures enormous value at the Company and management should pursue ways to recognize this value, including separating VMware from Core EMC and/or various M&A opportunities. Elliott efforts over the past year include, among other things, conducting extensive research to better understand the Company's operations and strategy and working with engineers to examine and assess the capabilities and competitive positioning of the Company's products and technologies across all of its offerings. Elliott believes the Federation structure, which may have served EMC well years ago, no longer does.

Elliott summarizes its thoughts as following : (i) the Company's stock price has underperformed its proxy peers and the market all relevant timeframes while this structure has been in place; (ii) the Federation structure has led to a widely-recognized undervaluation of "Core EMC" (EMC excluding VMware), while also adversely impacting VMware; (iii) Core EMC is deeply undervalued; (iv) EMC II (a vendor of storage hardware platforms and the software that runs on top of them) and VMware now compete; and (v) EMC II and Vmware hinder one another. Elliott states that although the Federation strategy for EMC and VMware does not work and cannot be continued, the two companies can easily continue their partnership after a separation. Also, Elliott believes this highly tenuous and unique structure is only tenable under Joe Tucci's leadership as CEO. Elliott believes it is critical for the Board to appreciate that it can't retain a structure that doesn't work without one specific individual.

Elliott believes the Company's alternatives fall in two categories. First, a tax-free spin-off of all of VMware from EMC would result in the Company distributing its VMshares to its current shareholders. Post-spin-off, shareholders would own both their existing EMC stock and stock in a newly independent VMware. Elliott believes this would create financial and operational benefits immediately and over the long-term. Elliott recognizes there are other mechanisms to accomplish a separation of Core EMC and VMware and believes that whatever the mechanism, both Core EMC and VMware would retain their significant strategic value. Second, Elliott believes the Company should fully explore acquisition interest in a way that preserves the option of a tax-free spinoff of VMware. Since Elliott's position, it has learned of acquisition interest in the Company's assets and Elliott believes an acquisition by any of these buyers would create the leading enterprise IT company in the world. Elliott believes now is the optimal time for the Company to establish a future structure that makes financial and strategic sense for the long term.

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On January 12, 2015, EMC Corporation (EMC) appointed José Almeida and Donald Carty to the Board, as part of an agreement with Elliott. In connection with the Board's decision to add these two new board members, Elliott has agreed to certain limited standstill and voting provisions through September 2015, including voting in favor of the Company's proposed slate at the 2015 Annual Meeting.

On December 15, 2014, **Clinton** revised a nomination notice previously sent in November to the Board of **Imation Corp. (IMN)**. Clinton's independent nominees for the Board are: (i) Joseph A. De Perio; (ii) Robert B. Fernander and (iii) Barry L. Kasoff. Clinton believes these individuals possess the domain expertise, operational capability, turnaround experience and financial acumen to move the Company forward. Clinton stated that upon a successful proxy contest and if mutually acceptable, Clinton would welcome the opportunity to invest in the Company at a premium to the prevailing market prices as Clinton believes under the right leadership the stock could at least triple in value from here. Clinton plans to elaborate on plans to achieve such reversal in performance in subsequent proxy filings. Clinton has spoken to a number of large shareholders and believes there is support for significant change at the Company's corporate leadership.

On September 10, 2014, **JDS Uniphase Corp. (JDSU)** announced its intention to separate into two publicly traded companies - an optical components and commercial lasers company and a network and service enablement company. Reportedly, **Sandell Asset Management** had been pressuring the Company in recent months to split up.

On October 1, 2014, Sandell sent a letter to the Board of JDS Uniphase Corporation expressing its belief that the Company should immediately commence a formal auction process for its CCOP business while it continues to prepare for the spin-off of CCOP. Furthermore, Sandell urged the Board to take prompt action to unlock the value that is associated the Company's tax assets in order to minimize the discount at which the Company's stock continues to trade. Sandell specifies that the Company's stock price reflects next to no value for its substantial tax assets – which as of June 28, includes federal, state and foreign tax net operating loss carryforwards (NOLs) of approximately $6.1, $1.8, and $1.0, respectively. Sandell estimates the potential value of the Company's tax assets yields potential values of between approximately $19 and $26 per share, which is between 47% and 101% higher than the Company's current stock price. Sandell also details its submission of a shareholder proposal formally requesting that the Board evaluate further strategic alternatives, in addition to the previously announced spin-off of its CCOP business, to maximize value. Sandell also notes that it has seen no disclosure detailing any plan to maximize value of the vast amount of tax assets. Sandell would like the Board to take prompt action to unlock the value associated with these assets in order to minimize the discount at which the Company's stock continues to trade.

On January 13, 2015, Sandell sent a letter to the Board of JDS Uniphase Corporation (JDSU) and called for an immediate amendment to the Company's bylaws to remedy changes made in 2014 that Sandell believes frustrates the ability of shareholders to hold the Board accountable for its actions. Sandell states that compliance with the Company's nomination of directors when the date of the meeting is disclosed to stockholders 40 to 60 days before the meeting date is impossible because in that event, the bylaw purports to require that the stockholder deliver notice of nomination on or before the day it learns of the meeting date. Sandell formally calls upon the Board to amend its bylaws so that they no longer impinge upon "this most fundamental of shareholder rights." Also, Sandell reiterated the need for the Company to pursue further strategic actions to maximize shareholder value.

On February 2, 2015, Sandell sent a letter to the Board of JDS Uniphase Corporation after the release of the Company's fiscal second quarter 2015 results, which Sandell expressed its disappointment with. While Sandell believes the proposed spin-off of the CCOP business was a positive development, Sandell believes the Company needs to do more to enhance value including conducting a formal auction for the CCOP business in parallel to preparations for the spin-off. Sandell notes that despite the abundant commentary from the investment community highlighting the merits of a sale of the CCOP business, Sandell has not seen a sign that the Company is conducting a sale process. Further, Sandell believes when seeking a sale, the Board must ensure the CCOP entity conforms to the best corporate governance practices and does not contain any entrenching mechanisms, which is relevant given the numerous parties Sandell believes are interested in acquiring the business. Sandell states that though the Company eventually amended its bylaws so that they provide more clarity for the timely nomination of directors, this only happened after ISS and a large number of shareholders sent a powerful message to the Board. Finally,

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Sandell believes that should the Board structure CCOP in an inconsistent manner with best corporate governance practices, it will signify to Sandell that the Board is not serious about exploring other strategic opportunities.

On April 16, 2015, Sandell issued a letter to JDS Uniphase (JDSU) stating that while a proposed spin-off of the Company's CCOP was a positive development, Sandell thought that a sale of CCOP prior to the spin-off would ultimately result in more value accruing to the shareholders. Sandell states that recent actions suggest to them that the Company does not intend to sell CCOP prior to its spin-off, and has filed documents with the SEC discussing the proposed CCOP spin-off entity, Lumentum Holdings Inc. Sandell also states that knowing a spin-off of CCOP was in the works, Sandell previously issued a letter highlighting the need for such spin-off entity to conform with best corporate governance practices and explicitly called for its governing documents to allow a majority of shareholders to act by written consent and call special meetings, as well as ensure that such entity's board was not classified. Sandell states that Lumentum's SEC documents demonstrate that Lumentum does not intend to permit shareholders to take action by written consent, does not intend to permit shareholders to call special meetings, and intends to allow vacancies on Lumentum's Board to be filled by the remaining directors (without affirming the shareholders' right to do so). Sandell believes this is an affront to shareholders and a rejection of best corporate governance practices. Sandell also points out that as currently contemplated, the Board of Lumentum will have the ability to reject an acquisition proposal regardless of what the shareholders want and shareholders will have limited ability to exert any influence on the Board in a timely matter. Sandell states that the proposed spin-off is expected within the next few months, meaning there is a need for immediate action.

LEAR CORPORATI

On February 3, 2015, **Marcato Capital Management** sent a letter **Lear Corp. (LEA)** urging the Company to split its car seat and electrical parts businesses into two publicly traded companies. Marcato stated that splitting the businesses could value the two companies at a combined $145 per share. Marcato was initially a 13D filer on the Company and sold below 5% on June 19, 2014. Marcato filed its 13D on February 8, 2013 and on April 1, 2013, settled its proxy contest pertaining to the election of directors to the Company's Board at the Company's 2013 Annual Meeting. Pursuant to the Settlement Agreement, among other things, the Company's Board authorized management to further accelerate repurchases under the Company's existing $1 billion share repurchase program and the Board approved a new two-year share repurchase authorization of $750 million to commence immediately following the completion of the existing $1 billion share repurchase program. Further, the Company agreed to: (i) increase the size of the Board to nine and appoint an additional director mutually acceptable to both the Company and the Marcato-Oskie Group to the Board as promptly as practicable following the 2013 Annual Meeting and (ii) nominate each of the eight individuals currently listed as nominees of the Company in its most recently filed preliminary proxy materials for election to the Board at the 2013 Annual Meeting.

LSB INDUSTRIES

On December 30, 2013, **Engine Capital** sent a letter to the Board of **LSB Industries, Inc. (LXU)** stating that the Company is undervalued and that Engine believes there are opportunities to increase value substantially. Specifically, Engine believes the Board should: (i) add a number of new members with relevant backgrounds in chemical asset operations, climate control, and corporate finance, and with no ties to the Golsen family, and (ii) establish a special committee of "truly independent directors" to analyze the Company's strategic alternatives to maximize value, including separating the climate control business from the chemical assets and converting certain of the chemical assets into an MLP structure.

Engine believes the Company's total inherent value is at least $1.5 billion (valuing the climate control business at around $300-$350 million and the chemical plant business at around $1.2 billion), implying a stock price between $65-$75 per share, compared to the Company's present stock price of approximately $38. Engine believes this value gap is caused by the Company's poor governance structure, poor corporate structure, history of poor communication with shareholders, and a recent history of over-promising and under-delivering on operational matters.

Engine points out that the Company has two very different businesses with no synergies. Engine believes the best course of action may be a sale or spinoff of the climate control business. Engine believes in general that the analyst community and investors in general focus on the chemical assets and value the Company using chemical assets multiples, therefore undervaluing the higher quality climate control business that deserves a higher multiple (climate control peers trade at significantly higher multiples than chemical peers). Within the chemical division, Engine believes the Company has an opportunity to improve the tax efficiency of its corporate structure by converting its agricultural-related assets into a publicly traded MLP, which trade at higher multiples than

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regular corporations.

Engine also discusses the Company's capital allocation in the letter, and its 3-year capital expenditure program of around $600 million. Engine questions whether it is wise to start such a significant capex program and lever up the Company ahead of significant new production supply of ammonia coming on the market. Engine believes shareholders would have been better served by a large repurchase of undervalued stock. Engine also notes that it is difficult to evaluate the merits of this capex program because the Company refuses to share its assumptions and implied returns on investment, and Engine believes better communication with shareholders would improve the market perception of the Company and help close the value gap. Finally, Engine states that the recent operational challenges are too numerous to detail, but Engine is particularly concerned by the frequency of problems at a number of the chemical plants and management's pattern of over-promising and under-delivering when it comes to fixing these issues. Engine concludes its letter by stating that if significant progress is not achieved promptly, it is prepared to nominate five directors by the January 23, 2014 deadline.

Effective January 17, 2014, four of the six members of LSB Industries Board that were not deemed "independent" resigned as directors.

Starboard filed a 13D on LSB Industries Inc. on November 24, 2014 and reported that in connection with the Company's 2014 Annual Meeting, on April 3, 2014, Starboard had previously entered into a settlement agreement with the Company, pursuant to which, among other things, the Company (i) nominated each of Daniel D. Greenwell and William F. Murdy for election to the Board at the 2014 Annual Meeting and appointed each of Messrs. Greenwell and Murdy to the Audit and Compensation Committees, respectively and (ii) elected Mr. Richard S. Sanders, Jr. to the Board effective as of the 2014 Annual Meeting to fill a vacancy on the Board. Messrs. Greenwell and Murdy were also appointed to a newly created Strategic Committee to evaluate certain strategic proposals made to the Company by Starboard in its July 23, 2014 letter to Jack E. Golsen, the Company's Chairman/CEO, including opportunities to (i) improve the Company's operating performance, (ii) explore strategic separations of the Company's two disparate businesses, and (iii) evaluate alternative financial structures. Pursuant to the Agreement, effective as of the date of the Agreement through the earlier of fifteen business days prior to the deadline for the submission of stockholder nominations for the 2015 Annual Meeting or 135 days prior to the anniversary of the 2014 Annual Meeting, Starboard agreed to certain customary standstill provisions, including: (i) not soliciting or participating in the solicitation of proxies, (ii) not joining any "Group" or becoming party to any voting arrangement or agreement, (iii) not seeking or encouraging others to submit nominations for election or removal of directors, (iv) not making stockholder proposals or offers with respect to mergers, acquisitions and other combinations and (v) not seeking board representation other than as provided in the Agreement. Since entering into the Agreement, Starboard has maintained a constructive dialogue with management and Starboard continues to believe that the Company has several viable alternatives available to create substantial value for stockholders.

On March 10, 2015, Starboard Value LP delivered a letter to the Board of LSB Industries Inc. expressing its belief that significant opportunities exist to create value for the benefit of all shareholders based on actions within the control of management and the Board. Starboard also expressed its belief in the letter that the Company's management team has repeatedly failed to execute in both of the Company's operating businesses and that the Board, as a whole, has done very little to hold management accountable for its poor performance or to appropriately govern the Company in a manner commensurate with best-in-class corporate governance. To that end, on March 9, 2015, Starboard delivered a letter to the Company nominating Peter A. Feld, Louis S. Massimo, Andrew K. Mittag, Jeffrey C. Smith, and Lynn F. White, for election to the Board at the 2015 Annual Meeting. Starboard believes its nominees are highly qualified candidates with relevant credentials and skill-sets who can be extremely helpful in evaluating and executing on initiatives to unlock value at the Company, as evidenced by their bios.

On April 27, 2015, LSB Industries, Inc. (LXU) and Starboard entered into an agreement pursuant to which, among other things, the Company and Starboard agreed to take, and refrain from taking, certain actions in connection with the Company's 2015 Annual Meeting, the composition of the Company's Board, the corporate governance of the Company, and certain strategic opportunities to improve stockholder value at the Company. Pursuant to the terms of the Settlement Agreement, the Company agreed, among other things, to: (i) increase the size of the Board to thirteen directors and elect Louis S. Massimo, Andrew K. Mittag, Marran H. Ogilvie, Richard W. Roedel and Lynn F. White (collectively, the "New Appointees") to the Board and to accept the Board resignations of Gail Lapidus and Robert Henry; (ii) nominate and solicit proxies for the election of the New Appointees to the Board at the 2015 Annual Meeting to serve in the classes of directors set forth therein; (iii) appoint Daniel D. Greenwell as Lead Independent Director and Chair of the Audit Committee; (iv) announce the Company's intention to (a) sep-

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arate the Company's Chemicals and Climate Control businesses and (b) explore a master limited partnership (MLP) structure for the Company's Chemicals business following the completion and opening of the El Dorado facility expansion projects in 2016, subject to market conditions and Board approval; (v) form a special committee to oversee the search for a new executive to lead the Company's Chemicals business, which shall consist of four independent directors; (vi) expand the role of the Strategic Committee to include an evaluation of the Company's corporate governance and management structure, related party transactions and any other governance practices deemed appropriate with any recommendations that are approved by the Board to be announced simultaneously with the Company's public announcement of its financial results as of and for the six months ended June 30, 2015; (vii) determine the Company's director nominees for its 2016 Annual Meeting, including whether to re-nominate Jack Golsen, based on a majority vote of the eleven independent directors; (viii) appoint each of Ms. Ogilvie and Mr. White to the Nominating and Corporate Governance Committee, Mr. Massimo to the Audit Committee, Mr. Mittag to the Compensation and Stock Option Committee, and Mr. Roedel to both the Compensation and Stock Option Committee and the Audit Committee; and (ix) use its reasonable efforts to hold the 2015 Annual Meeting no later than June 27, 2015. Starboard agreed, among other things, to withdraw its nominations and abide by certain standstill provisions.

On April 1, 2015, **Land and Buildings** proposed a slate of four directors to the Board of **Macerich Co. (MAC).**

On April 15, 2015, Land and Buildings and Orange Capital disclosed that they entered into a partnership to pursue Land and Buildings right to nominate its candidates at Macerich Co. On May 4, 2015, the Company announced that it had entered into a cooperation agreement with Land & Buildings and Orange Capital, LLC (collectively, "Orange/L&B"), pursuant to which the Company has agreed to substitute two new independent director nominees to its slate for election to the Board at the 2015 Annual Meeting and to enact certain corporate governance changes. Orange/L&B agreed to abide by certain standstill and voting restrictions. Under the Cooperation Agreement, each of the Company and Orange/L&B agreed to cause to be dismissed with prejudice certain litigation pending before the Circuit Court for Baltimore City, Maryland.

On March 17, 2015, **Land and Buildings** issued an investor presentation on **MGM Resorts International (MGM)** highlighting its belief that the substantial discount to real estate value can be unlocked through a REIT conversion, a tax free spin-off of a lodging of C-corp and a reduction of leverage through asset sales and an MGM China special dividend. Through these actions, Land and Buildings sees 70% upside to a base case net asset value of $33 per share, and up to 180% upside in a bull case. Land and Buildings also expressed its intention to nominate the following four directors to the Board of the Company: (i) Matthew J. Hart; (ii) Richard Kincaid; (iii) Jonathan Litt; and (iv) Marc Weisman.

On April 22, 2013 at our Fourth Annual Active – Passive Investor Summit, **Jeff Ubben** of **ValueAct Capital** disclosed that ValueAct had made a $2 billion investment in **Microsoft Corporation (MSFT)**. Jeff made a very compelling and detailed presentation. He said that like Adobe, Microsoft suffered from a divergence of perception and reality. ValueAct thinks Microsoft is a company that is perceived to not be able to win consumers, dying with PCs, losing out to Google and irrelevant in the Cloud world. In reality, ValueAct believes Microsoft is an enterprise company with software businesses that users value, resulting in a growing recurring revenue base. Moreover, ValueAct believes that Office 365 may be a game changer and Microsoft is well positioned for the hybrid cloud world. On August 30, 2013, Microsoft and ValueAct entered into a cooperation agreement providing for regular meetings between Mason Morfit, President of ValueAct, and selected Microsoft directors and management to discuss a range of significant business issues. The agreement also gave ValueAct the option of having Morfit join the Microsoft board of directors beginning at the first quarterly board meeting after the 2013 Annual Meeting. On March 11, 2014, Microsoft Corp. appointed Mason Morfit of ValueAct Capital, as a board member.

On April 19, 2013 **Trian** unveiled its stake in **Mondelez Int'l (MDLZ)** Inc. in an amended 13F filing, along with a stake in PepsiCo. At a conference in July, Peltz said that Pepsi should acquire Mondelez and then spin off the soft drink business altogether. He also stated that Pepsi should spin off its Frito Lay unit, if it doesn't want to acquire Mondelez. On October 29, at a conference in Chicago, Peltz stated his belief that Mondelez is poorly run despite its catalog of great brands (i.e. Oreo, Trident and Cadbury). Peltz argued that the cost structure is inflated compared to peers and operating margins are not as high as they could be with a touch of operational improvements. Peltz would also like to

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see the Company shed its name because it sounds too much like a medicine. On January 21, 2014 Mondelez added Nelson Peltz to its Board. In return for a seat on the Board, Peltz dropped his push for a merger to PepsiCo Inc.

On December 3, 2014, **Barington Capital Group** sent a letter to **Omnova Solutions Inc. (OMN)** expressing its belief that the Company's poor share price reflects the market's dissatisfaction with the Company's lack of strategic focus, disappointing return on invested capital and organic growth, frequent earnings shortfalls and poor executive compensation and corporate governance practices. Barington does believe there is a clear path to improve value at the Company and also recommended seven individuals that Barington believes should be added to the Board. Barington believes in order to improve value, steps must promptly be taken to (a) rationalize the Company's portfolio of businesses by considering the sale of the Engineered Surfaces segment, (b) enhance organic growth by investing further in the Company's sales force, (c) make effective use of the Company's excess liquidity by increasing the size of its share repurchase program, and (d) improve OMNOVA's executive compensation and corporate governance practices by adding experienced directors to the Board that could help the Company effectively align executive pay with performance, revisit the "golden parachute" payments, implement a formal clawback policy regarding executive incentive pay, separate the roles of Chairman and CEO and implement a majority voting standard. On December 9, 2014, Barington nominated the following individuals for election to the Board: (i) Joseph Gingo, chief executive of plastic compounds and resins maker A. Schulman Inc.; (ii) Javier Perez, former McKinsey & Company partner and (iii) James Mitarotonda, Barington Chief Executive.

On Janaury 27, 2015, Barington filed a preliminary proxy statement with regards to its campaign to elect Joseph M. Gingo, Javier Perez and James A. Mitarotonda to serve as directors of OMNOVA Solutions Inc. (OMN). Also, Barington is recommending that shareholders vote against the vote on executive compensation.

On February 19, 2015, OMNOVA Solutions Inc. and Barington entered into an Agreement pursuant to which, the Company will expand the size of its Board to eleven members effective at its 2015 Annual Meeting. In addition, the Board will nominate two new proposed Barington nominees, James A. Mitarotonda and Joseph M. Gingo, one new proposed Company nominee, Janet P. Giesselman, and three continuing director nominees for election to the Board at the 2015 Annual Meeting. The Agreement also includes, among other provisions, certain customary standstill and voting commitments by Barington.

On April 15, 2015, **Panera Bread Co. (PNRA)** announced that it had recently engaged in a constructive dialogue with **Luxor Capital Group LP** and would increase its share-repurchase plan to $750 from the previous plan of $600 million. Panera also said it would sell and refranchise 73 cafes and is on track to reach its refranchising goal for 2015. Panera plans to use the proceeds from the refranchising efforts to repurchase shares.

On July 17, **Trian Fund Management's Nelson Peltz** said that **Pepsi (PEP)** should acquire the snack maker Mondelez. Trian is a big shareholder of both companies. Peltz said Pepsi should buy Mondelez and then spin off the soft drink business altogether. He argued that consumer tastes are turning against soft drinks. Peltz also said that if Pepsi doesn't want to acquire Mondelez, it should spin off its Frito Lay unit. Peltz said that the problem with Pepsi has not been management, but structure and that he would be meeting with Pepsi's management to discuss the proposal "in the very near future." Following this disclosure, Pepsi said it had held talks with the hedge fund to "consider their ideas." A day after Peltz revealed his strategy, one of Pepsi's largest shareholder, Blackrock Inc., publicly stated that it opposed Nelson Peltz's proposal. A week later after announcing a better-than-expected second-quarter profit, Pepsi CEO Indra Nooyi effectively dismissed Peltz's idea. Pepsi CFO Hugh Johnston took it one step further, saying: "You'll hear people occasionally advocate for that type of transaction," Johnston said. "The thing that they really need to look at is what's their percentage holdings of Mondelez and what's their percentage holdings of PepsiCo."

On February 13, 2014, PepsiCo stated that it will keep trying to turn around its soft-drink sales instead of splitting up the Company. The Company also stated that it will increase the cash it returns to shareholders by 35% this year, raising its combined dividends and stock buybacks to $8.7 billion. Nelson Peltz of Trian sent a 37-page letter to the Company in which he said he was "highly disappointed" with the Company's decision not to heed his proposal. In his letter, Peltz cited deteriorating North American beverage trends, questionable quality of earnings in 2013 and a disappointing 2014 profit forecast as evidence that the Company needs to act. Peltz urged the Company to spin off its beverage business and focus on the snack

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business to create "two leaner and more entrepreneurial companies." On March 13, 2014, Trian sent a letter to Pepsi's Board calling on it to provide shareholders with analytical support for the Company's continued reliance on the "Power of One" strategy and its rejection of Trian's recommendation to separate global snacks and beverages into two independent public companies.

On July 16, 2014, Nelson Peltz said "there will be action" regarding his belief that PepsiCo Inc.'s snack division should be split from the Company's beverage business, stating a proxy fight as one possibility. Peltz said his firm, Trian Fund Management, has spoken with about 100 top PepsiCo shareholders, and some are coming around to his way of thinking. Also, it was recently reported that in late June, CalSTRS sent a letter to one of the Company's independent directors recommending Nelson Peltz as a candidate for the Board. On January 16, 2015, PepsiCo (PEP) said that it had elected William Johnson, an advisory partner at Trian Fund Management to its Board.

On April 13, 2015, it was reported that **JANA Partners LLC** is asking **Qualcomm Inc. (QCOM)** to consider spinning off its chip unit from its patent-licensing business. In a quarterly letter to JANA's investors, JANA, who owns a stake of more than $2 billion, also called on the Company to cut costs, accelerate stock buybacks and make changes to its executive-pay structure, financial reporting and Board.

QUIKSILVER, INC | ZQK

On October 8, 2014, Ryan Drexler of **Consac LLC** called on the Board of **Quiksilver Inc. (ZQK)** to explore options to sell the Company. Drexler stated his belief that the Company's 17-month-old turnaround plan is a failure. Drexler also noted that the Company's stock price has fallen roughly 80% this year, and that the $42.2 million operating loss (excluding impairment losses) for the first three quarters of fiscal 2014 is a significant deterioration from the $11.4 million operating profit (excluding impairment losses) for the same period in fiscal year 2013.

On March 9, 2015, Consac, LLC sent another letter to Quiksilver (ZQK), saying that no action has been taking to explore a sale of the Company since its previous letter. Consac noted that in the past four months the Company has reported disappointing results for fiscal 2014, abruptly postponed Q1 2015 results due to a "revenue cut-off issue" and saw four law firms announce they are exploring various claims on behalf of shareholders. Consac again urged the Company to explore a sale and maximize shareholder value consistent with the Board's fiduciary obligations.

On April 22, 2015, Consac, LLC called on Quiksilver Inc. (ZQK) to immediately explore options to sell the Company as operating income and the share price continue to plummet. Despite the Company's management-created problems, Consac contended that there is still value in the Company, especially to a strategic buyer like Nike Inc. or VF Corp. Consac does not believe the current market capitalization is a reflection of the inherent value of the Company's brands, exclusive networks of more than 700 stores and potential operating efficiencies. Consac believes the Company could be worth at least twice its current market capitalization, especially to a buyer who could reduce costs in SG&A.

On March 26, 2015, **Engaged Capital** issued a press release stating that for over a year, Engaged has attempted to engage with **Rovi Corp. (ROVI)** on a meaningful reconstitution of the Board. and states that the Board's lack of substantial ownership interest in the Company's shares has affected the Board's ability to properly address the serious challenges facing the Company. Engaged reported that it filed a preliminary proxy statement with the SEC seeking the election of three individuals to the Company's Board, which is comprised of seven directors in total, at the 2015 Annual Meeting. As of Engaged Capital's most recent 13F, it reported owning 447,129 shares (0.49%) of the Company's shares.

On April 23, 2015, Engaged Capital issued a press release expressing its intention to replace three of Rovi Corp. (ROVI) incumbents, Chairman Andrew Ludwick, James Meyer, and James O'Shaughnessy, with three director candidates – David Lockwood, Raghavendra Rau, and Glenn Welling – who Engaged believes are superior and have a greater commitment to enhancing value for all of the Company's shareholders. Engaged Capital has filed a definitive proxy statement in connection with its nominations.

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On March 11, 2015, **Barington Capital Group** and **Macellum Advisors GP, LLC (the "Group")** sent a letter to Norman S. Matthews, Chairman of **The Children's Place, Inc. (PLCE)**, stating that despite its leading position in the children's apparel market, the Company's shares trade at a modest valuation due to investors' concern over the deteriorating operating performance since 2010 under CEO, Jane Elfer's leadership. The Group highlights that since Ms. Elfers became CEO, EBITDA has declined from $210.7 million in the fiscal year ended January 2011 to $156.1 million in the twelve months ended November 1, 2014.

The Group is confident the Company can more than double its earnings per share within the next three years through a combination of reinvigorated sales growth, increased margins, strong free cash flow generation through better inventory management and reduced capital expenditures, and aggressive share repurchases. The Group also believes a fresh perspective in evaluating performance is warranted and it is critical for the Company to add new independent directors. Further, the Group believes there are a number of strategic and financial buyers who would be interested in acquiring the Company at a significant premium to its current trading value. The Group ends the letter by stating that there should be a greater sense of urgency on the Board to take action to set the Company on the right path.

On April 23, 2015, Macellum and Barington Capital filed a preliminary proxy statement at the Company and nominated Seth R. Johnson and Robert Mettler for election to the Board.

On September 8, 2014, **Walgreen Co. (WAG)** announced that it is giving **JANA Partners, LLC** (approx. a 1% holder) two Board seats. In connection with Barry Rosenstein's election to the Board, JANA and the Company entered into a Nomination and Support Agreement, which, among other things, provides for the appointment of an additional independent director recommend by JANA and agreed to by Walgreens. Also, if there is a vacancy which the Company's Board chooses to fill during the term of the agreement, such replacement director will be mutually agreed to by the Company and JANA.

On September 26, 2014, **Starboard** sent a letter to Marissa Mayer, President and CEO of **Yahoo! Inc. (YHOO)**, highlighting several opportunities to unlock value for shareholders. While Starboard sent a detailed letter to the Company, their main recommendation is to separate the Alibaba and Yahoo Japan assets from the operating company in such a way that the Company could save approximately $17 billion in taxes. Starboard further believes that a combination of the Company with AOL could offer synergies of up to $1 billion by significantly reducing the cost overlaps in their Display advertising businesses as well as synergies in corporate overhead. Also, Starboard believes the combined entity would be able to more successfully navigate the ongoing industry changes, such as the growth of programmatic advertising and migration to mobile, which could lead to revenue growth opportunities, higher quality content, better technology assets and enhanced relationships with advertising agencies. Starboard believes the Company's recent strategy of focusing on acquisitions has only been buoyed by the strong growth in value of Alibaba. Starboard notes that the likely result of monetizing the Company's non-core minority investments in the most tax-efficient manner would likely mean the Company would not have access to the proceeds to be used towards acquisitions. Starboard explains that even if the Company were to deliver all of the value from its non-core minority investments directly to shareholders without receiving any additional cash proceeds, the Company would still have $7 billion in cash and cash equivalents (after returning to shareholders approximately 50% of the Alibaba IPO proceeds) and significant debt capacity which would be more than sufficient for any future capital needs for investments/acquisitions. Starboard clarifies that while the Company is trading at such a discount to the sum-of-its-parts, Starboard does not believe the Company should be pursuing acquisitions of companies at high multiples of revenue as it has done in the past.

On January 8, 2014, Starboard sent a letter to Yahoo expressing its concern over the growing number of media reports indicating the Company's interest in doing large-scale acquisitions, notably with Scripps Networks Interactive and Time Warner's CNN. Starboard also stated its concerns are exacerbated as it has been more than 60 days since the IPO of Alibaba, and the Company is now free to disclose its intentions with regard to its shares of Alibaba. However, Starboard states, to date, no announcement has been made regarding the Company's plans for a tax-efficient separation of its non-core minority equity interests. Starboard reiterates its belief that a cash-rich split-off to separate the Company's non-core minority equity interest has serious shortcomings: (i) the market value of the 'active trade or businesses' the Company would receive as part of the consideration in exchange for its interests in Alibaba or Yahoo Japan would be difficult to ascertain objectively, and could be

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of questionable value to shareholders; (ii) the total consideration that the Company would receive in exchange for the Alibaba and Yahoo Japan stakes would likely be lower than the valuation that those assets would garner if they were traded as separate public entities; (iii) the Company would retain a substantial amount of cash which could then be used for large and potentially value destructive acquisitions, such as those speculated about in the media; and (iv) it would introduce unnecessary transaction complexities and execution risks given the required third party participation. Starboard believes separating the non-core minority equity interests in the most tax-efficient, value maximizing, and shareholder friendly manner must be the Company's top priority. In addition, Starboard continues to believe that the Company must significantly reduce costs to improve profitability in its core business and should also be considering a combination with AOL. Starboard states that a combination with AOL could accomplish all of these goals by allowing for: (a) a tax-efficient separation of the non-core minority equity investments; (b) tremendous cost synergies of between $1 billion and $1.5 billion; and (c) a strong growth platform given AOL's progress in mobile and video advertising. Starboard ends its letter by stating that should the Company proceed down a different path by pursuing large acquisitions and/or a cash-rich split, Starboard will take this as an indication that significant leadership change is required at the Company.

On March 9, 2015, Starboard Value LP sent a letter to Yahoo! Inc. (YHOO) expressing that although it is pleased with the Company's intention to execute a tax-free spin-off of its stake in Alibaba, it is not enough to solve the Company's value discrepancy. Starboard continues to believe there are other opportunities to create value for shareholders, which could unlock $11.1 billion of shareholder value or $11.70 per share, including: (i) taking immediate and aggressive action to reduce costs; (ii) exploring options to monetize the Company's intellectual property and real estate assets; (iii) separating Yahoo! Japan in a tax-efficient manner; and (iv) returning an additional $3.5 to $4.0 billion of cash to shareholders through additional share repurchases.

On March 26, 2015, Yahoo! approved an additional share repurchase program of $2.0 billion, which is in addition to the amount remaining under the Company's existing stock repurchase program announced in November 2014.

Activist/Activist Defense Directory

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(for Activist and Defense Board Nominees)

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