

Activist Investors' 2Q2016 13F Analysis

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The Shareholder Communication Strategists



Key Findings

- ❑ Alliance Advisors analyzed 13F filings of 17 key activist investors. Our analysis focused on US-listed companies only.

- ❑ Top 3 sectors with largest activist holdings are:
 - Industrial
 - Consumer/Retail
 - Technology

- ❑ Of the 306 U.S. companies owned by the activists - 60% are small/mid-cap.

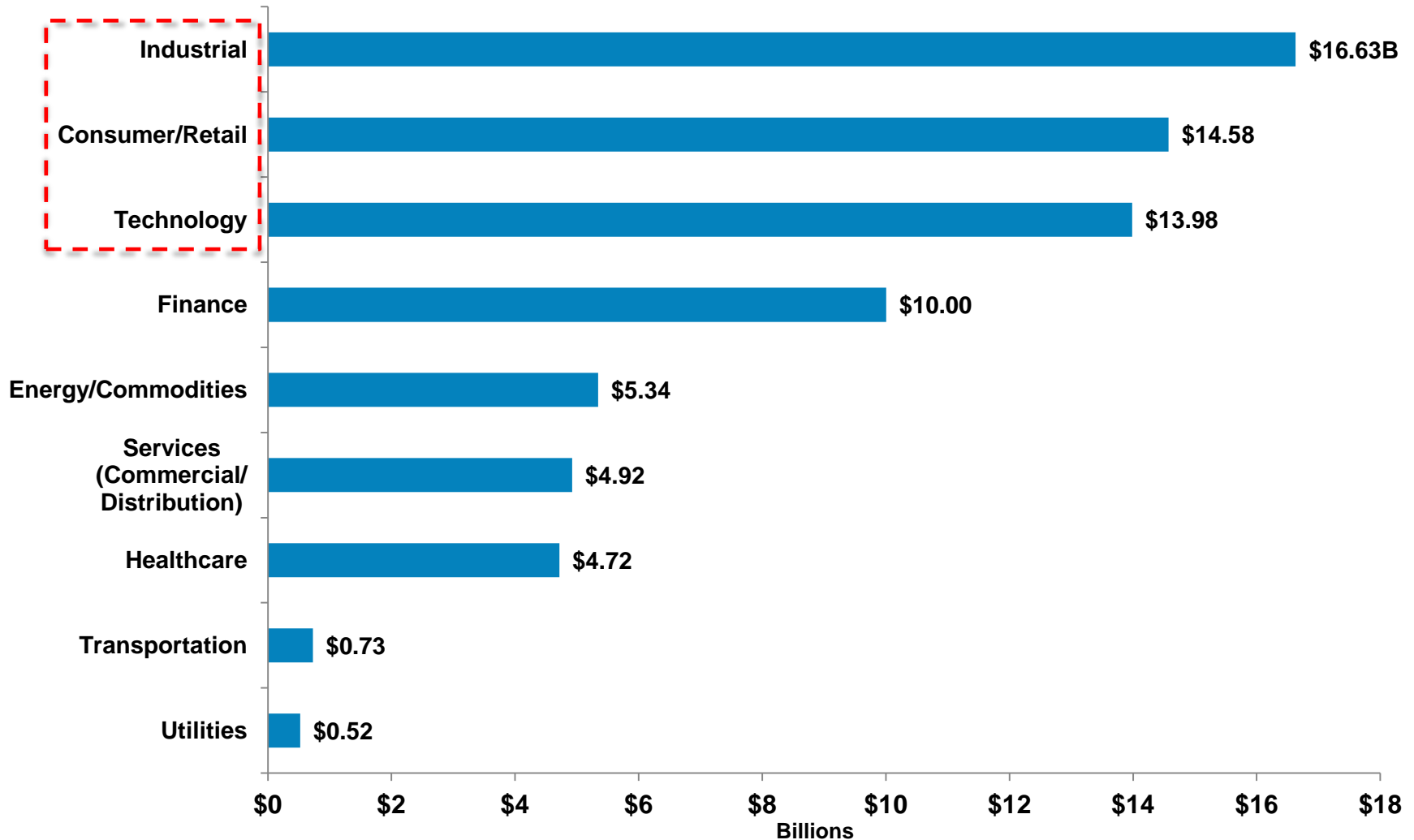
- ❑ Alliance Advisors' proprietary Board Risk Score ("BRS") model – an early warning system that assesses vulnerability to activist attack - accurately identified **81%** of activists' positions as either Medium or High risk as of 12/31/2015.

Top 17 Activist Investors Have Approx. \$71BN Invested Capital

Represents Largest Position	Industrial	Consumer/ Retail	Technology	Finance	Energy/ Commodities	Services (Commercial/ Distribution)	Healthcare	Transport ation	Utilities	Total (\$MM)
Icahn Associates	\$3,217	\$330	\$1,643	\$3,509	\$2,659	\$960	\$18	\$502	-	\$12,837MM
ValueAct Capital Management	3,264	1,261	3,238	2,224	-	117	-	-	-	10,104
Triax Fund Management	3,700	2,476	-	1,335	-	2,305	-	-	-	9,816
Third Point	1,909	1,973	1,500	-	227	196	2,776	130	-	8,711
Elliott Management	146	421	2,639	515	1,878	868	35	15	269	6,785
Corvex Management	1,470	1,966	559	629	24	-	269	60	-	4,978
JANA Partners	359	1,866	2,147	128	115	121	200	-	-	4,935
Greenlight Capital	543	1,600	1,142	211	407	46	167	-	241	4,357
Pershing Square	1,576	987	-	641	-	-	959	-	-	4,163
Starboard Value	250	797	643	113	32	270	215	-	-	2,321
Marcato Capital Management	149	607	213	614	-	-	-	-	-	1,582
Sandell Asset Management	-	132	154	28	-	32	23	23	13	406
Engaged Capital	13	60	111	-	-	-	6	-	-	190
VIEX Capital Advisors	-	-	127	-	-	-	-	-	-	127
Barington Capital	29	68	6	15	-	-	-	-	-	118
Engine Capital Management	5	22	30	33	-	6	-	-	-	96
Voce Capital Management	-	5	20	9	-	-	53	-	-	87
Total	\$16,629	14,571	14,172	10,004	5,343	4,920	4,721	730	523	\$71,613MM

3 Source: FactSet. Market Value as of 8/29/2016.
Excludes ETF, non-equity and non-US positions; BHACU-US, BHAC-US and IEP-US positions.

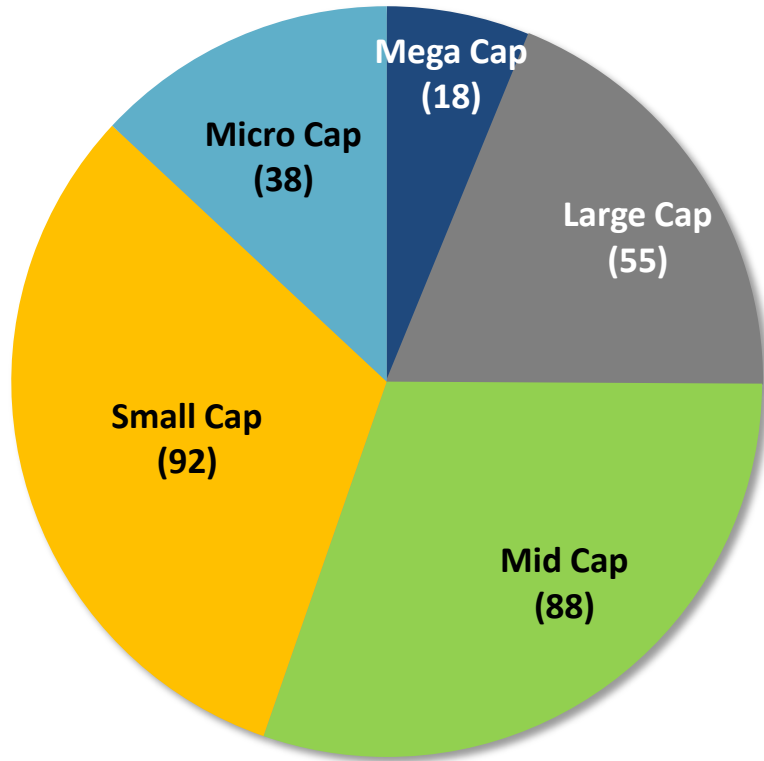
Industrials Sector Has the Highest Activist Investment



4 Source: FactSet. Market Value as of as of 8/29/2016.
Excludes ETF, non-equity and non-US positions; BHACU-US, BHAC-US and IEP-US positions.

Small/Mid Cap Companies Are Primary Targets

Total Number of Companies: 291



Category	Market Cap
Mega Cap	>\$50B
Large Cap	\$10B to \$50B
Mid Cap	\$2B to \$10B
Small Cap	\$250MM to \$2B
Micro Cap	< \$250MM

5 *Source: FactSet. Market Cap as of 8/29/2016.*
Excludes ETF, non-equity and non-US positions; BHACU-US, BHAC-US, IEP-US and CFCOU-US positions.

“Who is the next target?”

“Is there a way to measure activist risk?”

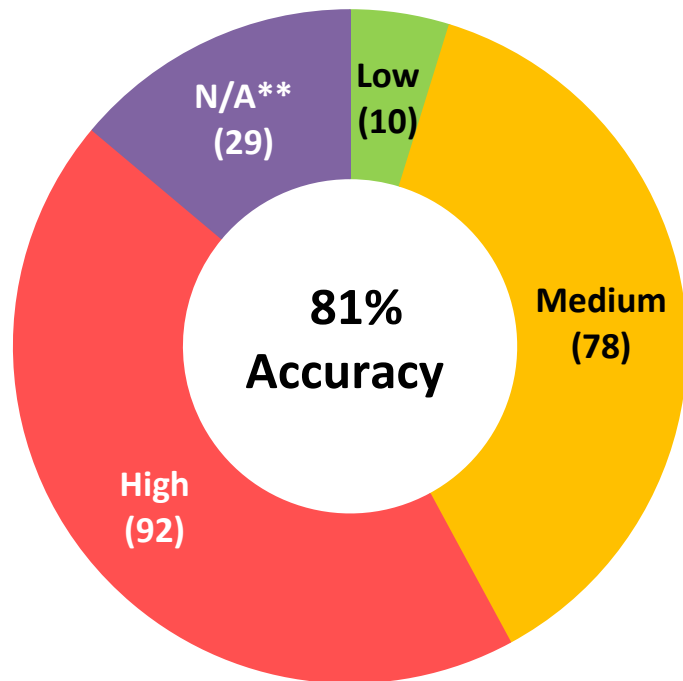
- BRS is a quantitative scoring methodology that assesses a company’s vulnerability to activist attack. During 1H2016, **92%** of Russell 3000 companies (non-financials) - where activist sought board representation – were rated as either High or Medium Risk by the BRS model.
- It is an early-warning system which provides an objective and independent analysis of a company’s performance – the same analysis used by most activist investors in identifying and targeting public companies.
- BRS enables companies/boards to know if they are appearing as potential targets on activist screens.
- The model was developed by Waheed Hassan, CFA, along with along with two PhDs. Prior to joining Alliance, Waheed managed the Proxy Contest research team at ISS, where he was involved in over 100 contested meetings including proxy fights at Target, Office Depot, and NRG Energy.

Select Companies With High/Medium Risk BRS Score Prior to Sch. 13D Filing by Activist

Ticker	Company	Ticker	Company
GM	General Motors Company	TSYS	TeleCommunication Systems
CAG	ConAgra Foods, Inc.	CWST	Casella Waste Systems
JNPR	Juniper Networks, Inc.	BGFV	Big 5 Sporting Goods Corp
SPLS	Staples, Inc.	GTI	GrafTech International
TDS	Telephone and Data Systems	LXU	LSB Industries, Inc.
PLCE	Children's Place, Inc.	AGYS	Agilysys, Inc.
ITRI	Itron, Inc.	TNAV	TeleNav, Inc.
ARIA	ARIAD Pharmaceuticals, Inc.	BBW	BuildABear Workshop
NSP	Insperity, Inc.	CTIC	CTI BioPharma Corp.
LORL	Loral Space & Communications Inc.	JAKK	JAKKS Pacific, Inc.
ETH	Ethan Allen Interiors Inc.	CBR	CIBER, Inc.
SUP	Superior Industries International, Inc.	INAP	Internap Corporation
BHE	Benchmark Electronics, Inc.	STAA	STAAR Surgical Company
YHOO	Yahoo! Inc.	CECO	Career Education Corp
UAL	United Continental Holdings, Inc.	ALSN	Allison Transmission Holdings, Inc.
ACLS	Axcelis Technologies, Inc.	OMG	OM Group, Inc.

81% of Activist Holdings* Have Medium/High Risk Rating

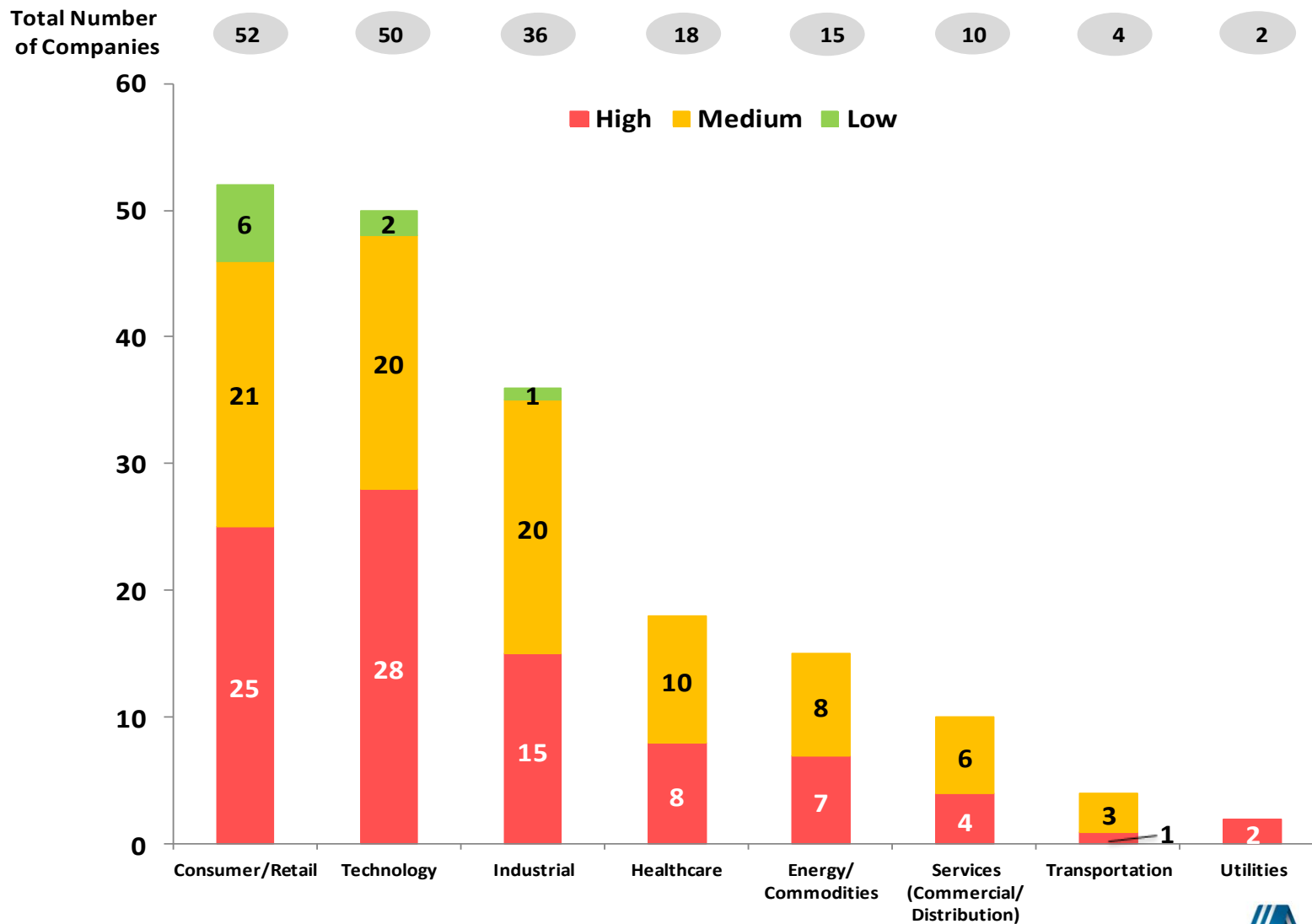
BRS Distribution for Companies with Activist Holdings



BRS Metrics

- Total Shareholder Return
- Return on Invested Capital
- Revenue Growth
- Cash Impact on Enterprise Value
- Leverage
- Operating Margin
- Earnings Surprise
- Acquisition/R&D
- Change in Analyst Estimate

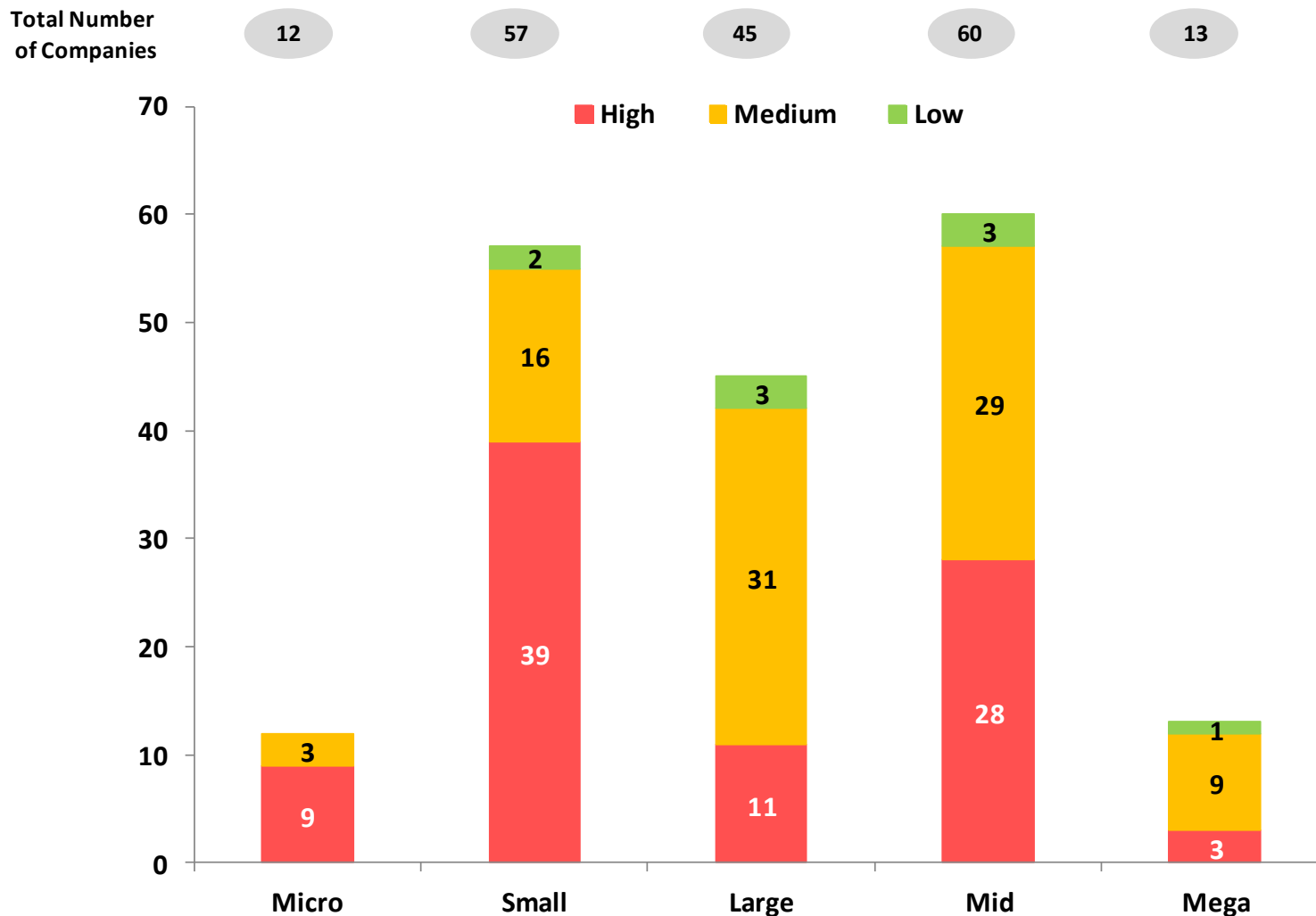
Sectors With Highest Activist Investment* Have the Most Vulnerable Companies (High/Medium Risk)



Source: FactSet. Analysis based on BRS score as of 8/30/2016. Companies with no BRS score excluded.

*Based on non-financial, Russell 3000 companies as per latest 13F filings for top 17 activist investors (see pages 3-5)

Activist Holdings of Small/Mid Cap Companies* is Due to Higher Risk Rating



61% of Activist Holdings* Have High/Medium Risk BRS Rating

Activist	BRS Rating (# of companies)				Total # of Holdings as per 13F	% of Holdings with High/Med BRS Rating
	Low Risk	Medium Risk	High Risk	Total		
Third Point	4	15	7	26	30	73%
Elliott Management	1	6	16	23	37	59%
Engine Capital Management	1	7	11	19	32	56%
Greenlight Capital	-	13	8	21	34	62%
Sandell Asset Management	1	8	7	16	22	68%
Starboard Value	1	8	6	15	18	78%
Corvex Management	-	11	2	13	21	62%
JANA Partners	1	12	4	17	26	62%
Barington Capital	-	3	8	11	15	73%
Icahn Associates	-	4	6	10	22	45%
Triam Fund Management	-	2	3	5	6	83%
Engaged Capital	-	-	9	9	9	100%
Voce Capital Management	-	4	4	8	13	62%
Marcato Capital Management	1	3	4	8	18	39%
ValueAct Capital Management	-	3	3	6	11	55%
Pershing Square	-	2	1	3	6	50%
VIEX Capital Advisors	-	-	3	3	12	25%

11 Source: FactSet. Analysis based on BRS score as of 8/30/2016.

*Based on non-financial, Russell 3000 companies as per latest 13F filings for top 17 activist investors (see pages 3-5)

Appendix: Top 5 Activist Holdings

Activist	Company	Market Value	Activist	Company	Market Value
Icahn Associates	American International Group	\$2,713.0MM	Corvex Management	Yum Brands Inc	\$1,909.6MM
	Cheniere Energy Inc	\$1,439.9		Williams Companies Inc	\$866.7
	Paypal Holdings Inc	\$1,264.0		Fidelity National Finl Fnf Grp	\$497.0
	Federal Mogul Holdings Corp	\$1,252.9		Ball Corp	\$273.0
	Freeport Mcmoran Inc	\$1,141.9		Pandora Media Inc	\$164.9
ValueAct Capital Management	Microsoft Corp	\$2,244.1	JANA Partners	Conagra Foods Inc	\$839.9
	Baker Hughes Inc	\$1,969.6		Liberty Broadband Corp	\$633.0
	Twenty First Century Fox Inc	\$1,261.0		Microsoft Corp	\$400.8
	Morgan Stanley	\$1,194.0		Alphabet Inc	\$396.9
	Cbre Group Inc	\$1,030.0		Walgreens Boots Alliance	\$367.9
Trian Fund Management	General Electric Co	\$2,344.7	Greenlight Capital	Apple Inc	\$732.3
	Sysco Corp	\$2,304.7		General Motors Co	\$547.5
	Mondelez International Inc	\$2,067.3		Time Warner Inc	\$373.3
	Du Pont E I De Nemours & Co	\$1,355.4		Consol Energy Inc	\$335.1
	Bank Of New York Mellon	\$1,335.0		Vaneck Vectors Gold Miners	\$218.0
Third Point	Baxter International Inc	\$2,460.7	Pershing Square	Air Products & Chemicals Inc	\$1,184.9
	Dow Chemical Co	\$1,082.6		Mondelez International Inc	\$987.4
	Facebook Inc	\$474.5		Zoetis Inc	\$958.9
	Charter Communications Inc	\$365.8		Howard Hughes Corp	\$423.0
	Constellation Brands Inc	\$333.6		Platform Specialty Products	\$391.0
Elliott Management	Emc Corp/Ma	\$1,204.1	Starboard Value	Yahoo Inc	\$519.8
	Hess Corp	\$1,060.7		Advance Auto Parts Inc	\$434.4
	Alcoa Inc	\$796.2		Westrock Co	\$249.8
	Citrix Systems Inc	\$593.8		Darden Restaurants Inc	\$238.2
	Cdk Global Inc	\$474.6		Brinks Co	\$170.6

Appendix: Top 5 Activist Holdings (Cont'd)

Activist	Company	Market Value	Activist	Company	Market Value
Marcato Capital Management	Bank Of New York Mellon	\$435.0MM	Barington Capital	Avon Products Inc	\$42.2MM
	Sothebys	\$214.2		Ebix Inc	\$13.0
	Buffalo Wild Wings Inc	\$156.5		Chicos Fas Inc	\$11.3
	Goodyear Tire & Rubber Co	\$142.6		Omnova Solutions Inc	\$10.0
	Terex Corp	\$135.0		Eastern Co	\$9.7
Sandell Asset Management	Bob Evans Farms Inc	\$49.1	Engine Capital Management	Tier Reit Inc	\$14.1
	Yahoo Inc	\$45.7		Cst Brands Inc	\$14.0
	Starwood Hotels & Resorts	\$38.8		Rmr Group Inc	\$10.0
	Cvent Inc	\$25.6		Carbonite Inc	\$9.2
	Linkedin Corp	\$25.4		Sparton Corp	\$8.7
Engaged Capital	Benchmark Electronics Inc	\$59.0	Voce Capital Management	Air Methods Corp	\$37.9
	Rovi Corp	\$52.0		Investment Technology Group	\$9.0
	Medifast Inc	\$27.1		Cutera Inc	\$7.8
	Jamba Inc	\$23.0		Natus Medical Inc	\$5.6
	Trimas Corp	\$13.1		Arris International Plc	\$5.1
VIEX Capital Advisors	Immersion Corp	\$18.9			
	Yume Inc	\$18.3			
	Quantum Corp Dssg	\$18.0			
	Axcelis Technologies Inc	\$16.2			
	Numerex Corp (Pa)	\$14.0			

13 Source: FactSet. Market Value as of as of 8/29/2016.
Excludes ETF, non-equity and non-US positions; BHACU-US, BHAC-US and IEP-US positions.