

# Shareholder Activism 2015

North American Non-Financial Corporates

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## Following Record Year, Activism Will Cool in 2016

Shareholder activists are on track to notch yet another record year of campaigns. Activist funds have launched 178 publicly announced campaigns through 15 October, compared to 165 for the same period last year. We are projecting a total of 225 to 235 activist cases at non-financial companies this year, besting last year's record total of 222 cases. However, given growing headwinds, we think activism will level off and possibly decline in 2016, at least for North American non-financial corporates.

## FEATURE ARTICLES

### Activists Want Board Shakeups, M&A, Strategic Changes 3

Activists have successfully focused on shaking up company boards, whether getting their own seat at the table or electing new independent directors. M&A and other strategy-related changes such as asset sales or spin-offs are other top demands.

### Technology Remains the Top Target 4

Technology remains the top activist target. Companies' large cash balances, low debt levels, steady cash flow and relatively small dividend payments continue to draw activists.

### Too much capital chasing too few targets 6

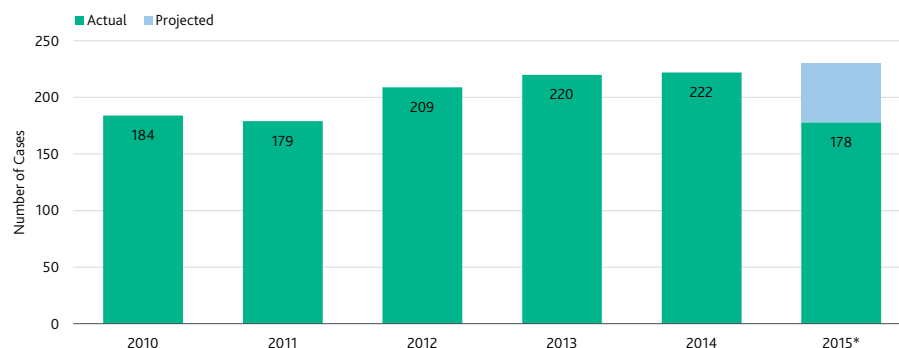
Activism has become a crowded field, with too many players flush with capital chasing after a diminishing number of attractive targets. This will lead to slower activity next year.

### A Comprehensive Look at Activist Agendas 8

In looking at 54 shareholder activist campaigns at rated issuers so far this year, we have found that most of the targets are speculative grade and 10 prominent activists have been responsible for roughly half of the targets.

EXHIBIT 1

### Activists Poised to Notch Another Record Year



\*Actual as of 15 October 2015

Sources: FactSet and Moody's Investors Service

## Activists set for another record year, but fervor is cooling

Based on strong year-to-date numbers and a typically active fourth quarter, we expect activists to notch another record year of campaigns in 2015. In most instances, this will be credit negative for the targets because of their increased susceptibility to forced changes in strategic direction and/or financial priorities, for instance increasing debt-funded share buybacks. While the majority of targets remain concentrated among smaller companies, in recent years activists have become increasingly emboldened to go after larger quarry. Hedge fund activists have been awash with cash as investors continue to chase yield in a low interest rate environment. Even the more traditionally secure targets have become fodder for activist agendas, one of this year's most prominent being [E.I. du Pont de Nemours and Company's](#) (A3 stable).

Looking ahead, we believe that the tide is starting to turn as activist hedge fund inflows ease, the number of attractive targets ebb and markets anticipate higher US interest rates next year. As these headwinds become more pronounced, activism will likely level off and possibly decline in 2016, at least for North American non-financial corporates. But for this year, at least, the rising tide of activist campaigns has continued the flood of deals that marked 2014 activity. Both marquee and less well-known activists put the record amount of investment capital raised in 2014 to work and found plenty of opportunities to push M&A and other strategic changes, and to shake up the boards of target firms. Since the start of this year, activists have launched 178 publicly announced campaigns through 15 October, compared to 165 during the same period last year. We are projecting a total of 225 to 235 activist cases at non-financial companies this year, besting last year's record total of 222 cases (see Exhibit 1, page 1).

Nearly 30% of the year's activist cases typically take place in the fourth quarter, based on our analysis of activity in the last five years. The campaigns tend to be concentrated around this time because activists need sufficient lead-time to conduct, or at least threaten, a proxy contest for board representation in advance of the spring annual shareholder meeting season. Since our last report in April ([Shareholder Activism 2015: Activists Are Gaining Momentum](#)), there have been a number of high-profile campaigns by activist investors across a broad spectrum of companies, including [ConAgra Foods, Inc.](#) (Baa2 developing), [Freeport-McMoRan, Inc.](#) (Baa3 negative), [Macy's Inc](#) (Baa2 stable), and [QUALCOMM Incorporated](#) (A1 stable).

DuPont's narrow proxy contest victory in May over Nelson Peltz's Trian Fund Management has arguably been the most prominent activist case so far this year. Even though the company prevailed in the proxy fight, on 28 May 2015 we downgraded DuPont's long-term issuer and senior unsecured ratings to A3 from A2, owing partly to an expected shift to a more shareholder-friendly financial policy and the likelihood of continued activist pressure on management. In addition, we view DuPont's 5 October 2015 announcement of the CEO's retirement and lower full year earnings guidance as credit negative, since it again raises questions about the company's future strategic direction and ultimate portfolio composition ([CEO Retirement, Lower Guidance a Credit Negative, Rekindle Questions Over Portfolio Composition, Ratings Unaffected 6 October 2015](#)).

Trian has more recently targeted [General Electric Company](#) (A1 stable) and is reportedly now a 1% shareholder after investing about \$2.5 billion. Trian is looking for GE to increase the level of share repurchases beyond the already-announced \$35 billion stock repurchase plan, including the proposed issuance of \$20 billion in new debt to fund additional buybacks. It also wants the company to improve M&A performance, raising the prospect of increased debt financing. Over the past few years, GE has been increasing cash payments to shareholders without achieving commensurate increases in operating earnings and cash flow, a credit negative. The activist's involvement further elevates event risk to creditors.

The DuPont and GE examples, among others, demonstrate that activists still have the firepower to take on the largest companies. However, the recent market volatility has somewhat diminished this firepower. At the end of the third quarter, there was \$121.8 billion in activist hedge fund assets under management (AUM), according to Hedge Fund Research, Inc. (HFR), which tracks estimated AUM for 76 activist funds.

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This was down from \$129.6 billion in the second quarter, and was the first drop in activist fund AUM since 2008. While activists attracted only \$180 million in inflows in the second quarter, they succeeded in attracting \$3.6 billion in the third quarter and \$7.7 billion so far this year. However, this total represents just over half of the \$14.2 billion in total 2014 inflows.

### Activists want board shakeups, M&A, and other business strategy changes

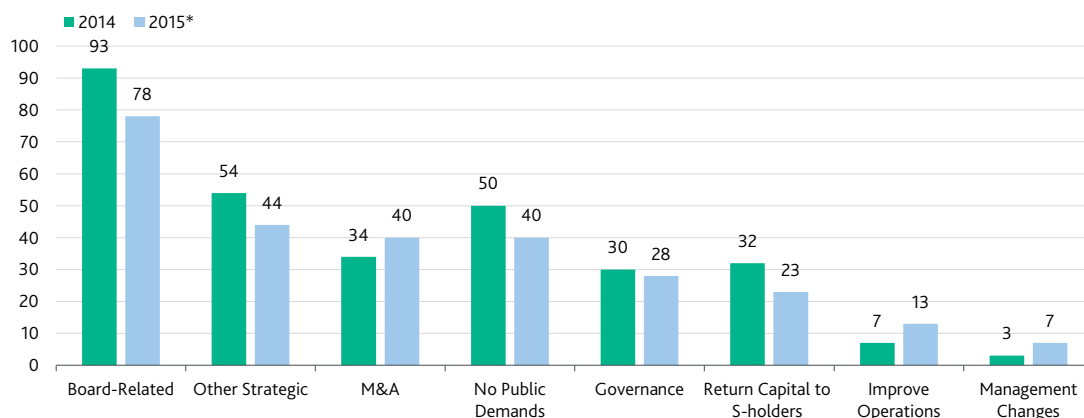
Activists have successfully focused on shaking up company boards, whether by getting their own seat at the table or electing new independent directors jointly nominated with the target company (see Exhibit 2). There have been 78 such demands through 15 October, accounting for just over one third of all public demands, compared to 93 such demands last year. Board representation or a significant board shakeup can give activists greater leverage to implement their demands, thereby boosting their ultimate chances of success.

Activists have also pushed for greater M&A activity and strategy-related demands such as asset divestitures, spin-offs, or exploring strategic alternatives. Collectively, these account for 84, or 38%, of all public demands, compared to 88 for all of 2014. These demands reflect the heightened M&A activity in the overall market, but have been especially prevalent in sectors more susceptible to M&A, such as healthcare.

EXHIBIT 2

#### Board-Related Demands Lead Activist Agendas

(Classification of Activists' Demands January–October 2015)



\*As of 15 October 2015

Note: "Other Strategic" includes demands for asset sales, spinoffs or exploring strategic alternatives. "Governance" includes demands for changes to executive compensation practices and removing takeover defenses. "Improve Operations" includes demands such as controlling expenses, improving operational focus/discipline, restructurings, etc.

Source: FactSet and Moody's Investors Service

Activist agitation to separate companies' real estate and other physical assets, namely at retailers such as Macy's, restaurants, and gaming and telecom companies, have formed an increasing number of the strategy-related demands in recent years. According to FactSet, activists have launched 21 campaigns aimed at pressing companies to separate their real estate since 2013, up from 11 in the previous six years combined. However, activist interest in this area could slow in light of the Internal Revenue Service's (IRS) recent announcement that it is increasingly scrutinizing companies' real estate spin-offs and real estate investment trust (REIT) conversions.<sup>1</sup> The new guidance specifically targets deals in which companies split their real estate and other physical assets from their core operations, citing concerns about companies potentially disguising dividends and other taxable transactions like spin-offs to avoid paying taxes. In

<sup>1</sup> Internal Revenue Service Notice 2015-59 and Revenue Procedure 2015-43.

particular, the IRS noted that spin-offs “involve significant concerns,” and that it will largely stop giving pre-approval for such deals while it examines the issue more closely.

The 28 “governance” demands are those that do not specifically relate to board of director changes and include reforming executive compensation practices and removing corporate takeover defenses such as classified or staggered boards. Often, corporate governance deficiencies are cited by activists as a key reason that large institutional investors should support the activist’s cause in making meaningful changes to a target’s board of directors.

Demands for shareholder returns in the form of dividends and buybacks have begun to level off from previous years and are the fifth top activist “ask,” with only 23 such demands. In large part, we think this reflects increasing investor sensitivity to potential interest rate rises and deploying cash or using new debt to repurchase shares at stretched valuations. Also, companies have been more proactive in returning cash to shareholders, which has lessened pressure from activists to do the same.

In our June 2015 report “[US Non-Financial Companies: M&A, Shareholder Returns Drive Lower Cash Balances at Spec-Grade Firms](#),” we noted that share repurchases, net of stock issuance, grew 48% in 2014 to an all-time high of \$289 billion. Investment-grade companies returned \$629 billion to shareholders in 2014 in the form of dividends and share repurchases, dwarfing the \$54 billion returned by speculative-grade companies. But speculative-grade companies spent 397% of their discretionary cash flow on dividends and buybacks, versus 97% by investment-grade companies.

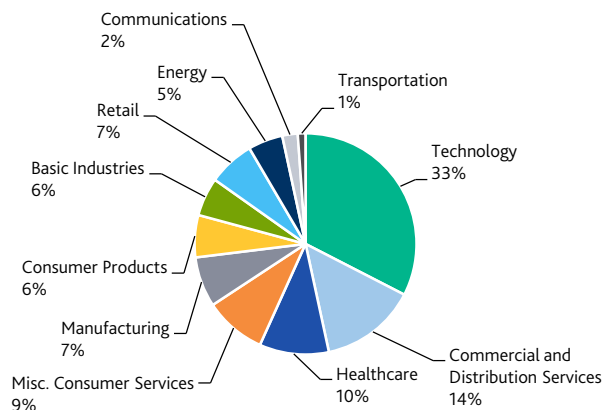
Many demands are made behind the scenes and are therefore not publicly known. There were 40 such cases where the activist(s) did not make specific demands, but where they are likely pushing for changes behind the scenes.

### Technology sector remains the top target

Technology, the most cash-rich sector, accounted for a third of all activity through 15 October and remains the top activist target, as it has in recent years. Companies’ large cash balances, low debt levels, steady cash flow and relatively small dividend payments continue to draw activists to this sector. The commercial and distribution services sector has been the second most targeted, accounting for 14% of overall activity. Both the sector and the activists’ demands are diverse. Healthcare is still third, but has fallen to 10% of total cases, while activist agitation for M&A in the sector remains elevated. These top three targeted sectors have accounted for 60% of all activity through 15 October.

EXHIBIT 3

#### Technology Continues to Be Most Sought Sector in 2015



\*As of 15 October 2015

Source: FactSet and Moody's Investors Service

We expect continued depressed activist activity in commodities-focused sectors, namely oil and gas, until commodities prices begin to stabilize. One notable exception is the chemicals sector, where weaker earnings and high levels of cash are keeping activists interested. Even when activists lose a proxy fight, we have observed that companies almost always increase share repurchases, dividends or divestitures. In several cases, we have warned that adopting activists' proposals would prompt downgrades ([North American Chemicals: Frequently Asked Questions From Investors](#)).

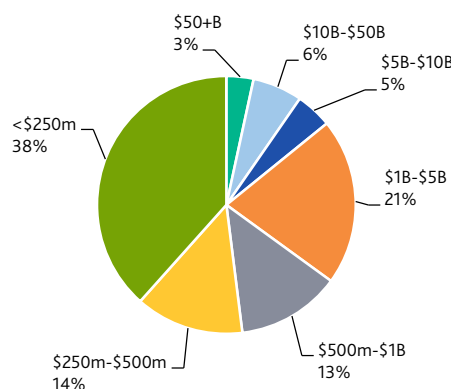
### Target company size and rating distribution are similar to 2014

Through 15 October there were six "mega cap" (\$50-plus billion in market capitalization) targets, roughly tracking last year's total of eight targets. There were 17 targets with a market capitalization of \$10 billion or more, representing 9% of the total number of target firms. Recent activist activity, such as Trian's GE campaign, shows that some activists still have the firepower to take on the largest companies.

However, as we noted in our April report, the bulk of activism takes place at smaller firms because it is easier to gain a foothold and exert leverage over the target firm's board and management. Approximately 65% of cases involved companies with \$1 billion or less in market capitalization, and 86% at companies with \$5 billion or less, nearly identical to the 2014 size distribution of target firms.

EXHIBIT 4

#### The Majority of Targets Are Below \$1 Billion in Market Capitalization



\*As of 15 October 2015

Source: FactSet and Moody's Investors Service

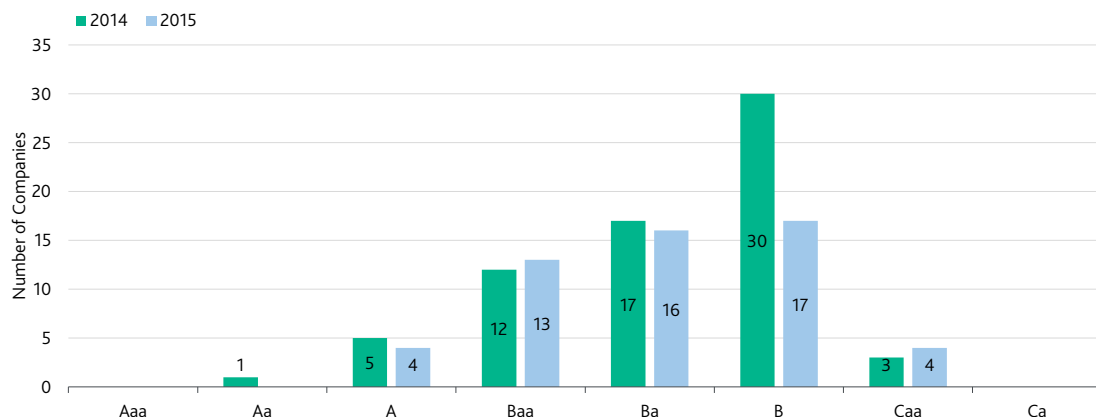
### Majority of targets are speculative grade

There have been 54 rated companies targeted so far this year, with 69% of these being speculative grade and the balance investment grade. For the full year 2014, 74% of the targets were speculative grade. Ten activists have been responsible for 26, or roughly half, of the rated company targets this year, with these targets split evenly between investment and speculative-grade companies.<sup>2</sup>

<sup>2</sup> The 10 activists are Corvex Management, Elliott Management, GAMCO Asset Management, Icahn Associates, JANA Partners, Pershing Square Capital, Starboard Value, Third Point, Trian Fund Management, and ValueAct Capital Management.

EXHIBIT 5

**Activists Still Favor Speculative Grade Companies**



Source: FactSet and Moody's Investors Service

**Too much capital chasing too few targets**

Activism has become a crowded field, with too many players flush with capital chasing after a diminishing number of attractive targets. Given mounting headwinds, we think activism will level off and possibly decline in 2016, at least for North American non-financial corporates. The numerous challenges for activists include (1) too much investment capital chasing too few obvious targets; (2) potential interest rate rises that will increase the cost of debt-funded share repurchases; (3) volatility in the commodities sectors; (4) the IRS's increased scrutiny of real estate spin-offs and REIT conversions; and (5) companies, in particular large companies, playing better defense against activists. Companies have sought to take proactive steps to keep activists at bay, for example pinpointing weak spots, executing more seamlessly on business plans, and undertaking shareholder-friendly initiatives such as share repurchases.

Much will depend on the degree and length of the current elevated market volatility. If the volatility is shorter-term in duration or periodic going forward, it likely will help shake out new opportunities for activists as they find opportunities in undervalued prospects. Thus far, we have seen little impact from the recent volatility spike, with the number of new cases in August and September only slightly lower than in 2014. A longer, sustained downturn would pose a more serious threat for activists, since companies would likely move to lower their risk tolerance and adopt more conservative strategic and financial policies. Commodities prices remain another key variable; greater price stability would in particular attract activists back to the energy sector, which in prior years was an activist hotbed.

Certainly, the equity market declines and the relatively lackluster performance of activist funds to date (-4.8% at the end of September, according to HFR) will lead some activists to redouble their efforts to increase returns at companies where they have their largest positions, which would be credit negative. For example, at [Interpublic Group](#) (Baa3 stable), we commented that the recent equity market volatility puts more pressure on the activist, Elliott Management, to boost returns given its sizeable IPG holding (4.9% as of 30 June 2015) ([Activist Stake Highlights Risk to IPG's Credit Rating, 10 September 2015](#)).

While activism may subside at non-financial corporates, we think it will spread to other areas, including financial firms and non-US companies. Compared with non-financials, activists have not heavily targeted financial companies in the past, so they may see more opportunities in the sector. There have been 45 activist cases at financial companies, including [American Express Company](#) (A3 stable), [The Bank of New York Mellon Corporation](#) (A1 stable) and LPL Financial Holdings (LPL, unrated) through 15 October, up from 34 cases during the same period last year. Most recently, on 28 October, Carl Icahn took an undisclosed position in [American International Group, Inc.](#) (Baa1 stable), calling on the company to break itself up, among other demands.

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The activist cases in financials this year have been roughly split between board-related/other corporate governance demands and value-related demands, including M&A. Yet there are practical limits for activists targeting financial firms, namely banks, since they are highly regulated and there are fewer levers that activists can pull to enhance shareholder value.

There has also been a recent spike in activist activity at companies outside North America, including at [Rolls-Royce plc](#) (A3 stable) and Samsung C&T Corporation (unrated). We see non-US companies as a bigger potential target for next year. However, activists will face several roadblocks in most countries, including the greater prevalence of controlling shareholders, legal requirements that limit minority shareholders' influence, and negative public and media perception of activist investors.

## A Comprehensive Look at Activist Agendas

This table lists 54 shareholder activist campaigns at rated issuers so far in 2015. The activist's ownership stake indicated is the most recent publicly disclosed ownership interest unless otherwise indicated.

Company Name	Senior Unsecured or LT Corporate Family Rating/Outlook	Industry	Activist(s)	Stake (%)	Summary of Activist's Demands	Activist's Representatives on Company's Board (# Directors)
A.M. Castle & Co.	Caa2 negative	Wholesale Distribution	Raging Capital Management, LLC	19.5	Board representation (three directors added via agreement with company)	Yes (3)
Advance Auto Parts, Inc.	Baa2 stable	Retail	Starboard Value LP	3.7	Implement comprehensive margin improvement plan and explore other value creation opportunities that would include working capital improvements and returning capital to shareholders.	No
AGCO Corporation	Baa3 stable	Manufacturing	Blue Harbour Group LP	7.5	Discussions with board and management regarding business, operations, board composition and strategic alternatives.	No
Asbury Automotive Group, Inc.	Ba2 stable	Retail	MSD Capital LP	8.4	Had engaged in discussions with company regarding business, operations and board composition	Yes (1)
Axiall Corporation	Ba2 stable	Chemicals	Franklin Advisory Services LLC, Franklin Advisers, Inc.	6.2, 1.2	Urged board to undertake strategic review including the sale of all or parts of the company; be more aggressive in taking actions to increase value	No
Baker Hughes Incorporated	A2 stable	Energy	ValueAct Capital Management LP	5.3	No publicly disclosed demands	No
Baxter International Inc.	Baa2 stable	Healthcare	Third Point LLC	9.9	Board representation, declassify the board	Yes (1)
Bellatrix Exploration Ltd.	B1 Stable	Energy	Orange Capital LLC	17	No publicly disclosed demands	Yes (1)
Boulder Brands, Inc.	B2 stable	Consumer Products	Engaged Capital LLC	9.5	Discussions with management and board regarding ways to maximize shareholder value	No
Brink's Company (The)	Ba1 stable	Services	Starboard Value LP	12.4	Explore potential opportunities to create shareholder value, for example through successful execution of comprehensive operational improvement plan	No
Casella Waste Systems, Inc.	B3 stable	Environment	JCP Investment Management LLC	5.7	Board representation	No
CDK Global, Inc.	Baa3 stable	Technology Services	Sachem Head Capital Management LP; Fir Tree, Inc.; Elliott Management Corporation	7.9; 6.7; 4.1	No publicly disclosed demands	No
Computer Sciences Corporation	Baa2 stable	Technology Services	JANA Partners LLC	5.9	Pursued discussions with the board and management regarding strategic alternatives and the company's capitalization and capital allocation	No



Company Name	Senior Unsecured or LT Corporate Family Rating/Outlook	Industry	Activist(s)	Stake (%)	Summary of Activist's Demands	Activist's Representatives on Company's Board (# Directors)
ConAgra Foods, Inc.	Baa2 developing	Consumer Products	JANA Partners LLC	7.2 including options purchased	Board representation	Yes (2)
CONSOL Energy Inc.	B1 negative	Energy	Southeastern Asset Management, Inc.	21.1	Accelerate efforts to create/realize value per share; sell or spin off E&P assets	No
eBay Inc.	Baa1 stable	Technology Services	Icahn Associates Corp.	3.8	Spin off online payments subsidiary; board representation (later granted)	Yes (1)
Epiq Systems, Inc.	B1 negative	Services	St. Denis J. Villere & Co. LLC	14.1	Board representation; review strategic alternatives	No
Freeport-McMoRan, Inc.	Baa3 negative	Metals & Mining	Icahn Associates Corp.	8.8	Pursue discussions with company regarding its capital expenditures, compensation practices, capital structure, and the reduction of high-cost production operations; possible board representation	Yes (2)
General Electric Company	A1 stable	Manufacturing	Triam Fund Management, L.P.	~1%	Increase level of share repurchases; improve M&A performance	No
General Motors Company	Ba1 stable	Automotive	Appaloosa Management L.P. Harry J. Wilson Hayman Capital Management LP HG Vora Capital Management LLC Taconic Capital Advisors LLC (acting as a group)	4.8	Increase size of share repurchase; board representation (later withdrawn)	No
Internap Corporation	B3 stable	Telecommunications	Discovery Group I LLC	5.4	Urged board to consider sale of company to strategic acquirer	No
Juniper Networks, Inc.	Baa2 negative	Telecommunications	Elliott Management Corporation	9.6	Refresh board of directors	Yes (2)
Lear Corporation	Ba1 stable	Automotive	Marcato Capital Management LLC	0.2 (4.6 at time of activism)	Had urged board to separate into two independent public companies and requested company implement an immediate share repurchase plan	No
LSB Industries, Inc.	B1 negative	Chemicals	Starboard Value LP	3.6	Improve operational performance; consider separating company into two businesses; refresh board of directors (3 independent activist nominees and 2 additional independent directors later added)	No
Macy's Inc	Baa2 stable	Retail	Starboard Value LP	0.9	Spin off real estate properties to unlock a potential shareholder value	No

Company Name	Senior Unsecured or LT Corporate Family Rating/Outlook	Industry	Activist(s)	Stake (%)	Summary of Activist's Demands	Activist's Representatives on Company's Board (# Directors)
MagnaChip Semiconductor Corporation	Caa2 negative	Technology	Pleasant Lake Partners LLC; Engaged Capital LLC	9.95; 7.3	Pleasant Lake: Had proposed to acquire all outstanding shares of company and urged board to take actions to increase shareholder value  Engaged: noted that company could significantly improve and could be attractive to potential acquirers	No
MedAssets, Inc.	B1 stable	Services	Starboard Value LP	8.7	Had criticized board for undervaluation of the company and cited a plan to maximize shareholder value	No
Media General, Inc.	B1 stable	Media	Starboard Value LP	4.5	Announced that it would vote against the pending acquisition of Meredith and believed that a combination of Nexstar and Co. was highly strategic and that the proposal would maximize shareholder value	No
MGM Resorts International	B2 stable	Gaming	Land & Buildings Investment Management LLC	0.3	Asked the board to take several steps to increase shareholder value, including conversion to a REIT, selling assets and repurchasing shares; nominated four candidates for election to board but later withdrew them	No
Mondelez International, Inc.	Baa1 stable	Consumer Products	Pershing Square Capital Management LP	7.5	Engage in discussions with company and other stakeholders regarding the company's business, operations, governance, and board composition	No
MSCI, Inc.	Ba2 stable	Services	ValueAct Capital Management LP	8.5	Had urged company to engage with the largest shareholders regarding management's performance; board representation (later granted)	Yes(1)
NCR Corporation	Ba2 negative	Technology	Marcato Capital Management LLC	6.5	Review strategic options and enhance shareholder value. Activist has board seat until company's 2017 annual shareholder meeting.	Yes (1)
Penn Virginia Corporation	Caa1 negative	Energy	Lone Star Value Management, LLC	2.8	Had urged company to undertake a strategic alternatives process to explore all credible proposals for acquisition of company	No
Pentair, Inc.	Baa3 stable	Manufacturing	Triam Fund Management, L.P.	7.2	Among other key demands: create shareholder value by considering accretive M&A, continue organic revenue growth and margin improvement, and amend the management incentive program to attract/retain key employees. Also sought board representation that was later granted.	Yes (1, currently a non-voting participant but will become a voting member after next shareholders' meeting)

Company Name	Senior Unsecured or LT Corporate Family Rating/Outlook	Industry	Activist(s)	Stake (%)	Summary of Activist's Demands	Activist's Representatives on Company's Board (# Directors)
Perry Ellis International, Inc.	B1 stable	Consumer Products	California State Teachers Retirement System; Legion Partners Asset Management LLC	6.3	Support shareholder proposal for board declassification (which later was passed)	No
QUALCOMM Incorporated	A1 stable	Technology	JANA Partners LLC	1.8	Among the key demands: accelerate buybacks; spin off chip unit; cut costs; change executive pay structure; board representation (later granted)	Yes(2)
Quanex Building Products Corporation	B1 stable	Manufacturing	Praesidium Investment Management Co. LLC	8.4	Had engaged in communications with company regarding operational matters and indicated it expected to have further communications on topics including capital allocation, governance, Co.'s bylaws, and strategic alternatives	No
Remy International, Inc.	B1 stable	Automotive	H Partners Management LLC	8.8	Board representation (later granted)	Yes (1)
Rovi Corporation	Ba3 negative	Technology	Engaged Capital LLC	1.2	Refresh board of directors; board representation (later granted)	Yes (2)
Scripps (E.W.) Company (The)	Ba2 stable	Media	GAMCO Asset Management, Inc.	11.5	No publicly disclosed demands	No
SemGroup Corporation	B1 stable	Energy	Sandell Asset Management Corp.	0	Had urged board to review strategic alternatives including company sale	No
Sotheby's	Ba2 stable	Services	Marcato Capital Management LLC; Third Point LLC	9.5; 9.6	Marcato: Had urged company to recruit new CFO and repurchase shares Third Point: Board representation (later granted)	Yes (3)
Staples, Inc.	Baa2 possible downgrade	Retail	Starboard Value LP	4.9	Urged company to pursue combination with Office Depot	Yes (1)
Sysco Corporation	A2 negative	Wholesale Distribution	Triam Fund Management, L.P.	7.1	Had recommended several strategic and operating initiatives to improve operating margins and enhance working capital efficiency; board representation (later granted)	Yes (2)
Telephone and Data Systems, Inc.	Ba1 negative	Telecommunications	GAMCO Asset Management, Inc.	7.3	Nominated two candidates for election to the board at the company's 2015 annual meeting; all management nominees were elected	No
Tempur Sealy International, Inc.	Ba3 stable	Consumer Products	H Partners Management LLC; Chieftain Capital Management, Inc.	9.8; 5.2	H Partners: Had called for the removal of CEO and some directors  Chieftain: Supported H Partners' demands	Yes (1)
TriMas Corporation	Ba3 stable	Manufacturing	Engaged Capital LLC	1.9	Board representation	Yes (1 plus option to appoint another director in 2016)

Company Name	Senior Unsecured or LT Corporate Family Rating/Outlook	Industry	Activist(s)	Stake (%)	Summary of Activist's Demands	Activist's Representatives on Company's Board (# Directors)
Twenty-First Century Fox, Inc. (21st Century Fox America, Inc. is the rated entity)	Baa1 stable	Media	ValueAct Capital Management LP	5.9	Board representation	Yes (1, assuming director is elected at company's 11/12 shareholder meeting)
WESCO International, Inc.	Ba3 stable	Technology	Atlantic Investment Management, Inc.	4.9	Announced that it will engage in discussions with management and the board, shareholders, and other third parties regarding a variety of matters	No
Westmoreland Coal Company	B3 stable	Energy	Charles Frischer LF Partners LLC	6.7	Among key demands: consider possible sale of company; add additional directors; change company's line of credit to allow for share buyback	No
Willbros Group, Inc.	Caa1 negative	Construction & Engineering Services	Lawndale Capital Management LLC	0.0 (2.6 at time of activism)	Refresh board of directors; remove takeover defense	No
Xerium Technologies, Inc.	B2 stable	Forest Products	American Securities LLC	14	Had made binding, unsolicited offer to acquire remaining shares not already owned in company	No
XPO Logistics, Inc.	B1 stable	Transportation Services	Elliott Management Corporation	0	Had opposed acquisition of a company in which the activist had held an ownership stake	No
Yum! Brands inc.	Ba1 possible downgrade	Restaurants	Corvex Management	3.6	No specific public demands, but the company granted the activist a board seat and later announced the company will separate into two independent publicly traded companies	Yes (1)

Sources: Company filings and FactSet

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