Communications in Proxy Contests[*]

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Abstract:

This paper studies the communication of voice in shareholder activism. Using hand-collected data, I investigate how the dissidents' communication strategies – the timing, channel, and content – affect the outcomes of proxy contests. Being the first to pitch ideas to investors through presentations, ahead of management, increases the success rate of the dissident by 55 percentage points, controlling for presentation features, firm and dissident characteristics, and ISS recommendations. Other effective strategies entail the use of various channels, such as letters and websites, and logical reasoning in the content. To understand this first-mover effect, I examine the allocation of investor attention and variation in investor sophistication. The evidence is consistent with an explanation of limited investor attention. These findings highlight the role of effective communication in corporate governance.

1 Introduction

Shareholder activists expend considerable time and resources to communicate their views to investors. Gantchev (2013) estimates the cost of a proxy contest, a strong form of shareholder activism, to exceed 10 million dollars. However, the activists typically only hold around 10 percent of the target stocks (Fos and Jiang, 2016). To what extent do the communications from the activists play a role and what communication strategies are most effective in achieving their goals? These are important empirical questions for understanding how shareholders can participate in, and exert influence on, corporate governance.

In this paper, I provide the first evidence of activists' communication with investors in the context of proxy fights. As an effective disciplinary mechanism, a proxy fight often results in the change of leadership, operation, or even business of a company. Proxy rules[1] set by the SEC allow us to look 'under the hood' of shareholder communications – we are able to observe the reasoning behind activists' demands – which is not available in other phases of shareholder intervention. I systematically characterize the content, the channel, and the timing of each dissident's communication from a hand-collected data set of SEC filings from Edgar. Healy and Palepu (1995) find that accounting figures are not an effective form of investor communication and encourage research in this area. I respond by asking the following questions. Firstly, controlling for the observed financial situation of the target firm and the identity and ownership of the dissident, do the content and length of communications still affect voting outcome? Secondly, as important infomediaries, do proxy advisors consider

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[1] In a proxy contest, a dissident solicits her or his own proxy statements directly to investors (Alexander, Chen, Seppi, and Spatt, 2010). This is highly regulated by the SEC (Section 14(a) of the Exchange Act and Regulation 14A.) Submitting a shareholder proposal and campaigning for it does not trigger proxy rules. The SEC defines "solicitations" as communications "reasonably calculated to result in the procurement, withholding or revocation of a proxy" (Exchange Act Rule 14a-1 (I)). The SEC requires that, unless provided to the shareholder on a regular basis, "communication made by means of speeches in public forums, press releases, published or broadcast opinions, statements, or advertisements appearing in a broadcast media, newspaper, magazine or other bona fide publication disseminated" be accompanied by a definitive proxy statement "at the time the communication is made" (Exchange Act Rule 14a-3 (f)).

communication in addition to the observables when making recommendations? Finally, will the timing of communication, for example, being the first to pitch ideas to the investors, affect the outcome when all else is equal?

I find that the dissident's communication strategy has an important effect on voting outcome and on proxy advisors' recommendations, controlling for firm and dissident characteristics. Effective strategies entail the use of various communication channels[2], especially investor presentations, and the reflection of logical reasoning in the content.

Investor presentation is potentially a snapshot of all dissidents' demands, so I focus on understanding how it affects voting outcome. As investors have limited attention (Kacperczyk, Van Nieuwerburgh, and Veldkamp, 2016; Hirshleifer and Teoh 2003; Odean, 1999), I investigate whether the timing of the presentation affects the voting outcome. Although the dissident is the first to bring proposals to the management, in only 49 per cent of cases is the dissident the first to make a presentation. Strikingly, I find that the dissident is 55 percentage points more likely to win if they are the first to make an investor presentation, after controlling for firm and dissident characteristics, ISS recommendations, the severity of issues in the firm, potential solutions provided by the dissident, and third party endorsements of the dissident.

There are two potential explanations for this first-mover effect. On the one hand, if the voters are rational and take all information into account, the order of the presentation should only matter if it signals the quality of the presenting party, distinct from other filing features, e.g., that they are more prepared or have more information. On the other hand, according to negotiation theory (Galinsky and Mussweiler, 2001), the first mover has the advantage when there is limited attention and anchoring (Tversky and Kahneman, 1982). In a proxy contest, the dissident and management are competing against each other to win support from shareholders.

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[2] For example, the use of investor presentations, letters, websites, posters, videos, and other material.

If the shareholders have limited attention, they will pay more attention to, and are anchored to, the first presentation, therefore the first presenting party will have the advantage regardless of their quality or other factors that determine the outcome.

It is likely that the signalling explanation is playing some role in explaining the first-mover effect. However, my results indicate that it does not explain this effect fully. Specifically, I provide the following tests to examine the attention explanation.

First, I restrict the samples to those where the quality signalled from the presentation timing is similar between the dissident and management. In cases where the presentations from both parties are made close in time, the signalled quality should be similar for both parties. Therefore, for rational voters, the order of who presents first should not play a role. In the subsample where the two sides' presentations are made within 6 calendar days of each other, I still find a strong first-mover effect after controlling for proxy advisor recommendations, firm characteristics and presentation characteristics. If the dissident makes the first presentation, they are 32.7 percentage points more likely to win. The magnitude is economically meaningful as the unconditional mean of the dissident winning is 66.7 per cent.

Next, I assess the attention explanation further by looking at the popularity of the first presentation and the shareholder sophistication of the target companies.

According to limited attention, the first mover will attract more attention than those following, resulting in the advantage of winning. I test whether there is more attention on the first presentation when the first presenting party wins rather than loses. I find that in the "first-winning" group, in 74 per cent of cases, the first presentation has more attention than the second presentation, proxied by internet traffic from the SEC log file (Loughran and McDonald, 2017; Iliev, Kalodimos, and Lowry, 2018) during the proxy fight. The figure in the non-first-winning group is significantly lower and only 36 per cent. Similarly, in the "first winning" group, the

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first presentation attracts almost twice as many hits as the second presentation, while in the other group, the first one receives slightly more hits than the second.

More sophisticated investors, such as institutional shareholders, have more resources and they may suffer less from limited attention than retail investors (Barber and Odean, 2007). I find evidence of investor sophistication that is consistent with the attention explanation. In proxy contests with close presentation dates, there is a significantly higher retail ownership in the cases where the first presenting party wins than in cases where the first presenting party loses. The difference is about 17.6 percentage points. Interestingly, the difference almost offsets that in institutional ownership between the "first-winning" group and the other group. It appears that there is a higher (lower) concentration of unsophisticated (sophisticated) ownership in cases where the first presenting party turns out to be winning.

This paper builds on the novel data set hand collected from SEC Edgar and studies how shareholders' voice is effectively expressed in proxy contests. In particular, it focuses on the content and timing of investor presentations and offers explanations for the interesting first-mover effect, that is, that the first presenting party tends to win the proxy contests. To my knowledge it is the first paper to systematically categorize proxy contest filings, characterize investor presentations and study investor attention in proxy contests.

Early papers on proxy contests document the price appreciation upon announcement (Dodd and Warner, 1983; DeAngelo and DeAngelo, 1989). Bhattacharya's (1997) model on dissident communication reveals that shareholders will only support the dissident if the economic gains exceed the cost of verifying all the relevant information. A number of recent papers look at the development of proxy contests after the 1992 proxy reform. Fos (2015) studies the announcement returns, the selection of the target companies, and the goals the dissidents pursue. Alexander, Chen, Seppi, and Spatt (2010) provides the analysis of the role of proxy

advisors in proxy contests. Brav, Jiang, and Li (2018) is the first to investigate the voting of mutual funds in proxy contests. This paper focuses on the solicitation process during a proxy fight and presents new findings on how strategic communications can contribute to the outcomes of proxy contests. The first-mover effect related to attention and retail investors suggests further investigations into the role of retail votes in corporate governance.

This paper is related to the literature on voice in corporate governance. The literature has examined the effects of shareholder activism (Karpoff, 2001; Gillan and Stark, 2007; Brav, Jiang, and Kim, 2009; Klein and Zur 2009), the identity of proposal sponsors (Matsusaka, Ozbas, and Yi, 2018; He, Kahraman, and Lowry, 2018; Gantchev and Giannetti, 2018; Duan, Jiao, and Tam, 2018), and the preferences of voters (Iliev and Lowry, 2015; Matvos and Ostrovsky, 2010; Davis and Kim, 2007). This paper specifically characterizes the different channels through which the activists' ideas are expressed, the content and the timing of activist communications and finds that even in the strongest form of voice, after considering firm and dissident perspectives, effective communication still matters.

Moreover, this paper adds to our understanding of proxy advisor recommendations. Ertimur, Ferri, and Oesch (2013) and Larcker, McCall, and Ormazabal (2015) both study the impact of proxy advisor recommendations in "say-on-pay" proposals and find that they are the key determinants of the outcome. They affect firm policy before and after the vote. Malenko and Malenko (2018) model the economics of information generation of proxy advisors. This paper takes a different approach and identifies the communication of information by the dissidents that is related to proxy advisor recommendations. It appears that different advisors have different criteria for issuing pro-dissident recommendations, but generally the more evidence is available, the more they will be in favor, controlling for firm characteristics.

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Finally, the finding that the content and especially the timing of investor presentations affects proxy contest outcomes recognizes the importance of investor presentations, which have not, to my knowledge, been specifically documented or discussed in the literature. There are studies of other direct communications to shareholders such as earnings calls (Mayew and Venkatachalam, 2012; Hollander, Pronk, and Roelofsen, 2010; Matsumoto, Pronk and Roelofsen, 2011), websites (Ashbaugh, Johnstone, and Warfield, 1999; Ettredge, Richardson, and Scholz, 2002), and social media interactions (Blankespoor, Miller, and White, 2014; Miller and Skinner, 2015). The survey by Larcker, Schneider, Tayan, and Boyd (2015) finds that 55 percent of their respondents complain about the length and complexity of proxy statements, obscuring useful information for decision making. Investor presentations contain condensed messages and are often vividly illustrated to pitch ideas directly. The findings on presentation content and timing contribute to discussion about investor attention in corporate governance.

2 Sample selection and descriptive statistics

2.1 Sample of proxy contests

This sample selection of proxy contests follows the procedure in Brav, Jiang, and Li (2017) and Fos (2016). To obtain the sample of all voted non-control[3] proxy contests from fiscal year 2009 to 2015 in the U.S., I first use a computerized script to identify and download proxy material[4] from the SEC Edgar FTP site from 1st July 2008 to 30th June 2015. Then I manually identify the voted non-control proxy contests by checking the content of the dissident filings and the following 8-K or 10-Q reports of the target companies related to the voting results. For each proxy contest, I follow the trace-back procedure in Brav, Jiang, and Li (2017) by checking the first proxy material and schedule 13D to identify the initial announcement date. 92 out of

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[3] Disclosure of proxy contests that are related to control transactions (i.e., merger) are regulated differently by the SEC from other proxy contests. Disclosure rules on cash merger is set forth in Schedule 14A. Rules on stock merger involving US (non-US) acquirer is set forth in the Registration Statement on Form S-4 (Form F-4).

[4] From here onwards, I refer Form PRE 14A, PREC14A(C), PRRN14A, PRER14A, DEF 14A, DFAN14A, DEFA14A(C), DEFC14A(C), DEFN14A, DEFR14A, and DFRN14A as proxy material.

138 are announced via 13D or 13D/A and 32 are via proxy filings from the dissident. The rest are disclosed in 8-K or proxy material from the target company management. This indicates the importance of the trace back to identify a precise announcement date.

For each contested event I record the name and CIK of both the dissident and the targeted company, the voting date, and the voting results. Comparable to Brav, Jiang, and Li (2017) and Fos (2016), there are in total 138 voted non-control proxy contests from fiscal year 2009 to 2015. The success rate for the dissident is 50 percent. Figure 1 plots the frequency of proxy fights over the sample period by fiscal year, which ranges from 8 to 32 per year. The high costs and increasing difficulty due to corporate governance innovations deter the launch of proxy contests.

2.2 Sample of filings

This paper's novel contribution is to collate all related filings from a proxy contest. For each proxy contest, I manually download all filings from announcement date through to voting date. I record the filing date, the name and CIK of the filing party, and the SEC form code. This yields 5,116 filings in total, of which 47 per cent are filed by the management and 44 per cent by the dissident. The rest are 13D(/A) or 13G(/A) by other parties. I further refine the sample by restricting management filings to proxy material only. This reduced the number of management filings to 2,033. The excluded management filings are mainly 8K(/A) filings that are duplicates of proxy material or other company announcements, 10K(/A), and 10Q(/A), which say very little about the proxy contests. For the dissident, I include all their proxy material filings as well as 13D(/A)s. Figure 1 shows the final sample of filings from the dissident and management. Both parties have similar numbers of filings on average. Over the sample period, the difference in number of filings between the dissident and the management is slightly larger in the early period. The similar number of filings from both sides indicates the

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competitiveness of information disclosure. I observe filings responding to each other, especially close to the voting date.

Table 1 panel A summarizes some key filings features of proxy contests. The length of the average proxy contest, from the announcement to the voting date, is 180.5 days and the median is 123.5 days. During this period, on average, the dissident makes 16.5 SEC filings related to the contest while management makes about 14.9 filings. 112 out of 138 proxy contests involve at least one side making an investor presentation and 71 involve both presentations. The dissident has made presentations in 86 contests and management in 97 contests.

2.3 Sample of dissident filings

2.3.1 Break-down of dissident filing material

Apart from investor presentations, the dissident sends letters, creates websites, and files other materials such as lawsuits, posters and videos as evidence. The summary of the break-down of the dissident filings is presented in table 1 panel B. As there are 27 proxy contests with more than one dissident filing multiple presentations (excluding supplemental PPTs as they have very few pages) and these presentations include similar sets of slides, I calculate the average number of slides from the dissident in a proxy contest. The number does not include the front and cover page of the presentation. On average, a dissident makes 23.5 slides.

The dissident and management also often communicated via emails or letters during the proxy fight. I count the number of letters attached excluding legal documents such as powers of attorney or joint filing agreements. On average the dissident issues 3.4 letters per proxy fight.

In 32.6 per cent of cases, the dissident creates websites to disseminate material to a wider public[5]. Dissidents report the information they post on the websites, including letters and

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[5] For regulation on internet availability of proxy material, see Exchange Act Rule 14a-16.

investor presentations, to the SEC. In 8 per cent of cases I record other material such as lawsuits, posters, and videos disclosed by the dissident.

Apart from the content of dissident filings, I also measure how responsive the dissident is to information disclosed in a proxy contest. The average time for a dissident to respond to management is 9 days. For each management filing, I find the closest subsequent dissident filing and record the number of days in between. To capture the quality of information the dissident may have, I create a dummy variable equal to one if the dissident is a current or past director of the firm and zero otherwise. In 7.2 per cent of cases, the proxy contest is filed by an insider dissident.

2.3.2 Tones of proxy filings

As well as the content of filings, which represents the richness of the material and reflects the preparedness of the dissident, I measure the dissident's language. I adopt the approach widely used in the psychology and management literature to measure analytical and emotional tones in the proxy material. I use the "bag of words" approach and use LIWC2015 to measure the degree of analytical (emotional) tones. The measure of analytical tone developed in Pennebaker, Chung, Frazee, Lavergne, and Beaver (2014) is based on the use of function words[6]. It was first used on American college admission essays and it detects formal, logical, and hierarchical thinking patterns in the text. Therefore, it can be applied widely in different context. The emotional tone is developed by Cohn, Mehl, and Pennebaker (2004). It calculates the proportion of positive and negative emotions in the text. The number below 50 suggests a

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[6] Function words have little meaning but they signal the structural relationships between words that have information (content words). They are the building blocks to hold sentences together Klammer, Schulz and Volpe (2009). Examples of function words are prepositions, pronouns, auxiliary verbs, and so on.

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more negative emotional tone. A number of studies[7] in finance and management have used the same tool.

The summary statistics of tones are presented in table 1 panel B. Overall, the proxy material is very analytical, averaging 96 on a 100 point scale compared with blogs (48.9), expressive writing (44.5), novels (70.3), NY times article (92.6), and so on (Pennebaker, Boyd, Jordan, and Blackburn, 2015). The proxy material from the dissident also shows more positive emotions, averaging 67 out of 100.

2.3.3 Investor presentations

The investor presentation summarises the dissident's analysis and presents their goals, plans, and other relevant information. It is also the channel through which the dissident presents directly to investors or proxy advisors. As far as I know, this is the first paper documenting investor presentations and studying their consequences for major corporate events. Appendix A1 gives an example of the presentation by Clinton group in the contest with ValueVision Media in 2013.

Timing

In the 112 cases where both sides disclosed an investor presentation, I first record the filing date of the presentation,[8] the presenting party, to whom the presentation is addressed (if disclosed), and the number of slides in each presentation. The summary is presented in table 1 panel C. The dissident makes the first investor presentation in 49.1 per cent of cases and in 56.3 per cent of cases (untabulated) when both parties makes investor presentations. The dissident's first presentation, on average, is 33.0 days before the voting date and is made 7.5

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[7] Selected applications of LIWC 2015 in finance are Kogan, Moskowitz, and Niessner, 2018, Kim, Buffart, Croidieu, 2016, and Fisch, 2018. Selected applications in management are Pfarrer, Pollock, and Rindova, 2010, Wang, Wezel, and Forgues, 2016, and Wolfe and Shepherd, 2015.
[8] The disclosed date of presentation is in 99 cases the same day as the filing date and in 105 is within 1 day. The max difference is 4 days.

days after the first presentation (if the dissident is the first presenting party, the difference in days is 0). Of the 112 cases where at least one investor presentation is disclosed, 29 are disclosed to be made explicitly to proxy advisors (untabulated).

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I manually classify the content of dissident presentation using a method similar to that in Schwartz-Ziv and Weisbach (2013). I emphasize that all investor presentations are similar in terms of structure, making classification easy and consistent throughout the sample. The dissident presentation usually begins with detailed analyses of issues in the target company, followed by the dissidents' solutions or plans and other supporting material such as third-party endorsement and director biographies if they seek board seats. I report the average, median, 25 percentile value, 75 percentile value, and standard deviations of presentation features in columns (1) – (5). In 96.7 per cent of cases the dissident mentions unsatisfactory financial or operating performance. The dissident also complains about poor corporate governance in 91.7 per cent of cases, leadership problems in 54.8 per cent of cases and excessive executive compensation in 48.8 per cent of cases. Most of the dissidents spent a large fraction of the investor presentation providing evidence of problems identified in the target firm. I count the number of problems identified by the dissident and find that each target company has, according to the dissident, an average of 2.9 problems out of the 4. After lengthy descriptions of the issues in the target firm, in most cases the dissident also includes their proposed solution. I count the number of slides the dissident used to describe future plans. The average is 4.7 slides. I also document that in 17.9 per cent of cases, the dissident discloses endorsement by third parties such as institutional investors or financial analysts. In 44.0 per cent of cases the dissident draws on details about past interaction with the target company, and proclaims their experience in similar matters 51 per cent of the time.

2.4 Summary of other features of proxy contests

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2.4.1 Internet traffic of filings

So far, I have characterised and described features of SEC filings in proxy contests. The filings are value relevant because of the information they carry. However, the filing only be to related the voting outcome when the information reaches the shareholders. I do not observe directly each voter's access to Edgar filings but the SEC log file has the number of Internet traffic ('hits') for each filing, which can proxy for attention to the filings during the proxy contest. Parties accessing the filings could be voters, media, analysts and other infomediaries that disclose information to voters. The SEC log files are available on the SEC Edgar website[9]. The Division of Economic and Risk Analysis (DERA) of the SEC has assembled information on the Internet 'hits' on all documents on the Edgar system and information on daily activity is available. The log file records a number of features such as the identifier of the document, the index file indicator, the status code, web crawler identifier, and so on. Each filing I collected has a unique 20–digit code which can be identified with the accession code in the SEC log files. Similar to Loughran and McDonald (2017), I exclude status codes over 300 to ensure the link is successfully established. I also exclude index link hits to strictly identify hits to a certain document[10]. I calculate the number of hits per filing from the date the filing is available to the day before the voting date. There are 4.9 million hits on all proxy filings in the sample period. I find that on average, the dissidents' filings receive 277.7 hits while the number for management is 289.2. As investor presentation is an important filing feature and there are cases where a party makes multiple presentations (see the summary in subsection 2.3.1), I also record the number of hits on the first presentation slides made by each party – the dissident receives 369.5 hits on average, 138 more than the management does. There are more hits on the first

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[9] https://www.sec.gov/dera/data/edgar-log-file-data-set.html retrieved on 6th November, 2018

[10] One filing may involve several documents and the index file contains nothing but the link to these documents.

presentation than the average of all filings, which confirms the importance of the investor presentations.

2.4.2 Ownership structure and firm fundamentals

Ownership structure

The ownership structure of the target firm is important for the dissident (Kedia, Starks, and Wang, 2016; He, 2017). The more shares the dissident has, the more voting power they have and the same can be said for management ownership. The remainder is institutional ownership and retail ownership. The institutional shareholders are the main parties to hold concentrated voting power and are more sophisticated than retail owners. Thus, individual investors' participation in corporate voting is often neglected in the literature as well as in practice (Fisch, 2017). With few shares held by each individual investor, it is difficult and costly to persuade them to act uniformly. However, their role in events such as proxy fights is non-negligible. In the heated proxy fight between DuPont and Train, it is estimated that the outcome was determined by individual investors[11]. The colourful posters, newspaper advertisements and step-by-step voting guides are evidence of communication with individual investors. The participation of individual investors in proxy fights is not systematically documented and studied (Fisch, 2017). Individual investor ownership can also be seen as a measure of investor base sophistication.

I characterise the ownership structure of target companies using information in the section "security ownership of certain beneficial owners and management" from the form DEFC14A in management and dissident filings, as well as in Thompson Reuters 13F database. Only shares

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[11] See "Retail shareholders cited as key to DuPont's victory" by Jeff Mordock on 13th May 2015 (https://eu.delawareonline.com/story/money/business/2015/05/13/trian-rebuffed-dupont-slate-wins-seats/27226613/) and "Why DuPont Beat Nelson Peltz in the Biggest Proxy Fight in Years" by Ronald Orol on 20th May 2015 (https://www.thestreet.com/story/13158047/1/why-dupont-beat-nelson-peltz-in-the-biggest-proxy-fight-in-years.html).

registered on the record date have voting rights in proxy contests. I obtain the record date the form DEFC14A. The summary is in table 1 panel E.

According to SEC rules, the name and number of shares held by over 5 per cent owners should be disclosed in the proxy material, and for dissidents with less than 5 per cent ownership I obtain their shares held at the record date by manually searching their proxy filings. In 32 cases, the dissident has fewer than 5 per cent ownership. The average (median) ownership of the dissident is 11.0 per cent (9.5 per cent). I define management ownership as the sum of all directors and executive officers. For the 9 cases where the dissident is an existing director or executive, I exclude their ownership in calculating management ownership. The average management ownership is 10.0 per cent and the median is 6.7 per cent. These figures are consistent with Fos and Jiang (2016).

For institutional ownership, I use Thompson Reuters 13F database. I obtain the institutional ownership held at the quarter end immediately before[12] the record date and assume that the institutional ownership remains similar at the record date.

I proxy for individual investor ownership by subtracting management ownership, institutional ownership, and dissident ownership (if dissident does not report in 13F) from total ownership. On average, individual investors collectively own 29.0 per cent of a firm's shares, which is consistent with Fisch (2017).

Firm fundamentals

In table 1 panel E, I also measure a set of firm characteristics that are widely identified in the literature. Firm size is measured by taking the logarithms of market capitalization. Book-to-market ratio is measured as the book value of equity scaled by market value. Dividend yield is

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[12] The institutional ownership is measured at the quarter end before the record date and robustness checks to measure it at the quarter end after the record date yield a similar summary.

the common and preferred dividends divided by the sum of the market value of common stocks and the book value of preferred stocks. To control for firm performance, I include return on asset (ROA) measured as EBITDA scaled by total asset and the buy-and-hold stock return over the past year (past return) before the meeting date. I also control for Amihud illiquidity (Amihud, 2002). All variables apart from past return and Amihud illiquidity are measured at the fiscal year end before the meeting date. Past return and Amihud illiquidity are measured over the past 12 months before the meeting date. The magnitude of all firm characteristics is consistent with that of Brav, Jiang, and Li (2017) and Fos (2016). Data are obtained from Compustat and CRSP.

2.4.4 Summary of proxy advisor recommendations

Proxy advisor recommendation is an important determinant of the voting outcome (Ertimur, Ferri, and Oesch, 2013; Iliev and Lowry, 2015; Larcker, McCall,and Ormazabal, 2015; Malenko and Shen, 2016; Malenko and Malenko, 2018). There are five proxy advisors in our sample period. Institutional shareholder service (ISS) has the highest coverage (118 out of 138) followed by Glass Lewis (96 out of 138). The rest – Egan-Jones, Proxy Governance, and Proxy Mosaic[13] – collectively cover 66 cases out of 138. I obtain the recommendation date and content by manually checking the filings by the dissident and management as well as the media if neither is mentioned. If the recommendation date is not available, I use the filing date of the first mention of proxy advisor recommendations in the filing material or news search. I find that, on average, the earliest proxy advisors issue recommendations is 12.60 days before the voting date, and the average difference between the first and the last advisor recommendation date is 3.07 days (untabulated).

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[13] Egan-Jones still exists and has 20 employees according to Wikipedia. Proxy Governance, founded in 2004, was acquired by EY in February 2011 and Proxy Mosaic was founded in 2013 according to Bloomberg.

In total, 118 of the 138 sample proxy contests have at least one proxy advisor recommendation and 101 of them are extensively discussed in the proxy material. An example can be seen in the filings of the proxy contest of Ramius Value and Opportunity Master Fund Ltd. (the dissident, "Ramius") against Tollgrade Communications, Inc., launched in 2009.

Ramius disclosed a proxy advisor recommendation with the titles:

**RISKMETRICS GROUP (RMG) SUPPORTS RAMIUS'S BELIEF THAT
CHANGES TO THE BOARD ARE NEEDED AT TOLLGRADE**

*Recommends Tollgrade Stockholders Vote the GOLD Proxy Card to Elect Ramius
Nominees Edward Meyercord and Jeffrey Solomon*

It also quotes ISS

*"Due to the sustained share price underperformance and the deteriorating financial metrics,
especially since 2006, that have lead to significant loss of shareholder value relative to its peers,
we conclude that change is warranted."*

The other party often has a different interpretation of the same recommendation and issues disagreement and explanations. Taking the case mentioned above as an example, in the management's defence, they only highlight the favourable ISS recommendation on withholding votes to the third nominee of Ramius with the title

"**RISKMETRICS JOINS GLASS LEWIS AND PROXY GOVERNANCE IN
RECOMMENDING THAT TOLLGRADE SHAREHOLDERS
NOT SUPPORT THE ELECTION OF SCOTT CHANDLER**".

Thus I read through all the disclosed content of proxy advisor recommendations and define proxy advisor support equal to one if it recommends in favour of at least one dissident's agenda. In the example of contesting a board seat, if the proxy advisor recommends at least one dissident nominee slate, I define support equal to 1. For the three small proxy advisors, as they have low coverage and their recommendations are often grouped by the dissident or management themselves in the filing, I group them together and define "others adv. for" equal to one if at least one of the advisors is supportive of the dissident.

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I report the average support rate of proxy advisors in table 1 panel C. ISS supports the dissident 59.7 per cent of time, consistent with anecdotal evidence that ISS are more pro-dissident in proxy fights. Glass Lewis supports the dissident in 39.6 per cent of proxy contests and that figure for the small proxy advisors collectively is 30.3 per cent.

3 Dissident filing features and contest outcomes

To investigate how the outcomes of proxy contests relate to the filing features of the dissident, I use a probit model to regress [dissident wins] on a set of variables identified in subsection 2.3. Due to issues associated with small sample sizes, in all specifications I first summarize the averages across the variables describing the filing features and the target firm characteristics discussed in subsection 2.4.2, and compare the mean differences between the subsamples where the dissident wins or the management wins. I defined [dissident wins] equal to 1 if the dissident has achieved at least one stated goal in its contested proposal, i.e., at least one of the dissident candidates is elected, otherwise 0.

The results are in table 2. Columns (1) and (2) report the average of a set of variables of the subsample where the dissident either wins or loses the proxy contest. Column (3) reports the mean difference. For the average number of slides ("avg. #slides"), number of letters ("#letters"), average response days ("Avg. resps days"), and market value ("MV ($ Billions)"), I use the original values in column (1) – (3). To achieve a more symmetric distribution and to reduce variability of data, I take the natural log of these variables in the regression reported in Columns (4) – (6). To save space, I only report marginal effects from the probit model outcome in columns (4) – (6). Column (4) only includes the dissident filing features and column (5) adds a set of firm-level controls widely used in the literature. As the filing features may be correlated to proxy advisor recommendations, I deem columns (4) - (5) as the main specification. However, I also report the full results with ISS recommendations to see the marginal effect of filing features controlling for proxy advisor recommendations and to be

consistent with the literature. Heteroskedasticity-robust t statistics are reported in parentheses. As robustness checks, I also use a linear probability model and the results, reported in Appendix A2, are similar.

The cross check of mean comparison to the probit model shows that they are largely consistent in terms of signs of directions, which complements the interpretation of the probit model results. The exercise reveals a few useful results. Firstly, across all specifications, the more content is in the dissident presentations (as measured by the number of slides), the more likely the dissident is to win the proxy contest. The average difference of the number of slides between the winning and losing dissident is 15.2. The marginal probability of the probit model on average slides is stable across all specifications. A one unit increase in the natural log of the number of slides is associated with a 12 percentage points increase in the probability of winning. Given that the unconditional mean of the dissident winning is around 50 per cent, the magnitude is economically meaningful. Secondly, other filing features such as the number of letters, use of the website and other material do not statistically affect the dissident winning. In spite of this, they collectively show that the more prepared the dissident is, in terms of issuing more letters, creating a website and submitting more material, the more likely it appears that the dissident wins. The insignificant difference of these information channels could be due to the existence and length of investor presentations. In presentations, the dissident directly communicates all their ideas to the investors, whereas the other channels only partially reveal information. Thirdly, the tone of the dissident filings seems to play a role. The statistical significance of the mean comparison and probit model does not match, although the sign of direction is consistent. It could be that the tone measure is correlated with other variables. For example, if the firm performance is poor, the dissident may utilize more evidence to analytically criticise the firm. From the regression results the more analytical the dissident's tone, the more likely they are to win. Lastly, from the mean comparison, the winning dissident

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responds 0.5 days more quickly than the losing ones and has a higher ownership than management (although this difference is not statistically significant). If the dissident is a former or existing director they are more likely to win, after controlling for filing features, ISS recommendation and company fundamentals. The sign of coefficient and mean comparison on firm fundamentals are consistent with the literature, although none of them are significant in probit models.

4 Dissident filing features and proxy advisor recommendations

The proxy advisor plays an important role in influencing the outcome of the votes. Iliev and Lowry (2015) find that over 25 per cent mutual funds always follow the ISS recommendation throughout their sample period. In a major corporate event such as a proxy contest, the recommendations of proxy advisors are even more important – as I describe in subsection 2.4.4, in 101 out 109 cases where at least one proxy advisor gives recommendations, there is a number of filings of disclosure and discussion from the dissident and management solely on the advisor report and recommendations. Interestingly, both sides often pick up the information favourable only to them and use it as headlines of the filings. Given the importance of the proxy advisor recommendation and the amount of information available to them (the average days between the earliest recommendation date and voting date is 12.6 days whereas the length of a proxy fight is 180.5 days on average), I investigate whether, and if so how, proxy advisors utilize such information in forming their recommendations.

I define [proxy advisor for dissident] equal to 1 if the advisor supports at least one of the dissident contested proposals or nominees. I look at ISS, Glass Lewis and other small advisor recommendations separately as anecdotal evidence to suggest that they have different approaches. As the small three proxy advisors have low coverage and their recommendations are often grouped by the dissident or management themselves in the filing, I group them together and define [other advisor for] equal to one if at least one of the advisors is supportive

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to the dissident. In panel A, I report the average and mean comparison of a set of filing features of the subsamples where the proxy advisor is for or against the dissident. In panel B, I use a probit model and regress [proxy advisor for dissident] recommendations on a set of filing features as well as firm characteristics. A linear probability model is also used to check the robustness and the results in Appendix A2 are similar. I emphasize that the filing features in this analysis are calculated *before* the recommendation date of the responding advisor as both the dissident and management tend to discuss proxy advisor recommendations in a number of filings after the recommendation date but prior to voting date.

In Panel A, Columns (1) and (2) report the means of sets of filing features of the subsample where the proxy advisor is for or against the dissident and column (3) reports the mean difference. In panel B, I report the marginal probability of the probit model outcome. Column (1) only includes the set of filing features and column (2) also adds the firm characteristics. Similar to table 2, I only use log transformation of average slides, letters, response days and market capitalization ($ in billions) in the probit regression. The heteroskedasticity-robust t statistics are in parentheses.

Similar to that in table 2, I find that the cross check of mean comparison and probit model yields similar results in term of signs. From Panel A, I find that ISS is more likely to support the dissident if they have more contents in the investor presentation, submit more letters, have more analytical tones in the material, and respond more quickly to management filings in the process. The dissident gaining ISS support has 17 more slides, 1.6 more letters, and responds 2.3 days more quickly than the one which does not. Glass Lewis also supports the dissident when they have more slides but relies more on the use of website and other material to recommend for the dissident. The dissident receiving favourable Glass Lewis recommendations has on average 44.7 slides, 25.8 more than those who do not. In the subsample where the dissident gains support from Glass Lewis, there are 39.5 per cent and 18.4

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per cent cases where the dissident creates websites and submits other material. In the sample where Glass Lewis does not recommend for the dissident, the frequencies of the use of website and other material are only 22 per cent and 3 per cent respectively. Other small proxy advisors, albeit supporting the dissident if they have more slides, also issue more pro-dissident recommendations if they are a former or existing director. 15 per cent of cases where the dissident is supported by small advisors are from insider dissidents and the fraction is only 2 per cent for the rest of the sample.

After controlling for other filing features and firm characteristics, in panel B I find that across all advisors, the length of the investor presentation is most important for gaining their support. The magnitude is similar across all groups. A one unit increase in the natural log of the number of slides is associated with about a 10 percentage points increase in the probability of gaining favourable support from proxy advisors. After controlling for firm characteristics, all three advisors give more credit to the dissident if they are more analytical in the filing material. A one degree increase in the analytical tone is associated with a 13.6 (13.7 or 12.1) percentage points increase in the probability of a pro dissident recommendation from ISS (Glass Lewis or others). In terms of firm characteristics, ISS seems to support a dissident more if the past performance of the stock is worse and if there is a lower concentration of institutional investors. As robustness checks I also use a linear probability model, and the results, reported in Appendix A2, are similar.

5 Dissident investor presentation and contest outcomes

As is shown in tables 2 and 3, the content of investor presentations proxied by the number of slides is an important determinant of the dissident winning and receiving favourable recommendations from proxy advisors. I next study in detail how the content of the investor presentation is related to the dissident winning. The sample is now restricted to proxy contests where the dissident has made as least one presentation, which accounts for 87 out of 138 cases.

From columns (1) – (3) in table 4, I report mean and mean comparison between the subsample where the dissident either wins or loses on a set of dissident presentation features and firm controls. In Column (4), I use a probit model to regress dissident winning on their presentation features. For the number of slides ("# slides on a plan") and market value ("MV ($ Billions)"), I report the raw value in the mean comparison and use its log transformation in the regression to reduce data variability. As is seen in table 2, ISS has taken into account a set of filing features, and I use ISS recommendation as a control variable for other filing features, as well as proxy advisor recommendation. Heteroskedasticity-robust t statistics are reported in parentheses. The cross check of mean comparison and probit model yields similar results.

This table yields several interesting findings. Firstly, winning dissidents have 2.5 more slides dealing with future plans for the target firm, compared to losing ones. Given that the average number of slides on a future plan is only 4.7, the magnitude is economically large. It is also statistically significant in the regression at one per cent after controlling for a set of firm fundamentals. A one unit increase in the natural log of the number of slides about future plans is associated with a 29.5 percentage point increase in the probably of the dissident winning. The unconditional mean of the dissident winning in this sample is 58.2 per cent. Secondly, the disclosed third party endorsement has a significant and positive impact on the dissident's chance of winning. Third party support from other institutional investors or financial analysts is related to about a 36.4 percentage point increase in the probability of winning. Thirdly, the number of problems identified by the dissident does not seem to be statistically different in the mean comparison test, but is significantly positively associated with the dissident winning at 5 per cent after controlling for a set of firm characteristics. The dissident may criticise as many aspects as possible in the presentation to win support for their argument regardless of the underlying fundamentals. Indeed, the problems the dissident identifies are 3 out of 4 in the median and 2.9 on average. Although not significant, past interaction with the target firm is 10

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percentage points higher in the sample where the dissident wins than not. The t-statistic is 1.50 and potentially not significant due to sample size issues. Self-proclaimed experience and past interaction with the target firm does not seem to have a significant effect. Finally, I find that if the dissident is the first to disclose the presentation (sentence on disclosure date and presentation date), they are around 54.8 percentage points more likely to win the proxy contest, controlling for presentation features, ISS recommendation and a set of firm fundamentals. Using a linear probability model, the magnitude of the first-mover effect, reported in Appendix A3, is slightly smaller but statistically significant at 1 per cent. As a robustness check, in column (5), I use the sample of proxy contests with at least one side making presentations and use the number of slides as a control for the content of the dissident presentation. The first-mover effect is also statistically significant at 10 per cent and with an economically meaningful magnitude of 24.7 percentage points compared with the unconditional mean of dissident winning of around 58.2 per cent. There could be a number of explanations for the first-mover effect and I present evidence in the sections below.

6 First presentation in proxy contests

6.1 Timing of presentations and firm characteristics

I investigate in detail the first-mover effect that the first side to disclose an investor presentation tends to end up winning. The sample is now restricted to proxy contests where either side has made as least one presentation, which accounts for 112 out of 138 contests in the full sample.

Given that the dissident initiates the proxy fight but only in 49.4 per cent of cases are they the first to make the investor presentation, I first investigate the decision to make the first presentation by looking at a set of firm characteristics. The results are presented in table 5. I report the mean and mean comparison of a set of firm characteristics described in subsection 2.4.2 in columns (1) – (3) between cases where the dissident makes the first presentation or management makes the first. The marginal probability of the probit model regressing [dissident

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first presentation] on firm characteristics is reported in column (4). Heteroskedasticity-robust t statistics are in parentheses. By comparing the probit model and mean comparison, it seems that operating performance is the most important determinant of the order of presentation among other variables. If the firm has a higher ROA, management is more likely to make the first presentation. Other variables in the mean comparison do not differ significantly in the two subsamples. Another measure of performance, past stock return, has a consistent negative mean comparison and coefficient but is not statistically significant. The probit model yields that the dissident (management) is more (less) likely to present first when there is a lower institutional ownership and when liquidity of the firm stock is higher. Institutional ownership can proxy for investor sophistication and institutional owners may be more management friendly (some quotes). Both institutional ownership and stock liquidity are related to the stock ownership structure and I will analyse it later.

6.2 Explanations of the first-mover effect

Having investigated how target characteristics are related to the order of presentation, I next test two hypotheses to explain the first-mover effect. All information will be available to shareholders before the voting date, so if the voters are rational, the order of the presentation should not matter unless it signals the quality of the presenting party, unobserved from other filing features or proxy advisor recommendations, i.e., they are more prepared and have more information. Alternatively, according to negotiation theory (Galinsky and Mussweiler, 2001), the first mover has the advantage when there is limited attention and anchoring, for example, the first mover has more attention and the second mover is anchored to the scene set by the first mover. Although the setting of the proxy contest is different to a negotiation – the dissident and management are competing with each other to win support from a third party (shareholders) – a similar principle may apply. If the shareholders have limited attention, they

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will be anchored to their first impression and the first presenting party will have the advantage regardless of their quality or other factors that determine the outcome.

6.2.1 First-mover effect and signalling

According to the first hypothesis, the unobserved quality, such as preparedness, signalled by just being earlier than the management, should also be associated with how early the presentation is made. I thus proxy for early presentation using two continuous variables. T1 is the natural log transformation of the number of days between the dissident's first presentation and the voting date (meeting date). The higher T1 is, the earlier the dissident discloses the investor presentation in a proxy contest. T1 does not consider the management's presentation and therefore I create T2, which is the log transformation of 1 plus the days between the date of the dissident's first presentation and the first presentation (either by the dissident or the management) in the proxy fight. If the dissident is the first to present, T2 will be 0 otherwise T2 will always be positive. The bigger T2 is, the later the dissident's presentation is in relative to the first presentation disclosed in the proxy contest. To construct T1 and T2, the dissident must make at least one presentation. I report the marginal probability of the probit model regressing [dissident wins] on T1 (T2) and a set of presentation features as well as firm fundamentals in table 6 columns (1a) ((2a)). As the sample size shrinks, I reduce the number of variables by proxying for the content of investor presentation using the natural log of the number of slides, and the results are in columns (1b) and (2b). I also use a linear probability model and it gives similar results in Appendix 3.

Table 6 shows that the longer the period between the dissident's first presentation and the voting date, the more likely they are to win. A one unit increase in the natural log of the days between presentation and meeting date is associated with a 52.9 percentage points increase in the likelihood of winning. The result is significant at one per cent in both specifications and the magnitude is similar. When I take the timing of the management presentation into

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consideration by looking at the distance between the dissident's first presentation and the first presentation in the proxy contest, I find that the shorter the distance, the more likely the dissident is to win. Each one unit earlier the dissident makes the presentation relative to the first presenter is associated with a 29.1 percentage point increase in the probability of winning. The effect is also statistically significant at one per cent in both specifications with similar magnitude. In columns (1a) and (2a), the other variables describing the filing features are quantitatively and qualitatively similar to the results in table 4 using first presentation. The more slides on an action plan, third-party endorsements, and problems identified by the dissident, the more likely they are to win. For firm characteristics, the coefficients are also similar to previous results and the literature.

6.2.2 First-mover effect and investor attention

I next perform a set of suggestive tests of the first mover advantage. If both parties are equally prepared – quality cannot be easily signalled by the existence or the timing of the presentation – the outcome will most likely be affected by limited investor attention after controlling for other factors. In proxy fights with both parties presenting, all slides will be available to the voters before the meeting date, and therefore the order of the presentation should not matter if voters are rational and consider all available information. More strictly, in cases where the first and second presentations made by different parities are closely dated, who is first to present should matter even less to the outcome. Therefore, I test the first-mover effect in these two circumstances to detect first mover advantage. I first restrict to the subsample where both parties make investor presentations and perform the same analysis as in section 5 in column (1) of table 7. I then require the first and second presentation to happen close in time. Due to small sample issues, I require the number of days be less than 6 or 8 calendar days, and only replicate column (5) of table 4 where I use the length of slides to proxy for presentation content, to reduce the number of variables. The results are reported in table 7 column (2). I report the

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marginal probability of the probit model outcomes, and heteroskedasticity-robust t statistics are in parentheses. The signs and statistical significance of most of the variables included are similar across all specifications. The first-mover effect is still strong and its magnitude ranges from increasing the probability of winning by 32.7 percentage points to 64.3 percentage points. The other presentation features such as the number of slides on a future plan and third-party endorsement are also significantly positively associated with the dissident wining. The linear probably model yields similar results and is reported in Appendix A4.

The first mover advantage, attention, and investor sophistication

The results above show that the first-mover effect is still prominent after controlling for rational determinants such as presentation features and firm characteristics, in cases where the quality of both sides cannot be easily distinguished by the existence and timing of the investor presentations (to be specific, when both sides disclose presentations and when the two presentations are made close to each other). I seek further evidence of this attention explanation. In the previous section I have discussed the anchoring effect, and if the first mover advantage is driving the results we expect to see it more in cases where the first presenting party wins the proxy fight. Similarly, less sophisticated voters will have more limited attention. The first-mover effect will be more prominent if the shareholder base is less sophisticated.

First-mover effect and attention

To proxy for investor attention, I use the internet traffic ("hits") from the sec log file of the filings. The details are discussed in subsection 2.4.1. I calculate two proxies to compare the attention on the first and second presentations made by two different parties. I first use a dummy variable ("first ppt hits > second ppt hits") that is equal to 1 when the first presentation attracts more hits than the second one and 0 otherwise. I also calculate the ratio of the number of hits of the first presentation to those of the second one. To see whether the first presentation receives more attention, especially in cases where the first mover has an advantage and wins

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the proxy contest, I separate the sample into two groups. The [first-winning] group is that in which the first presenting party wins the proxy contest and the first-losing group is the other. As the bias is identified in the sample where both parties present or the two presentations are dated close to each other, I use the two samples as in table 7 – the subsample with two parties presenting and the presentations are made within 6 calendar days. As the sample size is small, I report the mean and mean comparison of the two attention variables in columns (1) – (3) of table 8. Panel A shows the sample with closely dated presentations and panel B shows the sample with both parties presenting. I find that in the first-winning sample, 74 per cent of the time the first presentation attracts more attention and only 36 per cent in the other sample. The difference is statistically significant at 5 per cent. Also, the number of hits of the first presentation is 1.8 times that of the second in the first-winning group while the ratio is almost equal to one in the other group. The difference in the attention ratios of the first and second presentations between the two groups is also statistically significant at 10 per cent. The comparison in the sample with both sides' presentations is similar.

In the analysis above, I do not distinguish whether the winner is dissident or management. In columns (4) – (7), I further restrict the sample to [dissident wins] only and conduct the same summary and mean comparison between the first winning group and the other. The magnitude of the difference is even larger. The first presentation attracts more Internet hits than the second one in 94 per cent of cases and has more than twice the number of hits than the second one in the "first winning" group, significantly higher than that of the other group. This exercise provides evidence that there is more attention to the first presentation, especially when the presenting party turns out to be the winning party.

First-mover effect and investor sophistication

Having documented that the first presentation has attracted more Internet traffic than the second one, especially in the first winning group compared to the first losing group, in table 9, I further

investigate the condition where the lack of attention may be more prominent. I characterize investor sophistication using ownership structure. Institutional owners have more capital and resources and are regarded as more sophisticated than retail owners. Retail owners are more likely to have limited attention than institutional owners. Using the same approach as the previous section, I calculate the ownership structure of the target companies in the subsamples where the first presenting party either wins or loses. I also restrict the sample to the subsamples when the dissident wins. To validate the first mover advantage explanation of the first winning phenomenon, we expect to see a higher concentration of unsophisticated investors in the first winning group than the other. Table 9 reports the mean and mean comparison between the two groups. Panel A looks at the sample where the two presentations are closely dated, and panel B looks at the sample with both sides presenting.

When the two presentations are made close in time, the retail ownership is significantly higher in the first winning group than in the other at 5 per cent. There is 46.6 per cent retail ownership on average in the first winning group in the other group it is only 28.8 per cent. The difference is 17.6 percentage points. Interestingly, the institutional ownership in the first winning group is significantly lower than that in the other group. The mean difference is 17.4 percentage points, which is almost the same magnitude as the retail ownership but in the opposite direction. When I restrict to the [dissident wins] sample, the results are similar. The averages of the ownership difference between the dissident and management in the two samples are very small and not statistically significant across the full sample and subsamples. The evidence so far is consistent with the anchoring explanation – the retail investors are less sophisticated and may suffer more from anchoring effects, and therefore the concentration of them in target companies may result in the first-mover effect (the first presenting party to win the proxy contest) even though the two presentations from both sides are made within a small number of days.

7 Conclusion

A proxy contest is almost the last resort dissatisfied shareholders have to influence company policies. When private engagements and public campaigns fail, the activist shareholder should weigh carefully the benefits associated with overturning the company and the huge costs of proxy solicitation. Therefore, finding an effective communication mechanism to reach shareholders is of great importance. In this paper, I document the communication strategies used by different dissidents that are associated with different voting outcomes, taking the observed economic factors such as firm fundamentals and dissident characteristics into consideration.

I find that the effective strategies entail a combination of the timing of pitching ideas to shareholders, the use of various communication channels, and the reflection of logical reasoning in written material. Investor attention, and especially retail investors' attention, are often ignored in corporate voting. The finding of the first-mover advantage, that is, the first presenting party tends to win the proxy contest, brings more awareness of how retail investors may play a role in major corporate events. The collection of detailed dissident filing material allows us to observe the reasoning behind the demands of the activists and potentially understand better the motivations and mechanisms for value creation that activists have in mind. The systematic classification of these materials deepens our understanding of how a proxy contest starts, evolves, and ends.

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Appendix I

Variable Label	Definition
# filings from diss.	The number of proxy materials and 13D(/A)s filed by the dissident during a proxy contest
# filings from mgt.	The number of proxy materials filed by the management during a proxy contest
Length of proxy contest	The number of days between the announcement date and the meeting date of a proxy contest
With >0 investor presentation	A dummy variable equal to 1 if the proxy contest involves at least 1 investor presentation, otherwise 0
With both presentations	A dummy variable equal to 1 if the proxy contest involves investor presentations from both the dissident and the management, otherwise 0
With diss. presentations	A dummy variable equal to 1 if the proxy contest involves at least 1 investor presentation from the dissident, otherwise 0.
With mgt. presentations	A dummy variable equal to 1 if the proxy contest involves at least 1 investor presentation from the management, otherwise 0
Avg. #slides	The average number of slides from the dissident in a proxy contest, excluding supplemental slides
#Letters	The number of letters the dissident discloses in a proxy contest excluding legal documents such as powers of attorney and joint filing agreements
Website	A dummy variable equal to 1 if the dissident creates a website to disclose their proxy material in addition to SEC Edgar
Other material	A dummy variable equal to 1 if the dissident discloses lawsuits (against the management), posters, videos, or advertisements in their proxy material
Avg. responsiveness	The average number of days between each of the management filing and its closest subsequent dissident filing
Analytical tone	A measure, between 0 and 100, of formal, logical, and hierarchical thinking patterns in the text, developed in Pennebaker, Chung, Frazee, Lavergne, and Beaver (2014) based on the use of function words
Emotional tone	A measure, between 0 and 100, developed by Cohn, Mehl, and Pennebaker (2004), which calculates the proportion of positive and negative emotions in the text, where numbers below 50 suggest a more negative emotional tone
Dissident first	A dummy variable if the dissident is the first to make investor presentation in a proxy contest
Absolute timing (T1)	The number of days between the dissident's first presentation date and the meeting date; T1 is available only if the dissident makes an investor presentation in a proxy contest and is always positive – the larger the value is, the earlier the dissident makes the investor presentation
Relative timing	The number of days between the first presentation date and the dissident's first presentation date; T2 is available only if the dissident makes an investor presentation

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(T2)	in a proxy contest; if the dissident is the first to make the presentation, T2 is 0, otherwise T2 is always positive, and the larger the value is, the later the dissident makes the presentation relative to the first presenter
Firm performance	A dummy variable equal to 1 if the dissident provides evidence on poor stock performance or poor finance performance of the target firm in their investor presentation, otherwise 0
Corporate governance	A dummy variable equal to 1 if the dissident provides evidence on poor corporate governance of the target firm in their investor presentation, otherwise 0
Leadership problem	A dummy variable equal to 1 if the dissident provides evidence on poor leadership of the target firm in their investor presentation, otherwise 0
Executive compensation	A dummy variable equal to 1 if the dissident provides evidence on excessive executive compensation of the target firm, otherwise 0
# problems	The sum of "Firm performance", "Corporate governance", "Leadership problem", and "Leadership problem" with equal weights
# slides on a plan	The number of slides on a future plan of the target firm in the investor presentation made by the dissident
3rd Party support	A dummy variable equal to 1 if the dissident names third party support such as other institutional investors or analysts in their presentation, otherwise 0
Past interaction	A dummy variable equal to 1 if the dissident discloses detailed past interactions with the target firm in their presentation, otherwise 0
Experience	A dummy variable equal to 1 if the dissident provides evidence of their experience on similar matters raised in the target firm in their presentation, otherwise 0
Diss. wins	A dummy variable equal to 1 if the dissident achieves at least one of their stated goals in a proxy contest – for example, in contesting a board seat, if one of the dissident's nominees is elected, *diss.wins* equals 1
Insider dissident	A dummy variable equal to 1 if the dissident is a current or past director of the firm
ISS for diss.	A dummy variable equal to 1 if Institutional Shareholder Service ("ISS") recommends at least one of the dissident's proposals, otherwise 0
Glass Lewis for diss.	A dummy variable equal to 1 if Glass Lewis recommends at least one of the dissident's proposals, otherwise 0
Other adv. for diss.	A dummy variable equal to 1 if at least one of the proxy advisor firms (Egan-Jones, Proxy Governance, and Proxy Mosaic) recommends at least one of the dissident's proposals, otherwise 0
Earliest recc date to meeting	The number of days between the earliest proxy advisor recommendation data and the meeting date
Avg. hits of diss. filings	The average number of Internet hits of dissident's filings (proxy material and 13D(/A)s) from SEC log files over the proxy contest period
Avg. hits of mgt. filings	The average number of Internet hits of management's filings (proxy material) from SEC log files over the proxy contest period

# hits of diss. 1st presentation	The number of Internet hits of the filing of the dissident's first investor presentation from SEC log files over the proxy contest period
# hits of mgt. 1st presentation	The number of Internet hits of the filing of the management's first investor presentation from SEC log files over the proxy contest period
BM	Book value of equity divided by market value of equity, where book value of equity = (book value of stockholders' equity + balance sheet deferred taxes and investment tax credit – the book value of preferred stock)
ROA	Earnings before interest, tax, depreciation and amortization (EBITDA) as of fiscal year-end scaled by total assets (lagged)
Dividend yield	Common plus preferred dividends divided by the sum of market value of common stocks and book value of preferred stocks
MV	Market capitalization defined as price times shares outstanding as of fiscal year-end (in millions unless stated)
Past return	Past 12-month buy-and-hold stock (raw) return
Illiquidity	12-month average of daily illiquidity in Amihud (2002): $1000\sqrt{|Return|/(Dollar\ Trading\ Volumn)}$
Inst. ownership	Total number of shares held by 13F institutions excluding the dissident divided by total shares outstanding
Dissident ownership	Total number of shares held by the dissident divided by total shares outstanding
Management ownership	Total number of shares held by the management excluding insider dissident (the dissident who is a current director) divided by total shares outstanding

Figure 1: Number of proxy contests and average number of filings over time

This figure plots the number of voted non-control proxy contests in the U.S. from fiscal year 2009 to 2015. The grey bar shows the average number of dissident filings to the SEC per contest and the black bar shows the number of management filings.

Number of proxy contests and #filings per event from 2009-2015
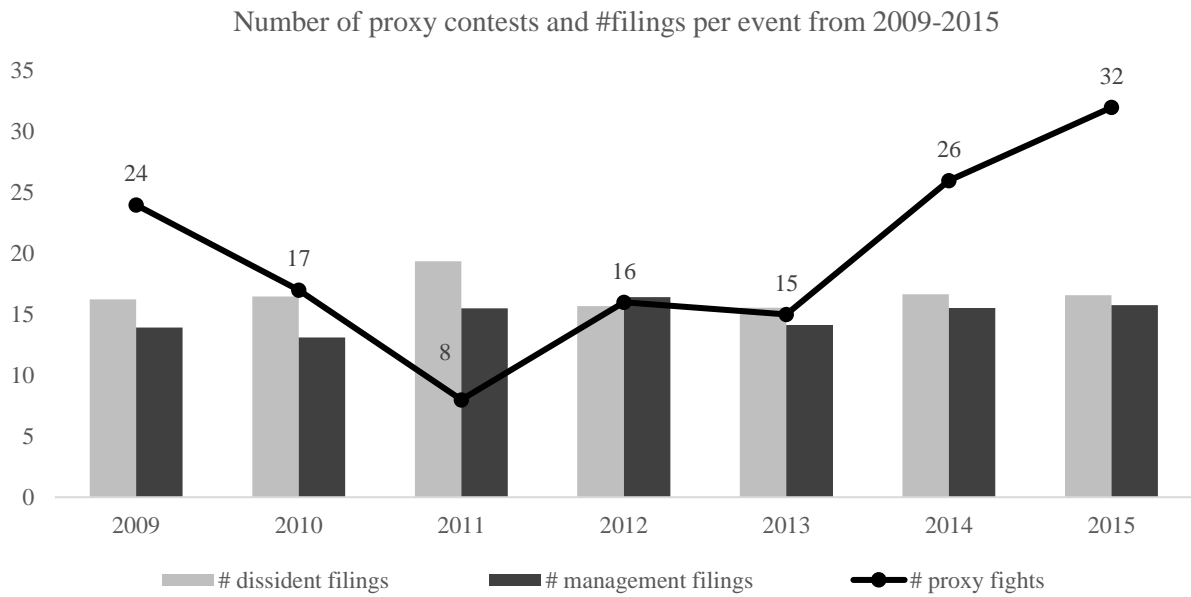
Table 1: Summary statistics

This table reports the summary statistics of the 138 proxy contests from 2009 to 2015. The average, standard deviation, the 25th percentile, the median, and the 75th percentile are reported in columns (1) to (5). Panels A, B, D, and E summarize contest features across the full sample. Panel C summarizes dissident presentations across the 86 proxy contests where the dissident files at least one investor presentation. All variables are defined in Appendix I.

	Mean	SD	The 25th percentile value	Median	The 75th percentile value
	(1)	(2)	(3)	(4)	(5)
Panel A: Features of proxy filings					
# filings from diss.	16.482	9.908	10	14	20
# filings from mgt.	14.949	10.460	8.5	12	18
Length of proxy contest	180.457	154.567	78	123.5	249
With >0 investor presentation	0.812	0.392	1	1	1
With both presentations	0.514	0.502	0	1	1
With diss. presentations	0.623	0.486	0	1	1
With mgt. presentations	0.703	0.459	0	1	1
Panel B: Features of dissident filings					
Avg. #slides	23.472	26.888	0	20	36
#Letters	3.413	5.324	0	2	4
Website	0.326	0.470	0	0	1
Other material	0.080	0.272	0	0	0
Avg. responsiveness	9.066	13.828	2.750	5.250	9.400
Analytical tone	96.312	3.904	96.073	96.794	97.504
Emotional tone	68.252	11.586	60.463	68.685	76.361
Panel C: Features of dissident presentation					
Dissident first	0.491	0.502	0	0	1
Absolute timing (T1)	32.965	40.585	18	21	30
Relative timing (T2)	7.547	37.595	0	0	4
Firm performance	0.964	0.187	1	1	1
Corporate governance	0.917	0.278	1	1	1
Leadership problem	0.548	0.501	0	1	1
Executive compensation	0.488	0.503	0	0	1
# problems	2.917	0.895	2	3	4
# slides on a plan	4.690	6.172	1	3	6
3rd Party support	0.179	0.385	0	0	0
Past interaction	0.440	0.499	0	0	1
Experience	0.512	0.503	0	1	1
Panel D: Other features of proxy fight					
Dissident wins	0.500	0.502	0	0.500	1
ISS for diss.	0.597	0.493	0	1	1
Glass Lewis for diss.	0.396	0.492	0	0	1
Others for diss.	0.303	0.463	0	0	1
Earliest recc date to meeting	12.603	7.840	9	12	14
Avg. hits of diss. filings	277.708	398.970	117.154	184.688	345.981
Avg. hits of mgt. filings	189.216	117.596	103.773	157.864	249.587
# hits of diss. 1st presentation	369.488	381.866	128.5	240.5	474.5
# hits of mgt. 1st presentation	231.467	237.241	99	148.5	268

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Panel E: Firm characteristics

BM	0.886	0.727	0.344	0.766	1.271
ROA	0.037	0.211	0.018	0.072	0.125
Dividend yield	0.018	0.029	0.000	0.005	0.027
MV ($ Billions)	2.300	8.377	0.052	0.210	1.228
Past return	-0.032	0.409	-0.289	-0.001	0.164
Illiquidity	0.676	1.473	0.034	0.140	0.540
Inst. ownership	0.500	0.286	0.264	0.490	0.762
Dissident ownership	0.110	0.093	0.052	0.095	0.148
Management ownership	0.100	0.100	0.029	0.067	0.131

Table 2: Proxy contest outcome and dissident filing features

The sample consists of 138 proxy contests over the sample period 2009 – 2015. Columns (1) to (3) report the mean and mean comparison of the key variables between the subsamples where the dissident wins or loses the proxy contest. If the dissident has achieved at least one of their stated goals, *dissident wins* equals 1, otherwise 0. If the *Diff. Mean* is positive, it means the subsample where the dissident wins has a larger figure on that item compared with that where the management wins. For example, the dissident has more slides in their investor presentation when they win than when they lose. Columns (4) – (6) report the marginal probability of the probit model regressing *dissident wins* on different sets of variables. Column (4) only includes dissident filing features. Column (5) adds firm characteristics, and column (6) includes institutional investor service ("ISS") recommendations. Column (1)- (3) report raw value of *avg. #slides, #letters , Avg. resps days,* and *MV ($ Billions)*. Column (4) – (6) uses the natural log of these variables in the regression. Heteroskedasticity-robust t statistics are reported in parentheses. All variables are defined in Appendix I. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

| | Dissident wins | Dissident loses | | Probit model, Dep: *dissident wins* = 1 | | |
| | Mean | Mean | Diff. Mean | Marg. Prob. | Marg. Prob. | Marg. Prob. |
	(1)	(2)	(3)	(4)	(5)	(6)
(Ln) avg. #slides	31.081	15.862	15.219***	0.098***	0.120***	0.110*
				(3.08)	(2.87)	(1.89)
(Ln) #letters	3.826	3.000	0.826	-0.006	0.023	-0.100
				(-0.10)	(0.33)	(-1.21)
Website	0.333	0.319	0.015	0.035	0.093	0.281*
				(0.35)	(0.69)	(1.79)
Other material	0.087	0.072	0.014	-0.022	0.143	0.082
				(-0.12)	(0.74)	(0.42)
Analytical tone	96.768	95.855	0.913	0.063*	0.096**	0.120*
				(1.66)	(2.09)	(1.85)
Emotional tone	70.461	66.042	4.418**	0.008*	0.007	0.002
				(1.80)	(1.33)	(0.26)
(Ln) Avg. resps days	8.823	9.308	-0.485	0.023	0.048	0.086
				(0.36)	(0.53)	(0.74)
Diff. ownership	0.023	-0.002	0.025	0.253	0.093	0.445
				(0.65)	(0.18)	(0.76)
Insider diss.	0.101	0.043	0.058	0.216	0.359	0.420**
				(1.24)	(1.58)	(2.01)
ISS for dissident	0.787	0.397	0.390***			0.553***
						(3.97)
BM	0.872	0.901	-0.029		-0.006	0.090
					(-0.06)	(0.78)
ROA	0.006	0.066	-0.060		-0.222	-0.495
					(-0.55)	(-1.13)
Dividend yield	0.017	0.018	-0.001		0.297	0.696
					(0.14)	(0.37)
(Ln) MV ($ Billions)	0.632	3.879	- 3.246**		-0.062	-0.058
					(-1.32)	(-1.11)
Past return	-0.057	-0.008	-0.049		-0.046	0.195
					(-0.27)	(0.99)
Inst. ownership	0.477	0.523	-0.046		-0.155	-0.120
					(-0.49)	(-0.32)
Illiquidity	0.573	0.781	-0.208		-0.046	0.036
					(-1.11)	(0.58)
Observations				134	101	92
Psudeo R2				0.10	0.19	0.33
%(dep=1)				50%	49.5%	50%

Table 3: Proxy advisor recommendation and dissident filing features

The sample consists of 119 proxy contests with at least one proxy advisor recommendation over the sample period 2009 – 2015. Columns (1) – (3) report the recommendations from Institutional Shareholder Service ("ISS"), Glass Lewis, and others (including proxy governance, proxy mosaic, and Egan-Jones), respectively. Panel A, columns (a) – (c) report the mean and mean comparison of the key variables between the subsamples where the proxy advisor recommends *for* and *against* the dissident. If the proxy advisor supports at least one of the dissident's stated goals, *for dissident* equals 1, otherwise 0. If the *Diff. Mean* is positive, it means the subsample where the proxy advisor supports the dissident has a larger figure on that item compared with that where the advisor supports the management. Panel B reports the marginal probability of the probit model regressing proxy advisor *for dissident* on different sets of variables. Column (a) only includes dissident filing features and column (b) adds firm characteristics. Heteroskedasticity-robust t statistics are reported in parentheses. All variables follow the definition in Appendix I and are calculated at the time *before* the corresponding proxy advisor recommendation date. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Summary of dissident filing features of subsamples with proxy advisor "for" VS. "against" recommendations

	ISS recommendations			Glass Lewis recommendations			Others recommendations		
	For dissident	Against dissident		For dissident	Against dissident		For dissident	Against dissident	
	Mean	Mean	Diff. Mean	Mean	Mean	Diff. Mean	Mean	Mean	Diff. Mean
	(1a)	(2a)	(3a)	(1b)	(2b)	(3b)	(1c)	(2c)	(3c)
Avg. #slides	32.984	15.764	17.221***	44.749	18.885	25.864***	17.875	5.413	12.462***
#letters	3.958	2.313	1.645*	4.184	3.621	0.564	1.800	0.804	0.996
Website	0.324	0.292	0.032	0.395	0.224	0.170*	0.350	0.326	0.024
Other material	0.127	0.042	0.085	0.184	0.034	0.150**	0.150	0.087	0.063
Analytical tone	96.776	95.529	1.247*	96.661	96.465	0.196	96.458	96.556	-0.098
Emotional tone	68.866	67.209	1.657	68.734	66.885	1.849	67.670	68.826	-1.156
Avg. resps days	6.030	8.313	-2.282**	5.657	7.352	-1.695	4.659	6.591	-1.932
Diff. ownership	0.004	0.021	-0.017	0.008	0.035	-0.026	0.052	0.027	0.025
Insider diss.	0.056	0.063	-0.006	0.026	0.086	-0.060	0.150	0.022	0.128**

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Panel B: Probit model of proxy advisor recommendation and dissident filing features

	ISS		Glass Lewis		Others	
	Marg. Prob.	Marg. Prob.	Marg. Prob.	Marg. Prob.	Marg. Prob.	Marg. Prob.
	(1a)	(2a)	(1b)	(2b)	(1c)	(2c)
Ln avg. #slides	0.109***	0.098**	0.109***	0.112**	0.122***	0.094*
	(3.33)	(2.13)	(2.82)	(2.19)	(2.83)	(1.84)
Ln #letters	0.119**	0.162**	0.063	0.017	0.012	0.119
	(1.98)	(2.02)	(0.91)	(0.25)	(0.14)	(1.03)
Website	-0.113	-0.146	0.058	0.075	0.132	0.128
	(-0.97)	(-0.94)	(0.47)	(0.52)	(0.87)	(0.93)
Other material	0.281	0.308	0.319	0.402*	0.198	0.147
	(1.40)	(1.32)	(1.45)	(1.80)	(0.86)	(0.75)
Analytical tone	0.143***	0.136**	0.082	0.137**	0.049	0.121*
	(3.04)	(2.31)	(1.57)	(2.06)	(0.80)	(1.78)
Emotional tone	0.004	0.009	0.005	0.002	-0.005	0.008
	(0.88)	(1.50)	(0.96)	(0.30)	(-0.71)	(1.16)
Ln Avg. resps days	-0.080	-0.168	-0.042	-0.083	-0.122	-0.090
	(-1.12)	(-1.52)	(-0.53)	(-0.91)	(-1.15)	(-0.91)
Diff. ownership	-0.700*	-0.880	-0.543	-0.539	-0.166	-1.080*
	(-1.74)	(-1.40)	(-1.28)	(-1.10)	(-0.36)	(-1.68)
Insider diss.	0.070	-0.217	-0.231	-0.163	0.603**	0.884**
	(0.45)	(-0.89)	(-1.03)	(-0.75)	(2.34)	(2.43)
BM		-0.079		-0.202**		-0.103
		(-0.82)		(-1.97)		(-0.98)
ROA		0.114		-0.353		-0.066
		(0.36)		(-1.01)		(-0.27)
Dividend yield		1.600		-0.651		-9.301***
		(0.84)		(-0.30)		(-2.88)
Ln MV		0.028		0.031		0.120**
		(0.53)		(0.60)		(2.11)
Past return		-0.583***		-0.239		-0.624***
		(-2.89)		(-1.44)		(-2.93)
Inst. ownership		-0.663*		-0.187		-1.389***
		(-1.85)		(-0.52)		(-3.24)
Illiquidity		-0.192		-0.012		-0.032
		(-1.63)		(-0.23)		(-0.58)
Observations	118	92	96	81	66	60
Psudeo R2	0.20	0.30	0.20	0.27	0.23	0.42
%(dep=1)	60.2%	57.6%	39.6%	37.0%	30.3%	33.3%

Probit model, Dep: advisor *for dissident* = 1

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Table 4: Proxy contest outcome and dissident presentations

The sample in columns (1) – (4) includes 86 proxy contests with at least one investor presentation from the dissident from 2009 to 2015. Column (5) expands the sample to the 112 proxy contests with at least one presentation from either side. Columns (1) - (3) report the mean and mean comparison of the key variables between the subsamples where the dissident wins or loses. If the dissident has achieved at least one of their stated goals, *dissident wins* equals 1, otherwise 0. If the *Diff. Mean* is positive, it means the subsample where the dissident wins has a larger figure on that item compared with that where the management wins. For example, the dissident has more slides in their investor presentation when they win than when they lose. Column (4) reports the marginal probability of the probit model regressing *dissident wins* on a set of dissident presentation features and firm characteristics. Column (5) reports the marginal probability of the probit model regressing *dissident wins* on the timing of dissident presentation and other controls. Column (1)- (3) report raw value of *avg. #slides, # slides on a plan*, and *MV ($ Billions)*. Column (4) and (5) uses the natural log of these variables in the regression. Heteroskedasticity-robust t statistics are in parentheses. All variables are defined in Appendix I. ***, **, and * denote significance at the 1%, 5%, and 10%, respectively.

	Sample with at least 1 dissident presentations			Sample with ≥1 PPTs
	Dissident wins	Dissident loses		Probit model, Dep: *dissident wins* = 1	
	Mean	Mean	Diff. Mean	Marg. Prob.	Marg. Prob.
	(1)	(2)	(3)	(4)	(5)
Dissident first	0.678	0.283	0.395***	0.547***	0.247*
				(3.87)	(1.89)
(Ln) avg. #slides	36.349	20.651	15.698***		0.069
					(1.32)
# problems	3.040	2.735	0.304	0.209**	
				(2.24)	
(Ln) # slides on a plan	5.720	3.176	2.544*	0.295***	
				(2.83)	
3rd Party support	0.260	0.059	0.201**	0.364**	
				(2.57)	
Experience	0.500	0.529	-0.029	-0.185	
				(-1.06)	
Past interaction	0.480	0.382	0.097	0.248	
				(1.50)	
ISS for dissident	0.807	0.404	0.403***	0.406**	0.435***
				(2.55)	(3.38)
BM	0.843	0.914	-0.070	-0.094	-0.106
				(-0.84)	(-1.02)
ROA	-0.010	0.075	-0.085*	0.494	-0.356
				(1.31)	(-0.81)
Dividend yield	0.017	0.020	-0.002	-5.085	0.106
				(-1.51)	(0.05)
(Ln) MV ($ Billions)	0.714	4.730	-4.016*	-0.177**	-0.082*
				(-2.51)	(-1.68)
Past return	-0.013	0.019	-0.031	-0.037	-0.068
				(-0.18)	(-0.39)
Inst. ownership	0.466	0.515	-0.049	0.161	0.044
				(0.34)	(0.13)
Illiquidity	0.509	0.811	-0.302	-0.203	-0.001
				(-1.47)	(-0.01)
Observations				67	87
Psudeo R2				0.40	0.28
%(dep=1)				58.2%	50.6%

Table 5: Dissident first presentation and firm characteristics

The sample consists of 112 proxy contests with at least one investor presentation from either the dissident or the management from 2009 to 2015. Columns (1) to (3) report the mean and mean comparison of firm characteristics between the subsamples where the dissident presents first ("*dissident first*") or the management presents first during the proxy contest. *Diff. Mean* is positive means the subsample where the dissident presents first has a larger figure on that item compared with that where the management presents first. Column (4) reports the marginal probability of the probit model regressing *dissident first* on a set of firm characteristics. Column (1) to (3) report the raw value of *MV ($ Billions)* and column (4) uses the natural log of this variable in the regression. Heteroskedasticity-robust t statistics are reported in parentheses. All variables are defined in Appendix I. ***, **, and * denote significance at the 1%, 5%, and 10%, respectively.

	Dissident first	Management first		Probit model, Dep: *dissident first* = 1
	Mean	Mean	Diff. Mean	Marg. Prob.
	(1)	(2)	(3)	(4)
BM	0.888	0.867	0.021	0.056
				(0.68)
ROA	-0.013	0.076	-0.089**	-0.499**
				(-2.01)
Dividend yield	0.017	0.020	-0.002	-0.305
				(-0.18)
(Ln) MV ($ Billions)	1.639	2.255	-0.616	0.014
				(0.32)
Past return	-0.010	0.014	-0.024	-0.100
				(-0.66)
Inst. ownership	0.476	0.501	-0.025	-0.556*
				(-1.80)
Illiquidity	0.424	0.888	-0.464	-0.143**
				(-2.06)
Observations				89
Psudeo R2				0.08
%(dep=1)				49.4%

Table 6: Proxy contest outcome and the timing of dissident presentations

The sample consists of 86 proxy contests with at least one investor presentation from the dissident from 2009 to 2015. The table reports the marginal probability of the probit model regressing *dissident wins* on different sets of specifications. If the dissident has achieved at least one of their stated goals, *dissident wins* equals 1, otherwise 0. Column (a) includes the timing of dissident presentations, presentation features, and firm controls. Column (b) uses the timing and the length of dissident presentation as well as firm controls. Column (1) defines *absolute timing* ("*T1*") as the days between the dissident's first presentation date and the meeting date. Column (2) uses *relative timing* ("*T2*") as the number of days between the first presentation date (regardless of the identity of the presenting party) and the dissident's first presentation date. Heteroskedasticity-robust t statistics are reported in parentheses. All variables are defined in Appendix I. ***, **, and * denote significance at the 1%, 5%, and 10%, respectively.

	Probit model, Dep: *dissident wins* = 1			
	Marg. Prob.	Marg. Prob.	Marg. Prob.	Marg. Prob.
	(1a)	(1b)	(2a)	(2b)
Ln T1	0.529***	0.461***		
	(2.74)	(2.81)		
Ln T2			-0.291***	-0.213***
			(-4.03)	(-2.77)
Ln avg. #slides		0.182		0.344***
		(1.34)		(2.67)
# problems	0.137		0.231**	
	(1.52)		(2.25)	
#slides on a plan	0.154*		0.284***	
	(1.77)		(2.83)	
3rd Party support	0.189		0.363**	
	(1.28)		(2.08)	
Experience	-0.223		-0.234	
	(-1.53)		(-1.37)	
Past interaction	0.220		0.268*	
	(1.60)		(1.76)	
ISS for dissident	0.393**	0.370***	0.396**	0.355***
	(2.48)	(2.50)	(2.57)	(2.48)
BM	-0.053	-0.095	-0.075	-0.091
	(-0.47)	(-0.87)	(-0.70)	(-0.81)
ROA	0.078	-0.167	0.491	-0.056
	(0.24)	(-0.49)	(1.32)	(-0.16)
Dividend yield	-0.597	-0.969	-5.392	-3.512
	(-0.21)	(-0.39)	(-1.55)	(-1.24)
Ln MV	-0.154**	-0.139**	-0.145*	-0.095*
	(-2.51)	(-2.48)	(-1.92)	(-1.73)
Past return	-0.018	-0.106	-0.122	-0.141
	(-0.11)	(-0.62)	(-0.65)	(-0.83)
Inst. ownership	-0.107	-0.028	-0.112	-0.061
	(-0.27)	(-0.08)	(-0.23)	(-0.17)
Illiquidity	-0.111	0.007	-0.276*	-0.054
	(-0.78)	(0.05)	(-1.78)	(-0.39)
Observations	67	68	67	68
Psudeo R2	0.35	0.29	0.44	0.29
%(dep=1)	58.2%	58.8%	58.2%	58.8%

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Table 7: Proxy contest outcome and the "first effect"

The table reports the marginal probability of the probit model regressing *dissident wins* on dissident first presentation in different subsamples. If the dissident has achieved at least one of their stated goals, *dissident wins* equals 1, otherwise 0. The sample in column (1) consists of 71 proxy contests with investor presentations from both sides from 2009 to 2015. Column (2) consists of 39 (47) proxy contests with presentations made within 6 (8) calendar days from the two sides. Heteroskedasticity-robust t statistics are reported in parentheses. All variables are defined in Appendix I. ***, **, and * denote significance at the 1%, 5%, and 10%, respectively.

VARIABLES	Probit model, Dep: *dissident wins* = 1			
	Both do presentations		Two presentations from both sides ≤ 6 days	Two presentations from both sides ≤ 8 days
	Marg. Prob.	Marg. Prob.	Marg. Prob.	Marg. Prob.
	(1a)	(1b)	(2a)	(2b)
Dissident first	0.643***	0.413***	0.327*	0.541***
	(4.38)	(2.75)	(1.91)	(2.63)
Ln avg. #slides		0.288**	0.039***	0.262**
		(2.03)	(2.93)	(1.98)
# problems	0.295***			
	(2.74)			
#slides on a plan	0.346***			
	(2.69)			
3rd Party support	0.386***			
	(3.42)			
Experience	-0.129			
	(-0.66)			
Past interaction	0.230			
	(1.31)			
ISS for dissident	0.495***	0.382***	0.047	0.329**
	(3.00)	(2.50)	(0.62)	(2.06)
BM	-0.086	-0.080	-0.016*	-0.208**
	(-0.71)	(-0.69)	(-1.83)	(-2.23)
ROA	0.758*	0.038	-0.323***	-2.680***
	(1.93)	(0.11)	(-2.60)	(-2.85)
Dividend yield	-8.715**	-4.387	-1.109**	-5.383**
	(-2.13)	(-1.57)	(-2.29)	(-2.03)
Ln MV	-0.220***	-0.107**	-0.025**	-0.179***
	(-2.74)	(-2.03)	(-2.14)	(-3.38)
Past return	-0.164	-0.150	-0.026	-0.147
	(-0.75)	(-0.79)	(-1.58)	(-0.86)
Inst. ownership	0.212	0.095	0.039	0.242
	(0.43)	(0.24)	(0.55)	(0.46)
Illiquidity	-0.114	0.082	-0.033**	-0.122
	(-0.87)	(0.52)	(-2.31)	(-0.74)
Observations	61	62	36	43
Psudeo R2	0.47	0.28	0.70	0.51
%(dep=1)	59.0%	59.7%	66.7%	60.5%

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Table 8: Internet traffic and the "first effect" in two subsamples

The table reports the mean and mean comparison of the attention on the first presentation between the subsamples where the first presenting party wins ("*first PPT wins*") and loses ("*first PPT loses*") the proxy fight. The attention on the first presentation has two proxies. $I_{first\ ppt\ hits\ >\ second\ ppt\ hits}$ is equal to 1 if the number of Internet hits of the first presentation is higher than that of the second presentation during the proxy contest, otherwise 0. *First hits/second hits* is the ratio of the total number of Internet hits of the first presentation to that of the second one during the proxy contest. The definition of Internet hits can be found in subsection 2.4.1. Panel A consists of the 39 proxy contests with investor presentations from both sides made within 6 calendar days. Panel B includes the 71 proxy contests with investor presentations made by both sides. Column (2) of panel A (B) further restricts to the subsample with 25 (40) proxy contests where the dissident achieves at least one of her goals. If *Diff. Mean* is positive, it means the "first PPT wins" subsample has a larger figure on that item compared with the "first PPT loses" subsample. ***, **, and * denote significance at the 1%, 5%, and 10%, respectively.

Panel A: Internet traffic and proxy fights with presentations from both sides made within 6 calendar days

	Full sample			Dissident wins		
	First PPT wins	First PPT loses		First PPT wins	First PPT loses	
	Mean	Mean	Diff. Mean	Mean	Mean	Diff. Mean
	(1a)	(1b)	(1c)	(2a)	(2b)	(2c)
$I_{first\ ppt\ hits\ >\ second\ ppt\ hits}$	0.74	0.36	0.38**	0. 94	0	0. 94***
#First hits/# second hits	1.81	1.08	0.74*	2.20	0.66	1.54**

Panel B: Internet traffic and proxy contests with investor presentations from both sides

	Full sample			Dissident wins		
	First PPT wins	First PPT loses		First PPT wins	First PPT loses	
	Mean	Mean	Diff. Mean	Mean	Mean	Diff. Mean
	(1a)	(1b)	(1c)	(2a)	(2b)	(2c)
$I_{first\ ppt\ hits\ >\ second\ ppt\ hits}$	0.70	0.38	0.33**	0. 89	0	0. 89***
# First hits/# second hits	1.70	1.12	0.58	2.25	0.58	1.67***

Table 9: Ownership structure and the "first effect" in two subsamples

The table reports the mean and mean comparison of the ownership structure on the first presentation between the subsamples where the first presenting party wins ("first PPT wins") and loses ("first PPT loses") the proxy fight. Ownership structure further breaks down to the retail ownership ("*retail ownership*"), institutional ownership ("*inst. ownership*"), and the difference between the dissident and management ownership ("*Diss. – Mgt. ownership*"). Panel A consists of the 39 proxy contests with investor presentations from both sides made within 6 calendar days. Panel B includes the 71 proxy contests with investor presentations made by both sides. Column (2) of panel A (B) further restricts to the subsample with 25 (40) proxy contests where the dissident achieves at least one of their goals. If *Diff. Mean* is positive, it means the "first PPT wins" subsample has a larger figure on that item compared with the "first PPT loses" subsample. ***, **, and * denote significance at the 1%, 5%, and 10%, respectively.

Panel A: Ownership structure and proxy fights with presentations from both sides made within 6 calendar days

	Full sample			Dissident wins		
	First PPT wins	First PPT loses		First PPT wins	First PPT loses	
	Mean	Mean	Diff. Mean	Mean	Mean	Diff. Mean
	(1a)	(1b)	(1c)	(2a)	(2b)	(2c)
Retail ownership	0.464	0.288	0.176**	0. 470	0. 285	0.185*
Inst. ownership	0.440	0.614	-0.174**	0.446	0.646	-0.200*
Diss. – Mgt. ownership	0.040	0.015	0.025	0.059	0.049	0.010

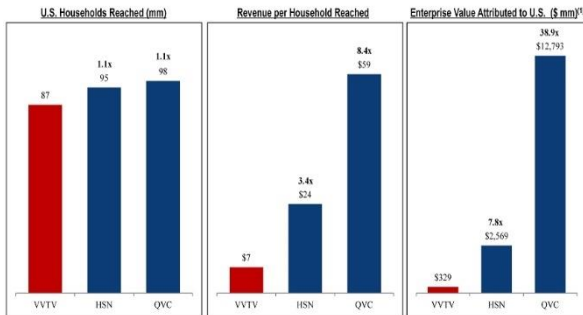*Panel B: Ownership structure and proxy contests with investor presentations from both sides*

	Full sample			Dissident wins		
	First PPT wins	First PPT loses		First PPT wins	First PPT loses	
	Mean	Mean	Diff. Mean	Mean	Mean	Diff. Mean
	(1a)	(1b)	(1c)	(2a)	(2b)	(2c)
Retail ownership	0.428	0.298	0.130**	0. 417	0. 337	0.080
Inst. ownership	0.477	0.614	-0.137**	0.489	0.605	-0.116
Diss. – Mgt. ownership	0.029	0.004	0.024	0.041	0.045	-0.004

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Internet appendix
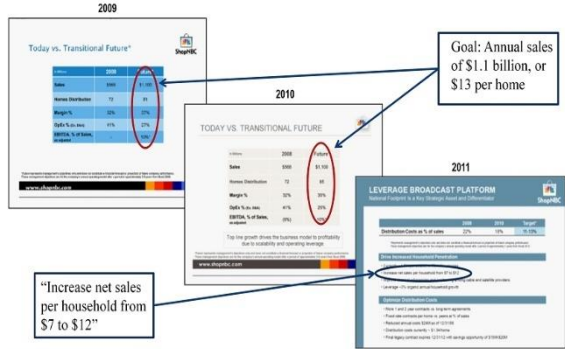
Appendix A1: Example of dissident presentation

This appendix provides the sample of investor presentations made by Clinton Group in its proxy contest against ValueVision Media (rebranded as "Evine Live, Inc." since November 2014) from 2013 to 2014. Available at: https://www.sec.gov/Archives/edgar/data/870826/000090266414000460/0000902664-14-000460-index.htm

Slide 1 (Page 12)

Retailers and Others Have Recovered and Grown Since 2007 — CLINTON GROUP

ValueVision is a notable exception to the recovery in eCommerce and Retailing
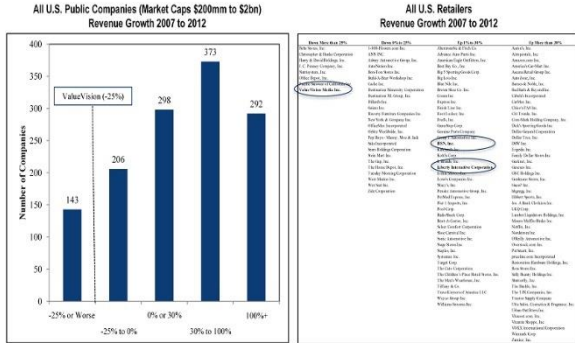
All U.S. Public Companies (Market Caps $200mm to $2bn)
Revenue Growth 2007 to 2012

All U.S. Retailers
Revenue Growth 2007 to 2012

Source: Capital IQ

Slide 2 (Page 13)

Yet, VVTV Has Declared Victory In Achieving a Turnaround — CLINTON GROUP

Current CEO's Declaration	Date	TSR Beat Russell 2000 Since?	TSR Beat HSNI Since?	TSR Beat LINTA Since?
"The turnaround at ShopNBC is gaining momentum."	8/12/2009	No	No	
"Another solid step in the right direction in our turnaround… Our rebuilding efforts are starting to actualize [and] the turnaround at ShopNBC has gained traction."	11/18/2009	No	No	
"Fiscal 2009: A Transformational Year for ShopNBC"	1/14/2010	No	No	
"ShopNBC is truly [at] the turning point in its 19 year history."	3/16/2010	No	No	
"This overall progress is a validation of our continued focus and efforts to turn the Company around while executing on new strategies for growth."	11/18/2010	Yes	No	
"Much of the business rebuilding [is] behind us."	3/17/2011	No	No	
"We are executing on an exciting road map to drive improved performance."	5/11/2011	No	No	
ShopNBC is "executing [its] growth strategy."	8/1/2011	No	No	
"Major elements of our business turnaround [are] behind us."	8/21/2013	No	No	No

Source: Earnings call transcripts and Capital IQ. Stock price performance measured from the date of the transcript to October 29, 2013

Slide 3 (Page 14)

We Believe Work Remains To Be Done — CLINTON GROUP

Strategic, operational and governance issues remain, in our view

- Strategy is old and lacks innovation, in our view
  - '90s televised retailing
  - Lack of notable proprietary brands
  - Difficult geography for merchants and vendors
  - Off-asset marketing

- Operational issues continue to affect the business
  - Scheduling (repetitive shows and on tape)
  - Product mix
  - Fixed-price distribution contracts
  - Slow to mobile devices
  - High rates of product returns
  - Standard definition picture

- Governance
  - Chairman made $413,000 last year (70% in cash)
  - Internal management strife
  - Commuting management team (most live >1000 away)

Slide 4 (Page 15)

Unfulfilled Promises — CLINTON GROUP

The Promise

"The economy has nothing to do with ShopNBC's woes…We shot ourselves in the foot. It was all about poor execution. It was all about a backward business model. It's why we haven't delivered more than a dollar of earnings in 18 years. *And that is going to change.*"

-- Keith Stewart, quoted in *Minneapolis Star Tribune* (May 3, 2009)

The Results

- ValueVision's aggregate earnings-per-share under Mr. Stewart are -$2.97
- Mr. Stewart has delivered just two EPS positive quarters out of 19[1]
- Since 2009, HSN has grown EPS from $1.26 per share to $3.12 (LTM), a 27% compounded growth rate

Source: StarTribune, "ShopNBC looking to get back in the game." May 3, 2009 (http://www.startribune.com/business/44185097.html). Company filings and Capital IQ.
(1). One of the two positive quarters (Q1 '09) was driven by a $27.4 million accounting benefit relating to the preferred stock. The business otherwise lost $12 million that quarter. The other profitable quarter was Q1'13 with $0.02 of EPS

Slide 5 (Page 16)

We Believe Our Nominees Can Deliver Change — CLINTON GROUP

The six independent Nominees have the experience and expertise necessary to provide better oversight, in our opinion

Thomas A. Beers
CEO, FremantleMedia North America

Dorrit M. Bern
Former CEO, Charming Shoppes

Mark C. Bozek
Former CEO, HSN

Thomas D. Mottola
Former Chairman and CEO, Sony Entertainment

Robert Rosenblatt
Former CFO / President, HSN
Former CFO, Bloomingdale's

Fred Siegel
Former EVP of Marketing, QVC

Slide 6 (Page 17)

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Appendix A2: Proxy contest outcome, advisor recommendations, and dissident filing features

The sample consists of 138 proxy contests over the sample period 2009 – 2015. This table reports the coefficients of OLS regressions. Columns (1) and (2) replicate columns (4) and (5) in table 2. Columns (3) to (8) replicates table 3 panel B. Heteroskedasticity-robust t statistics are reported in parentheses. All variables are defined in Appendix I. ***, **, and * denote significance at the 1%, 5%, and 10%, respectively.

	Dep: *dissident wins* = 1		Dep: advisor *for dissident* = 1					
			ISS		Glass Lewis		Others	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Ln avg. #slides	0.090***	0.097***	0.095***	0.079**	0.089***	0.086**	0.116**	0.097
	(3.13)	(2.78)	(3.39)	(2.21)	(3.01)	(2.11)	(2.601)	(1.42)
Ln #letters	-0.007	0.021	0.097*	0.096	0.047	-0.004	0.009	0.060
	(-0.13)	(0.31)	(1.97)	(1.61)	(0.74)	(-0.06)	(0.104)	(0.45)
Website	0.024	0.059	-0.091	-0.089	0.052	0.083	0.079	0.043
	(0.27)	(0.47)	(-0.91)	(-0.67)	(0.45)	(0.56)	(0.576)	(0.28)
Other material	-0.014	0.117	0.201	0.190	0.291*	0.332*	0.133	0.125
	(-0.08)	(0.70)	(1.60)	(1.21)	(1.80)	(1.92)	(0.653)	(0.56)
Analytical tone	0.051*	0.069**	0.115***	0.081*	0.069*	0.098*	0.033	0.038
	(1.76)	(2.07)	(3.07)	(1.74)	(1.71)	(1.92)	(0.546)	(0.59)
Emotional tone	0.006*	0.006	0.004	0.006	0.005	0.002	-0.004	0.001
	(1.72)	(1.31)	(0.90)	(1.29)	(1.06)	(0.36)	(-0.714)	(0.09)
Ln Avg. resps days	0.027	0.037	-0.073	-0.102	-0.042	-0.072	-0.095	-0.055
	(0.48)	(0.45)	(-1.16)	(-1.31)	(-0.62)	(-0.93)	(-1.061)	(-0.49)
Diff. ownership	0.252	0.084	-0.580	-0.452	-0.327	-0.145	-0.026	-0.253
	(0.69)	(0.17)	(-1.66)	(-1.05)	(-0.91)	(-0.35)	(-0.068)	(-0.50)
Insider diss.	0.192	0.255	0.070	-0.103	-0.188	-0.144	0.445*	0.431*
	(1.13)	(1.27)	(0.54)	(-0.64)	(-1.05)	(-0.70)	(1.970)	(1.84)
BM		-0.005		-0.045		-0.123		-0.028
		(-0.05)		(-0.68)		(-1.33)		(-0.25)
ROA		-0.167		0.136		-0.182		-0.075
		(-0.46)		(0.56)		(-0.52)		(-0.30)
Dividend yield		0.201		0.765		-0.195		-2.678*
		(0.10)		(0.45)		(-0.14)		(-1.70)
Ln MV		-0.057		0.008		0.022		0.041
		(-1.36)		(0.21)		(0.50)		(0.71)
Past return		-0.018		-0.376**		-0.142		-0.295
		(-0.11)		(-2.32)		(-0.81)		(-1.53)
Inst. ownership		-0.077		-0.327		-0.069		-0.711*
		(-0.26)		(-1.31)		(-0.20)		(-1.90)
Illiquidity		-0.037		-0.089**		-0.004		-0.036
		(-1.20)		(-2.59)		(-0.09)		(-0.58)
Observations	134	101	118	92	96	81	66	60
Adj. R-squared	0.071	0.085	0.179	0.172	0.154	0.117	0.144	0.124
%(dep=1)	50%	49.5%	60.2%	57.6%	39.6%	37.0%	30.3%	33.3%

Appendix A3: Proxy contest outcome, investor presentation content, and timing

The sample consists of 112 proxy contests that involve at least one investor presentation from either the dissident or the management over the sample period 2009 – 2015. This table reports the coefficients of OLS regressions. Columns (1) and (2) replicate columns (5) and (4) in table 4. Columns (3) to (6) replicate table 6. Column (7) replicates column (4) in table 5. Heteroskedasticity-robust t statistics are reported in parentheses. All variables are defined in Appendix I. ***, **, and * denote significance at the 1%, 5%, and 10%, respectively.

	Dep: *dissident wins* = 1						Dep: *dissident first* = 1
	Sample with ≥1 presentations		Sample with at least 1 dissident presentations				Sample with ≥1 presentations
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Dissident first	0.203*	0.330***					
	(1.80)	(2.71)					
Ln T1			0.230**	0.242***			
			(2.49)	(3.10)			
Ln T2					-0.176***	-0.167***	
					(-3.51)	(-2.86)	
Ln avg. #slides	0.041			0.149		0.228**	
	(1.04)			(1.37)		(2.45)	
# problems		0.100	0.076		0.104		
		(1.35)	(0.98)		(1.37)		
Ln # slides on a plan		0.131**	0.090		0.132**		
		(2.13)	(1.11)		(2.27)		
3rd Party support		0.247**	0.164		0.230*		
		(2.12)	(1.36)		(1.81)		
Experience		-0.110	-0.088		-0.127		
		(-1.00)	(-0.76)		(-1.18)		
Past interaction		0.154	0.158		0.147		
		(1.23)	(1.21)		(1.26)		
ISS for dissident	0.354***	0.225	0.245	0.278**	0.205	0.243*	
	(3.27)	(1.61)	(1.65)	(2.06)	(1.57)	(1.92)	
BM	-0.059	-0.026	-0.013	-0.055	-0.018	-0.056	0.047
	(-0.81)	(-0.30)	(-0.14)	(-0.59)	(-0.20)	(-0.59)	(0.61)
ROA	-0.250	0.162	-0.014	-0.156	0.174	-0.029	-0.372**
	(-0.99)	(0.54)	(-0.05)	(-0.54)	(0.58)	(-0.11)	(-2.21)
Dividend yield	0.037	-1.997	-0.455	-0.827	-2.170	-2.368	-0.249
	(0.02)	(-0.97)	(-0.20)	(-0.42)	(-0.96)	(-1.15)	(-0.15)
Ln MV	-0.059	-0.070*	-0.083*	-0.090*	-0.064	-0.068	0.018
	(-1.58)	(-1.74)	(-1.82)	(-1.88)	(-1.57)	(-1.50)	(0.44)
Past return	-0.031	0.019	-0.001	-0.059	-0.017	-0.079	-0.090
	(-0.24)	(0.13)	(-0.01)	(-0.37)	(-0.13)	(-0.59)	(-0.62)
Inst. ownership	0.041	0.026	-0.101	-0.052	-0.053	-0.036	-0.489*
	(0.16)	(0.09)	(-0.32)	(-0.16)	(-0.17)	(-0.12)	(-1.72)
Illiquidity	-0.007	-0.095	-0.075	-0.005	-0.139	-0.051	-0.088***
	(-0.15)	(-0.75)	(-0.53)	(-0.04)	(-1.02)	(-0.38)	(-3.78)
Observations	87	67	67	68	67	68	89
Adj. R-squared	0.239	0.228	0.179	0.158	0.277	0.217	0.018
%(dep=1)	50.6%	58.2%	58.2%	58.8%	58.2%	58.8%	49.4%

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Appendix A4: Proxy contest outcome and the first-mover effect

The sample in column (1) consists of 71 proxy contests with investor presentations from both sides from 2009 to 2015. Column (2) consists of 39 (47) proxy contests with presentations made within 6 (8) calendar days from the two sides. This table reports the coefficients of OLS regressions and it replicates table 7. Heteroskedasticity-robust t statistics are reported in parentheses. All variables are defined in Appendix I. ***, **, and * denote significance at the 1%, 5%, and 10%, respectively.

	Dep: *dissident wins* = 1			
	Both do presentations		Two presentations from both sides $\leq$ 6 days	Two presentations from both sides $\leq$ 8 days
	(1)	(2)	(3)	(4)
Dissident first	0.372***	0.323**	0.266*	0.322**
	(2.96)	(2.48)	(1.71)	(2.06)
Ln avg. #slides		0.197	0.333**	0.250
		(1.65)	(2.12)	(1.67)
# problems	0.107			
	(1.27)			
#slides on a plan	0.120*			
	(1.97)			
3rd Party support	0.245*			
	(1.87)			
Experience	-0.090			
	(-0.79)			
Past interaction	0.127			
	(0.96)			
ISS for dissident	0.216	0.277**	0.053	0.094
	(1.56)	(2.03)	(0.38)	(0.60)
BM	-0.013	-0.039	0.001	-0.012
	(-0.15)	(-0.41)	(0.01)	(-0.14)
ROA	0.255	0.028	-0.145	-0.319
	(0.87)	(0.10)	(-0.84)	(-1.46)
Dividend yield	-2.932	-2.979	-5.217**	-3.264
	(-1.40)	(-1.57)	(-2.27)	(-1.57)
Ln MV	-0.067*	-0.070	-0.133***	-0.105**
	(-1.71)	(-1.61)	(-3.46)	(-2.64)
Past return	-0.021	-0.078	-0.065	-0.008
	(-0.14)	(-0.47)	(-0.28)	(-0.04)
Inst. ownership	0.072	0.083	0.359	0.269
	(0.24)	(0.26)	(1.03)	(0.84)
Illiquidity	0.002	0.075	-0.010	0.058
	(0.02)	(0.61)	(-0.08)	(0.48)
Observations	61	62	36	43
Adj. R-squared	0.254	0.181	0.301	0.252
%(dep=1)	59.0%	59.7%	66.7%	60.5%

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