

2007 Shareholder Activism -Updated For Q4

Executive Summary

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Executive Summary

- Throughout 2007 activists attempted to exert their influence at 61 public companies. That is, they either sought to make changes to the target's board of directors, or to effectuate some other sort of value enhancing action or transaction.
- Between October and December 2007 (Q4) activists attempted to exert their influence at eight public companies. While it is impossible to definitively determine which party (the activist or the target) will prevail in each of these instances, there are two instances where it appears as though the activist will secure a victory.
- The most common demand made by activist firms was for board seats. This is consistent with two studies that we have completed in the past.
- The average target size in terms of market capitalization during Q4 was about \$1.22 billion - well below the roughly \$8.49 billion average for the first three quarters of 2007.
- Consumer Discretionary companies were the most frequent targets in the fourth quarter. This too is consistent with studies that we have completed in the past.
- Companies within the financial industry were not targeted in the fourth quarter. This is somewhat surprising given the large decline in equity prices in this group and given that many of these firms continue to maintain valuable and tangible assets on their balance sheets.
- While Carl Icahn and entities controlled by Icahn appeared to be the most active for all of 2007, Ramius Capital was a close second, recording three cases of activism in Q4 and five for the full year.
- Private equity firms and hedge funds remained the most common activists. Q4 did not see major mutual funds or individual investors lead any charges for corporate change as they did in the Q1 to Q3 time frame.
- Perhaps not surprisingly, cash-strapped construction companies and builders were targeted the least by activist shareholders throughout 2007. There was no change from the first three quarters of the year.

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