



Institutional Investors Express Broad Support for Activists' Agenda in 2010 Proxy Season According to New Survey from FD

60 Percent of Respondents Want "Say on Pay" Regulation Passed

75 Percent Say Shareholders Should have the Right to Make Board Nominations

Nearly Half of Respondents See Activist Presence as Sign of Corporate Mismanagement

New York– February 18, 2010: Institutional investors are showing a surprising willingness to support activist investors' agendas, and have also expressed greater support for shareholder friendly reforms that once garnered only minority shareholder support, according to a new survey of 60 institutional investors conducted by FD, the strategic communications segment of FTI Consulting, Inc., (NYSE: FCN). FD's survey, entitled "Shareholder Activism and the 2010 Proxy Season", measured attitudes and perceptions of institutional investors in November 2009, two thirds of whom are money managers and 60 percent of which manage assets of \$100M or more.

Survey Findings

The most significant findings from the research demonstrate popular support among institutional shareholders for activists, generally, as well as support for governance reforms related to perennial hot-button topics such as shareholder rights, executive compensation and proxy access.

- Institutional investors expressed greater support for so-called activist shareholders that can rattle corporate boardrooms. Nearly three-quarters of investors (73%) believe that "activist investors add value to the company" and that "over a one-year holding period, activist investors enhance the stock price of a target company" (72%).
- The mere disclosure of an activist investor's position in a company's stock has a negative impact on perceived management credibility. Almost half of investors surveyed (48%) feel that "the presence of activist investors indicates a company is being mismanaged."
- Nearly three-quarters of investors cited a lack of confidence in management is what ultimately spikes shareholder activism, citing weak corporate governance (57%) & poorly articulated business strategy (52%) as factors that contribute to burgeoning investor agitation



- Against the changing regulatory backdrop, three-quarters of respondents say shareholders should have the right to nominate board candidates in proxy materials, and three out of five want “say on pay” regulation passed.
- Roughly three out of five respondents (57%) indicated they are influenced to invest in a company that proactively self regulates, in both a governance and operational capacity.
- An overwhelming 87% of investors surveyed expect institutions of the financial services industry to be activists' number one target in the coming Proxy season.

“The heightened level of support for governance reforms shows just how much institutional investors are seeking greater influence over the companies in which they invest, and portends an especially contentious proxy season,” said Kal Goldberg, Managing Director, Special Situations Practice Leader at FD. “This trend stems from the nearly unprecedented level of volatility and equity value destruction that has whipsawed institutional portfolios over the past several years.”

A white paper titled “Shareholder Activism and the 2010 Proxy Season” provides further detail into the survey findings and offers best practices to help companies manage the issues they are likely to confront in the coming proxy season.

A complete copy of the research findings is available through FD.

Please click here to access the white paper:

http://clients.kinesismarketing.com/FD/shift/020910/ShareholderActivism_2010ProxySeasonSurveyResultsEvent.pdf

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Notes to Editors

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