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The Trian/P&G Proxy Contest

[Trian's P&G whitepaper](#) is a unique support document for an activist proxy contest. Its 93 pages are replete with suggestions and criticisms that should be taken into account by companies in connection with their preparations to avoid an activist attack and for dealing with an activist. The whitepaper raises the not unusual issues of comparative peer TSR, declining market shares, executive compensation in relation to performance, board complacency and weak corporate governance, among others. The unique aspects are:

- Trian does not seek to change the board or management, but only to add its senior partner, Nelson Peltz, to the board.
- Trian is not seeking break-up of P&G.
- Trian is not seeking to cut pensions, reduce CAPEX, reduce R&D, or reduce marketing expenses.
- Trian is seeking to promote long-term investment and growth.

In other words, Trian's program is the opposite of 3G's zero based budget program that continues to threaten and influence consumer products companies. Instead, Trian is volunteering Mr. Peltz (who does have an impressive record of success with consumer products companies) to join the P&G board and act as a management consultant to recommend strategic and operational changes.

It will be interesting to see whether this approach will gain favor with the major investors.

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