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Lessons from the ISS Report on the Trian/P&G Proxy Contest

- TSR comparison to peer group and S&P 500 continues to be a key factor in ISS evaluation.
- CAGR comparison to peer group continues as a key factor.
- Disparaging a well-known, successful activist with a history of long-term investment is a negative factor.
- Limited director experience in the company's industry is a negative factor.
- Generally, and especially when faced with a possible proxy contest, it is advisable to have more than one director with industry experience.
- Board history in dealing with business downturns and management failures is a factor.
- Board failure to have considered external CEO candidates after a management failure is a factor.
- That a successful new CEO is not criticized by the activist, does not overcome past board failures to deal with operational and strategic deficiencies.
- Board should be open to considering changes in strategy even if it has recently approved changes.
- An activist seeking one seat on the board and taking the position that it will seek to restore to the board the displaced director is a factor.

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