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Further Lessons From the P&G/Trian Proxy Fight

While the final results have not been announced and P&G has claimed victory (being disputed by Trian), both sides acknowledge that the vote was extremely close. This memo assumes that P&G achieved a narrow victory. Key lessons are:

- Confirms what has been assumed since Icahn/Apple and Trian/DuPont, no company is too big or too prominent to avoid activist attention.
- Big company proxy fights are very expensive and put considerable pressure on major institutional investors and proxy advisors.
- A board of directors of CEOs of major companies does not weigh heavily with major institutional investors and proxy advisors.
- A large retail shareholder base does not guarantee company success in a proxy fight.
- An activist with a track record of success in urging change in long-term strategy rather than financial engineering can gain support from proxy advisors and major institutional investors.
- An activist with a multi-billion dollar investment is unlikely to sell the position after a close proxy fight and will continue to pressure the company on the issues it raised in the fight. Recognizing this, the P&G CEO, David Taylor, was quoted as saying, “We will continue to respectfully engage with Nelson Peltz, whose input we value.”
- The company will be under increased pressure from shareholders to justify the strategy it defended in its proxy material. CalSTRS was quoted as saying, “Nearly 50 percent of shareholders—including large traditional passive asset managers—made it clear that they are looking for the company to change direction.”

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