

# Consider a Simple Example...

<u>Shareholder:</u>	<u>Dissident</u>	<u>Investor A</u>	<u>Investor B</u>	<u>Investor C</u>	<u>Investor D</u>	<u>Investor E</u>	<u>Insiders</u>	<u>Total Nominee</u>
<i>% Ownership:</i>	10%	15%	10%	16%	20%	24%	5%	<u>Votes:</u>
<u>Nominee:</u>								
Management 1	?	?	?	?	?	?	?	?
Management 2	?	?	?	?	?	?	?	?
Management 3	?	?	?	?	?	?	?	?
Management 4	?	?	?	?	?	?	?	?
Management 5	?	?	?	?	?	?	?	?
Management 6	?	?	?	?	?	?	?	?
Management 7	?	?	?	?	?	?	?	?
Management 8	?	?	?	?	?	?	?	?
Dissident 1	?	?	?	?	?	?	?	?
Dissident 2	?	?	?	?	?	?	?	?
Dissident 3	?	?	?	?	?	?	?	?
Dissident 4	?	?	?	?	?	?	?	?
Dissident 5	?	?	?	?	?	?	?	?

# Assume 51% of Shareholders Support the Dissident Slate...

<u>Shareholder:</u> % Ownership:	<u>Dissident</u> 10%	<u>Investor A</u> 15%	<u>Investor B</u> 10%	<u>Investor C</u> 16%	<u>Investor D</u> 20%	<u>Investor E</u> 24%	<u>Insiders</u> 5%	<u>Total Nominee</u> <u>Votes:</u>
<u>Nominee:</u>								
Management 1					?	?	?	?
Management 2					?	?	?	?
Management 3					?	?	?	?
Management 4					?	?	?	?
Management 5					?	?	?	?
Management 6					?	?	?	?
Management 7					?	?	?	?
Management 8					?	?	?	?
Dissident 1	10%	15%	10%	16%				51%
Dissident 2	10%	15%	10%	16%				51%
Dissident 3	10%	15%	10%	16%				51%
Dissident 4	10%	15%	10%	16%				51%
Dissident 5	10%	15%	10%	16%				51%

# Results in a Traditional Proxy Card System

<u>Shareholder:</u>	<u>Dissident</u>	<u>Investor A</u>	<u>Investor B</u>	<u>Investor C</u>	<u>Investor D</u>	<u>Investor E</u>	<u>Insiders</u>	<u>Total Nominee</u>
<i>% Ownership:</i>	10%	15%	10%	16%	20%	24%	5%	<u>Votes:</u>
<u>Nominee:</u>								
✓ Management 1					20%	24%	5%	49%
✓ Management 2					20%	24%	5%	49%
✓ Management 3					20%	24%	5%	49%
Management 4					20%	24%	5%	49%
Management 5					20%	24%	5%	49%
Management 6					20%	24%	5%	49%
Management 7					20%	24%	5%	49%
Management 8					20%	24%	5%	49%
✓ Dissident 1	10%	15%	10%	16%				51%
✓ Dissident 2	10%	15%	10%	16%				51%
✓ Dissident 3	10%	15%	10%	16%				51%
✓ Dissident 4	10%	15%	10%	16%				51%
✓ Dissident 5	10%	15%	10%	16%				51%

# Results Can Be the Same as in a Traditional Proxy System....

<u>Shareholder:</u> % Ownership:	<u>Dissident</u> 10%	<u>Investor A</u> 15%	<u>Investor B</u> 10%	<u>Investor C</u> 16%	<u>Investor D</u> 20%	<u>Investor E</u> 24%	<u>Insiders</u> 5%	<u>Total Nominee</u> <u>Votes:</u>
<u>Nominee:</u>								
✓ Management 1	10%	15%	10%	16%	20%	24%	5%	100%
✓ Management 2	10%	15%	10%	16%	20%	24%	5%	100%
✓ Management 3	10%	15%	10%	16%	20%	24%	5%	100%
Management 4					20%	24%	5%	49%
Management 5					20%	24%	5%	49%
Management 6					20%	24%	5%	49%
Management 7					20%	24%	5%	49%
Management 8					20%	24%	5%	49%
✓ Dissident 1	10%	15%	10%	16%				51%
✓ Dissident 2	10%	15%	10%	16%				51%
✓ Dissident 3	10%	15%	10%	16%				51%
✓ Dissident 4	10%	15%	10%	16%				51%
✓ Dissident 5	10%	15%	10%	16%				51%

## ... But Vastly Different Outcomes Can Happen if Shareholders Vary their Votes Only Modestly from the Prior Example

<u>Shareholder:</u> % Ownership:	<u>Dissident</u> 10%	<u>Investor A</u> 15%	<u>Investor B</u> 10%	<u>Investor C</u> 16%	<u>Investor D</u> 20%	<u>Investor E</u> 24%	<u>Insiders</u> 5%	<u>Total Nominee</u> <u>Votes:</u>
<u>Nominee:</u>								
✓ Management 1	10%	15%			20%	24%	5%	74%
✓ Management 2	10%	15%			20%	24%	5%	74%
✓ Management 3	10%		10%		20%	24%	5%	69%
✓ Management 4			10%		20%	24%	5%	59%
✓ Management 5				16%	20%	24%	5%	65%
✓ Management 6				16%	20%	24%	5%	65%
✓ Management 7		15%	10%		20%	24%	5%	74%
✓ Management 8				16%	20%	24%	5%	65%
Dissident 1	10%	15%	10%	16%				51%
Dissident 2	10%	15%	10%	16%				51%
Dissident 3	10%	15%	10%	16%				51%
Dissident 4	10%	15%	10%	16%				51%
Dissident 5	10%	15%	10%	16%				51%

# Proposed Solution

## Universal Proxy

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### Stipulated Uncontested Nominees:

Vote For or Withhold

Management 1

Management 2

Management 3

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### Contested Nominees:

Vote For Up To Any 5 Contested Nominees

Management 4

Management 5

Management 6

Management 7

Management 8

Dissident 1

Dissident 2

Dissident 3

Dissident 4

Dissident 5