

SECOND EDITION 2015

# 2015 Proxy Mid-Season Review

The 2015 proxy season is characterized by an uptick in many forms of shareholder activism. The number of proxy contests increased, including several high profile proxy battles. There has also been an increase in "Vote No" and "Vote Yes" campaigns by shareholders seeking to influence director elections. Simultaneously, there has been a wave of shareholder proposals for proxy access and an increase in proposals related to corporate political spending and sustainability.

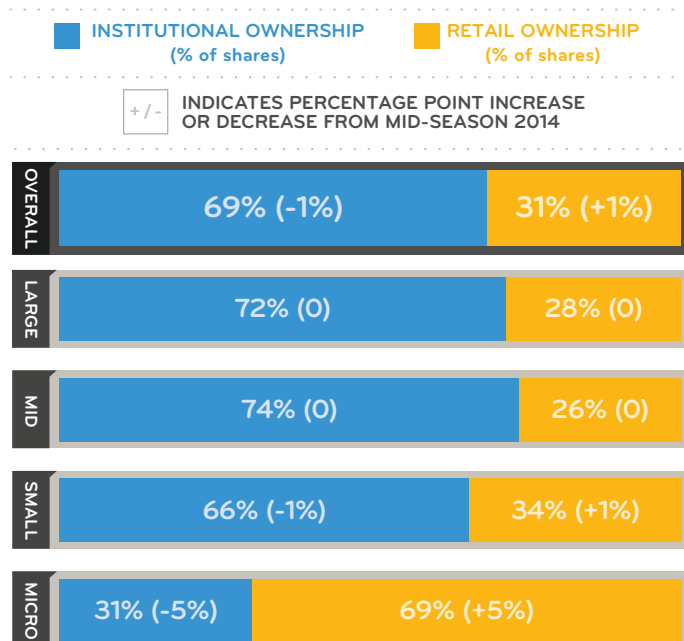
There generally seemed to be less controversy with say-on-pay than in prior years. This may be due to greater levels of ongoing communications about compensation between directors and institutional investors. However, this trend could reverse with pending SEC rules requiring disclosure of the relationship between executive pay and company performance and the ratio of CEO compensation to that of the median employee. In addition, new, more extensive clawback rules are expected in the short-term.

At 30% of street shares, retail share ownership increased slightly from the same period last year. However, as 71% of retail shares were not voted, there continues to be opportunities for companies to improve engagement with this shareholder segment.

## OWNERSHIP COMPOSITION

- Institutional ownership decreased 1 percentage point from the same period in 2014 – institutions owned 69% of street shares.
- There are some noteworthy changes in retail ownership within particular market caps. For example, retail ownership of microcap companies increased by 5 percentage points – from 64% to 69%.

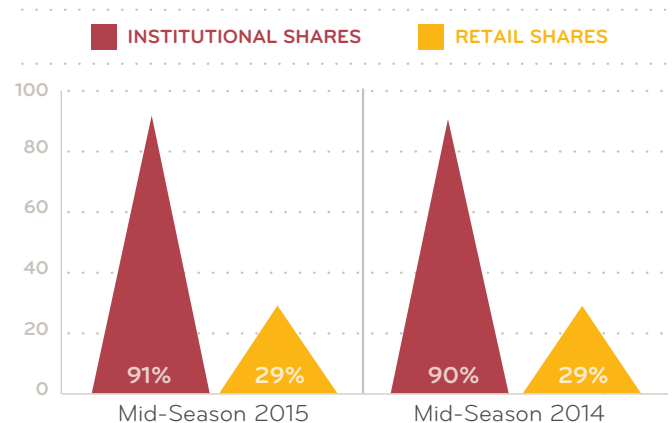
## SHARE OWNERSHIP BY COMPANY SIZE – MID-SEASON 2015



## SHAREHOLDER VOTING

- Retail investors continue to vote at significantly lower rates than institutions. While institutions voted 91% of their shares, only 29% of retail shares were voted.
- Fifty-seven billion retail shares have gone un-voted so far in the 2015 proxy season – just over 22% of all street shares.

## PERCENTAGE OF SHARES VOTED BY OWNERSHIP SEGMENT



This edition of ProxyPulse provides a snapshot of key shareholder voting metrics from 2,082 annual meetings held between January 1, 2015 and May 15, 2015. We provide data and analysis on share ownership composition, voting rates, director elections, say-on-pay and proxy access proposals.

## DIRECTOR ELECTIONS

- At large-cap companies, average shareholder support for directors was unchanged at 97%, compared to 92% at microcap companies — a 2 percentage point decrease from the same period last year.
- 458 directors (just under 4% of directors up for election) failed to receive at least 70% shareholder support.
- 126 directors at 60 different companies failed to achieve majority shareholder support.

### DIRECTOR SUPPORT 2015 MID-SEASON

| Shareholder Approval Level | # of Directors | % of Directors |
|----------------------------|----------------|----------------|
| 90-100%                    | 9,948          | 85%            |
| 80-89%                     | 924            | 11%            |
| 70-79%                     | 337            |                |
| 60-69%                     | 188            | 3%             |
| 50-59%                     | 144            |                |
| 0-49%                      | 126            | 1%             |
| Total                      | 11,667         | 100%           |

## PROXY ACCESS

- Over 40 shareholder proposals for proxy access came to a vote during the first part of 2015. Sixty-four percent of these proposals received majority shareholder support.

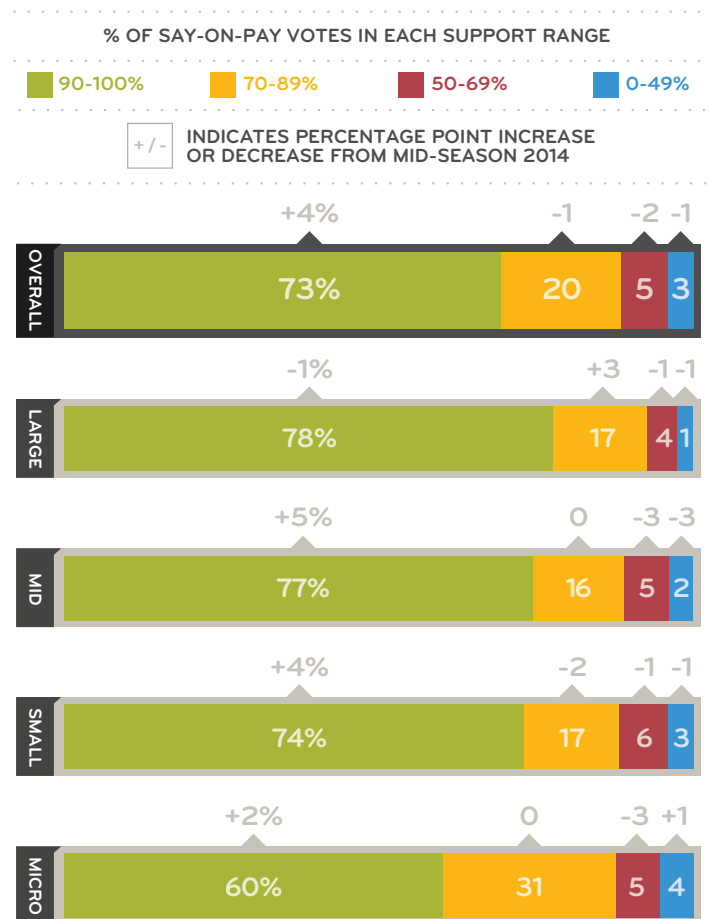
### PROXY ACCESS SUPPORT 2015 MID-SEASON

| % of Shares     | % of Proposals |
|-----------------|----------------|
| 90-100% Support | 2%             |
| 70-89% Support  | 17%            |
| 50-69% Support  | 45%            |
| 0-49% Support   | 36%            |

## SAY-ON-PAY

- Average support levels are unchanged at 90% so far this season, although approximately 8% of pay plans failed to surpass the 70% shareholder support level.
- 3% of say-on-pay votes failed to achieve majority shareholder approval.
- Large cap companies were the only segment that on average did not have a positive shift in say-on-pay support over 90%.

### SAY-ON-PAY SUPPORT 2015 MID-SEASON



\* Numbers may not add up to 100% due to rounding

## ABOUT

ProxyPulse is based in part on Broadridge's processing of shares held in street name, which accounts for over 80% of all shares outstanding of U.S. publicly-listed companies. Shareholder voting trends during the proxy season represent a snapshot in time and may not be predictive of full-year results.

**Broadridge Financial Solutions** is the leading third-party processor of shareholder communications and proxy voting. Each year it processes over 600 billion shares at over 12,000 meetings.

**PwC's Center for Board Governance** is a group within PwC whose mission is to help directors effectively meet the challenges of their critical roles. This is done by sharing governance leading practices, publishing thought leadership, and offering forums on current issues.

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PricewaterhouseCoopers LLP has neither examined, compiled nor performed any procedures with respect to the ProxyPulse report and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto.

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