

Support for Shareholder-Initiated Engagement

The Pershing Square plan for a “referendum” vote of Allergan shareholders stimulated broad interest in the benefits of finding out how a company’s investors actually view a decision-making issue, and many observers were disappointed that the plan was abandoned rather than revised to satisfy the procedural requirements of professional investor communications.¹

It must be reported that some observers have also expressed disappointment that the Forum has not done more to make the required communication processes readily available for shareholder-initiated meetings and polling. This is a valid criticism, especially considering the founding purpose of the Forum to provide open exchanges of views among investment professionals. We will therefore be developing new policies and relationships to satisfy this commitment.

The communication processes themselves should also be considered, of course. Although the Forum’s current practices are well tested, they may require adaptation to new policies and relationships. And beyond adaptations to support established Forum processes, we need to consider new processes. For example, in a recent letter to the SEC responding to a lawmaker’s concerns about the Pershing Square plan,² it was noted that this innovative “referendum” could be conducted viably by using the service provider that manages most proxy distributions to perform the required independent verifications of shareholder identity – the same process the Forum uses to assure the integrity of anonymous polling. The next time a shareholder wants a “referendum,” the Forum should be clearly available to support that initiative.

Your suggestions will be welcomed to guide the Forum’s responsible support of investor interests.

GL – June 5, 2014

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¹ See [June 2, 2014 *The Deal*: "Ackman ditches referendum and launches proxy contest."](#) From a subsequently filed transcript of the reported Valeant-Pershing Square conference call, this was the question an analyst presented (see transcript page 23, [June 3, 2014, Valeant Pharmaceuticals International, Inc., SEC Form 425](#)):

...on Wednesday you had mentioned that Allergan was dragging its feet and putting up some roadblocks to the referendum. How much did that factor into your decision to (pull) the referendum?

It seems like if we had the results from that it would send a pretty powerful message. Instead we just keep hearing from Allergan that none of their shareholders want the deal. We hear from you guys that Allergan shareholders want the deal and it seems like we’re not going to see any definitive votes for another month or two.

² See [May 30, 2014 letter to the Securities and Exchange Commission](#).