SHAREHOLDER ACTIVISM IN THE U.S.

A PRELUDE: U.S. A&M ACTIVIST ALERT

OCTOBER 2025

ALVAREZ & MARSAL

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INTRODUCTION

We are thrilled to introduce the preview issue of our A&M Activist Alert (AAA) report focused on the United States. Our first full edition of the U.S. AAA report will launch in the **Spring of 2026** and will be produced semi-annually after that.

This report will examine the latest trends, key themes, and insights surrounding U.S. companies that are the focus of shareholder activism. The U.S. AAA report will also include M&A activity, as this is often a key element of shareholder activism and, in some cases, can represent corporate activism, particularly in the case of contentious or hostile M&A situations.[1] Additionally, in this report we are introducing a concept we will be calling Equity Story. It's a term we will be using moving forward.

The launch of the U.S. AAA report is the result of a partnership between A&M's Corporate Performance Improvement practice and the newly launched Shareholder Activism and Contested M&A business. It follows the tremendous success of A&M's Activist Alert published by our European colleagues for the past eight years.

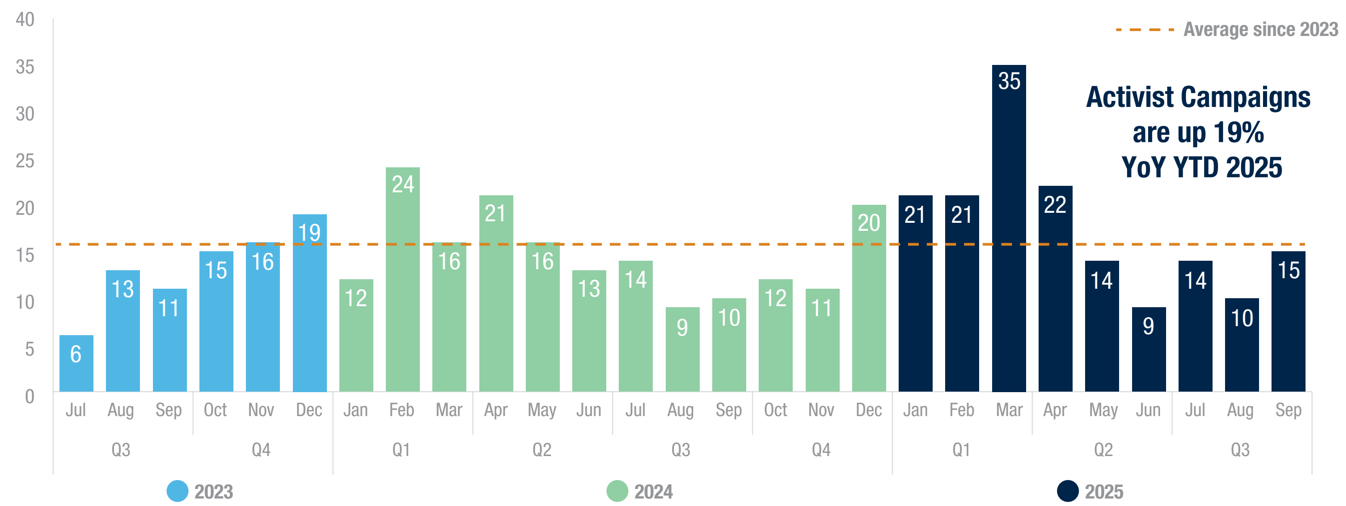
A company's Equity Story is the carefully crafted and communicated narrative that presents its unique investment case to current and prospective investors, grounded in measurable business performance and long-term value creation. Far more than a marketing tool, a company's Equity Story integrates various factors to articulate a company's value proposition.

1 Data contained herein captures the period between July 1, 2023 - September 30, 2025, unless otherwise noted.

OVERVIEW OF 2025 U.S. SHAREHOLDER ACTIVISM

In the wake of the 2024 federal elections and pace of policy changes that came soon after the inauguration, we saw a ramp up in shareholder activism activity, which continued through Q1-2025 before resuming similar levels to 2024. During Q3-2025, there were 39 new campaigns launched. We expect activity to increase further in Q4.

U.S. Activist Campaigns

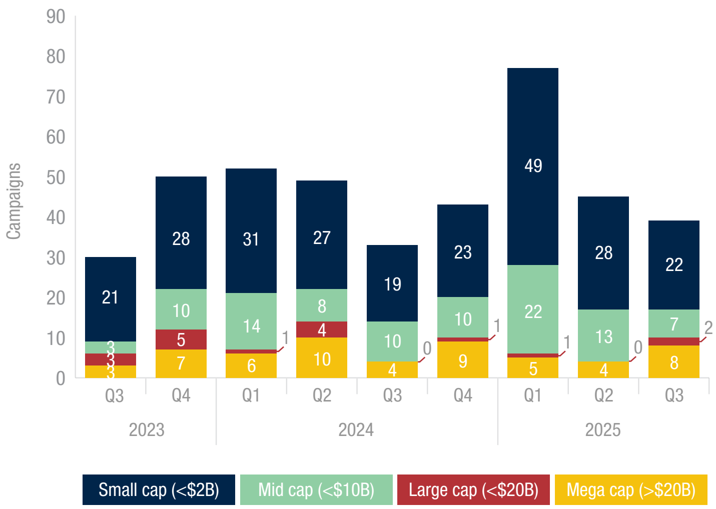


Source: FactSet

TRENDS IN SHAREHOLDER ACTIVISM

CAMPAIGNS BY MARKET CAP

U.S. Activist Campaigns by Market Cap

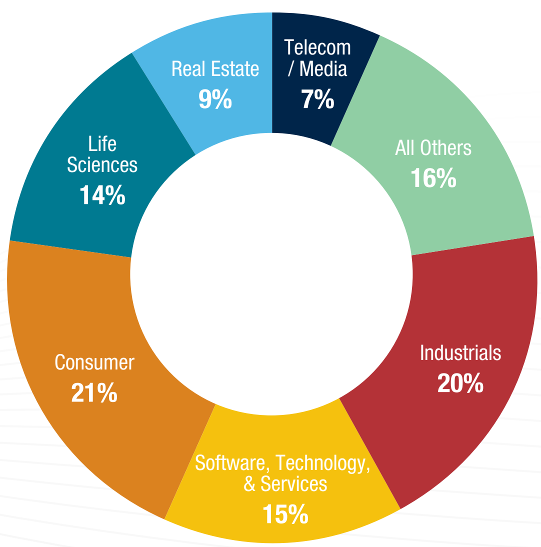


Source: FactSet

Small-cap companies continue to represent a significant share of targets. In 2025 YTD, the average market cap of target companies is $70.5 billion, which is a reflection of a number of mega companies being targeted late in the year.

CAMPAIGNS BY INDUSTRY SECTOR

U.S. Activism by Industry Sector



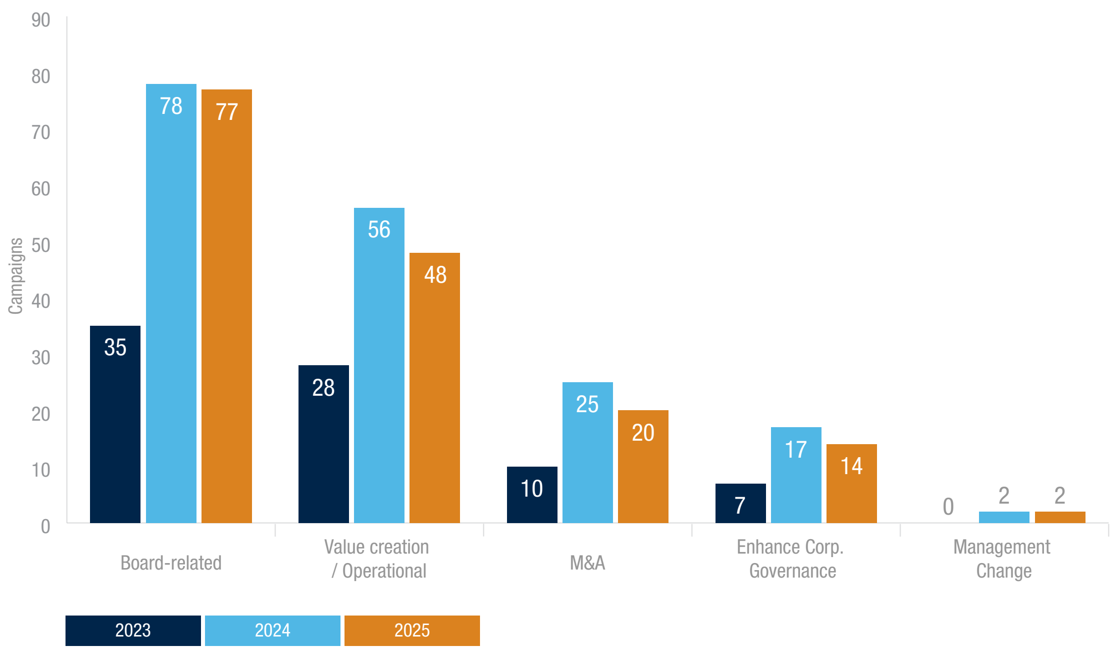
Source: FactSet. Industry names follow A&M's classification system

Consumer and industrials have been targeted comparatively more than other sectors this year. We anticipate a pickup of activism in the industrials and health tech sectors in the near future, driven by factors such as tariffs, regulation, and shifting cost of capital that are disproportionately impacting company performance.

CAMPAIGNS BY DEMAND TYPE

Value creation and operational improvement continue to be the leading change theses pursued by activist investors at U.S. companies. While capital allocation remains an important consideration for value creation, M&A has been less of a driver behind recent campaigns. However, we see pent-up M&A activity forming a coiled spring, driven by regulatory headwinds and high interest rates. Meanwhile, we have seen an increase in high profile spin-offs this year, which are a part of a portfolio review and may continue as companies strive to become more efficient, drive operating margins, and boost returns on invested capital.

U.S. Activist Campaigns by Demand



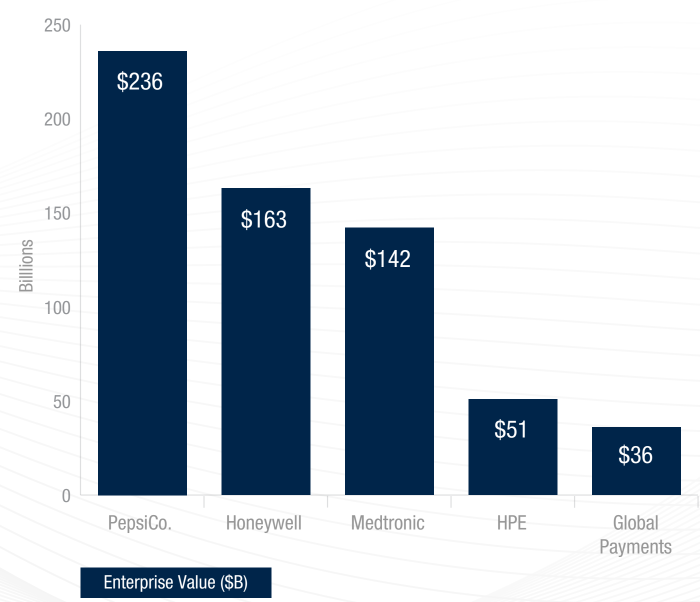
Source: FactSet

KEY ACTIVISTS

Several prominent activists have targeted U.S. companies, frequently seeking board seats as a primary tactic. The chart below shows the most prominent activists in the last two years, categorized by their specific demands. All activists in the list happen to be U.S.-domiciled.

Activist	Board-related	Enhance Corporate Governance	M&A	Value creation / Operational	Grand Total
Elliott	16	0	0	3	19
Starboard Value	9	1	0	3	13
Ancora Advisors	7	1	0	1	9
Land & Buildings	3	0	1	4	8
Engaged Capital	6	0	0	1	7
Engine Capital	3	1	0	2	6
Anson Funds	2	0	0	3	5
Carl Icahn	4	1	0	0	5
Corvex	2	0	0	2	4
Pleasant Lake Partners	2	0	1	1	4
Neuberger Berman	2	1	0	1	4
Irenic Capital	2	0	0	2	4
Buxton Helmsley	3	1	0	0	4
Tang Capital	0	0	2	2	4
D. E. Shaw & Co.	3	1	0	0	4
JANA	0	0	0	4	4
Impactive Capital	3	0	0	1	4

Elliott's Last Five Targets' EV



Source: FactSet

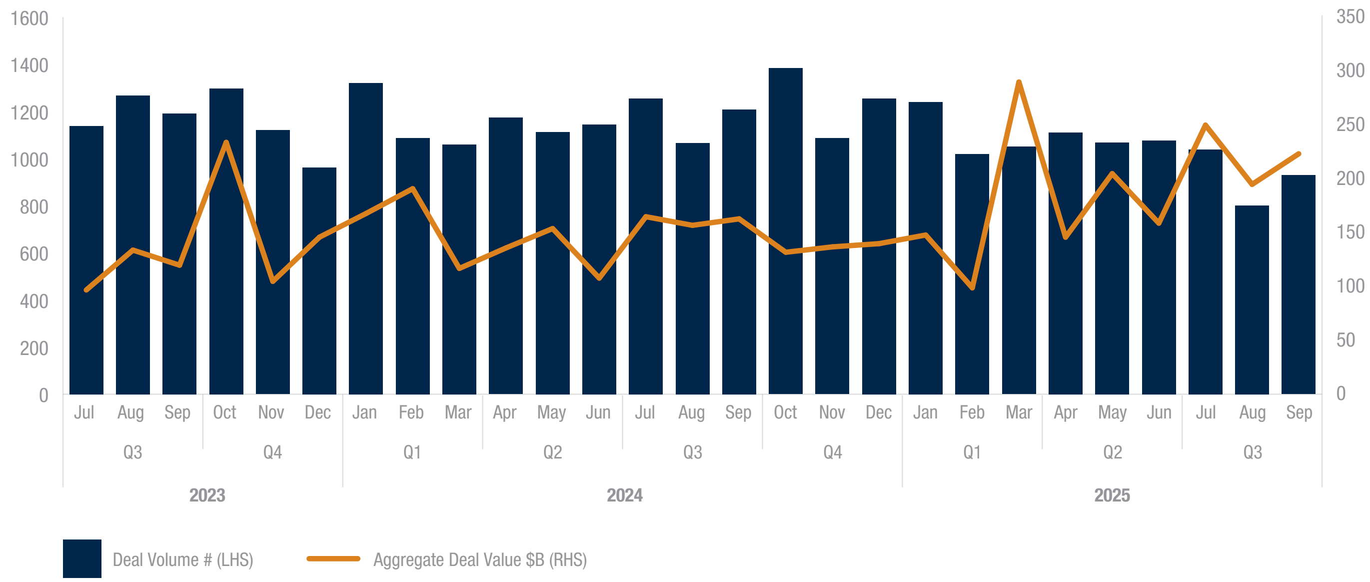
The top three activists in the U.S. – Elliott, Starboard, and Ancora – have favored board related demands as their primary objective. In 2025, these activists have been pursuing established and large businesses.

Notably, Elliott has recently targeted mega-cap conglomerates that operate in a wide array of industries.

OVERVIEW OF U.S. M&A: HIGHER DEAL VALUES

There was optimism around M&A activity picking up in early 2025. While deal flow volumes have been relatively stable, there has been a notable increase in the deal sizes announced this year, such as Union Pacific's proposed acquisition of Norfolk Southern Corp. (a ~$71 billion transaction) and Palo Alto Networks' agreement to acquire CyberArk (~$25 billion).[2]

U.S. M&A Activity



Source: FactSet.

2 **Source:** FactSet.

THE EQUITY STORY: ENHANCING A COMPANY'S VALUE PROPOSITION

All companies have an Equity Story. An Equity Story is not merely a marketing tactic, but rather the creation and effective communication of a credible investment case for the business. A strong Equity Story is well-articulated and anchored in measurable metrics, conveying a company's value proposition to current and prospective investors. To build one that captures attention and endures over time, companies must address the strategic, operational, financial, and governance factors that underpin long-term value creation.

How to build a strong Equity Story:

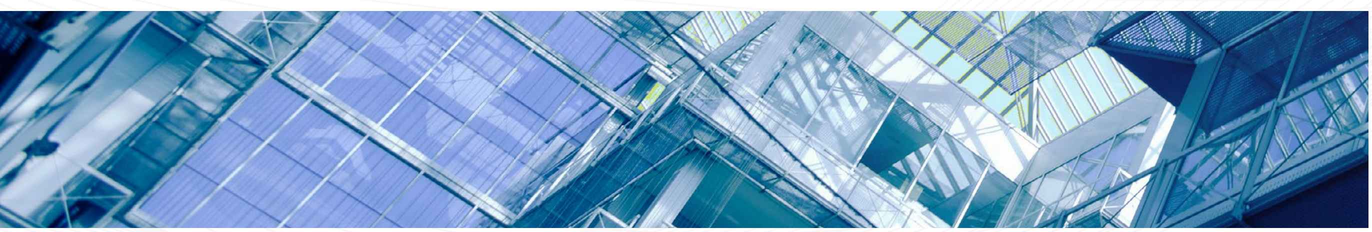
01/ DEVELOP AND EXECUTE AN ATTRACTIVE INVESTMENT CASE:
Craft and implement the company's unique value-added proposition that enables it to generate superior earnings growth, margins, and returns.

02/ ARTICULATE A CLEAR AND COHERENT INVESTMENT CASE TO INVESTORS:
Communicate to current and prospective investors the company's value proposition.

03/ DISCLOSE THE KEY VALUE DRIVERS:
Explain and market the strategic, operational, and financial levers that underpin long-term value creation and remind the investment community how the company is tracking.

04/ DEMONSTRATE ALIGNMENT BETWEEN MANAGEMENT AND PERFORMANCE:
Clearly link management KPIs and incentives directly to company performance and shareholder value creation.

05/ HIGHLIGHT GOVERNANCE AND ACCOUNTABILITY:
Show that oversight, decision-making, and risk management structures reinforce accountability to achieve targets.



Companies with a compelling Equity Story are better positioned to withstand external pressures from activists, who target underperforming companies and make a case for change.

Activist demands often focus on improving financial performance, governance weaknesses, and missed opportunities for value creation. An initial indicator that activists typically screen for is total shareholder return (TSR) relative to peers and other relevant benchmarks, based on the premise that markets are generally efficient and, over the long run, directionally correct.

Although activist investors do not solely focus on share performance, persistent underperformance relative to peers increases a company's vulnerability to activist campaigns. A clear and credible Equity Story mitigates this risk by demonstrating a well-defined strategy for improving performance and sustaining long-term shareholder value.

In addition to deterring shareholder activism, a company with a strong Equity Story is better equipped to meet rising investor expectations. Active investors, whether activist or otherwise, are increasingly demanding accountability, transparency, and a board-level focus on generating alpha from companies. By clearly linking strategy, execution, and results, companies strengthen support from long-term shareholders and gain credibility with prospective investors.

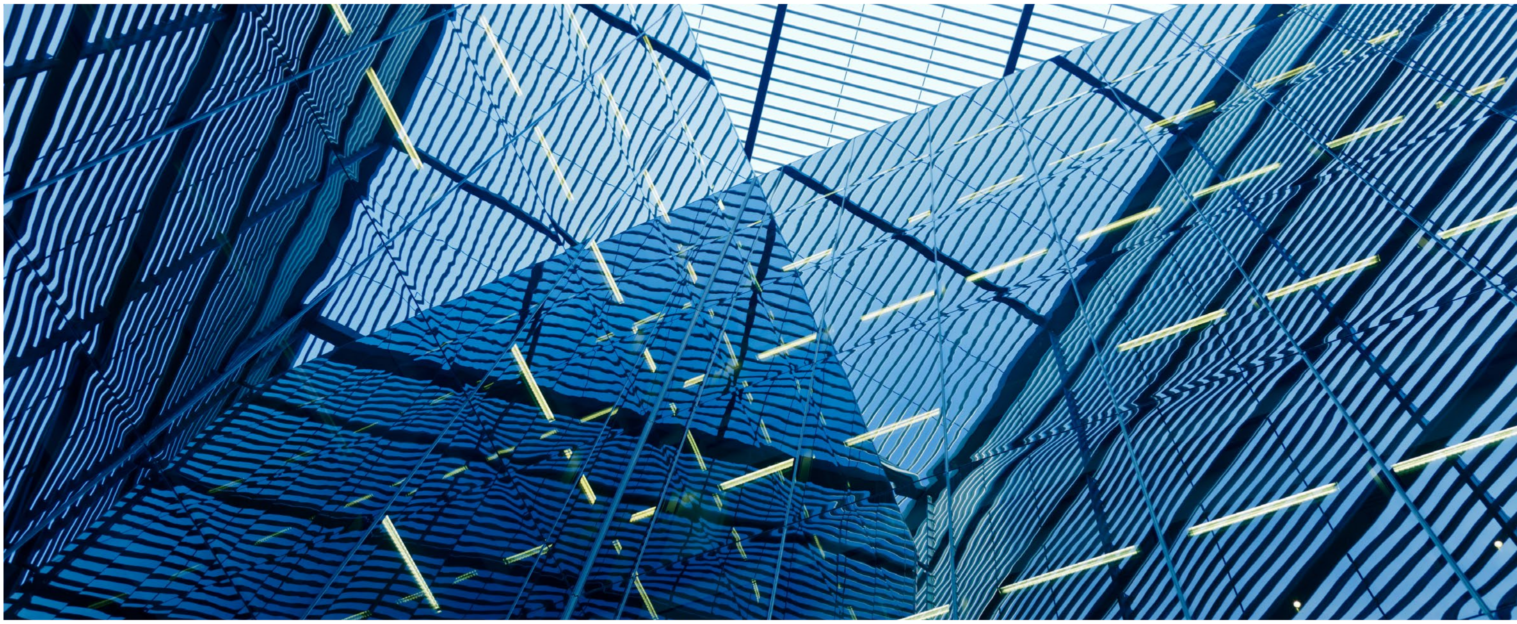
When a company's stock price fails to reflect its financial performance, it signals a dissonance between the market's view and management's perspective. In such situations, a deeper examination of a company's Equity Story is critical. A shareholder perception study is a helpful first step in assessing why a disconnect exists and what drives it. When management solicits feedback from Wall Street and investors, their responses can be overly optimistic and skewed. An objective study helps cut through these extremes, offering insights that might otherwise be overlooked and allowing the company to refine its Equity Story accordingly.

A strong Equity Story is a strategic necessity for companies. It helps shield companies from activist pressure, aligns management with investor expectations, and improves stock performance. Companies that continually refine and deliver on their Equity Story not only defend against external threats but also earn a premium in the market.

The Equity Story

An Equity Story is a unique investment case and narrative that explains a company's value proposition to current and potential investors. A compelling Equity Story will allow a company to:

- Achieve and sustain premium valuations by generating industry-leading returns and long-term earnings growth
- Attract and retain long-term investors by articulating and executing a strong investment case
- Create and sustain a premium equity valuation



THE A&M DIFFERENCE

A&M advises U.S. publicly traded companies, including their boards and management teams, on ways to maximize long-term shareholder value such that shareholder activism is a low-risk concern. The partnership between A&M's **Shareholder Activism and Contested M&A** and **Corporate Performance Improvement** professionals is unique among advisors that focus on shareholder activism and contested M&A situations: we seek to not only identify companies with potential operating and governance vulnerabilities, but are also equipped to help fix, improve, and mitigate these threats. A&M is focused on working with clients on the realm of the possible rather than the fear of the unknown. Our aim is to help clients think about proactive action planning, in addition to reacting to inevitable threats that activists may pose.

Please contact any of our team listed here, or indeed any team member in your local A&M office, to discuss how we can help in more detail. We would be delighted to hear from you.

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ABOUT ALVAREZ & MARSAL

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