

As investors become more active, Boards and management teams are increasingly having to explain or defend their actions. The era of unquestioning support from shareholders and unitholders is over.

Boards and investors can find themselves in conflict over a range of issues, including:

- Poor stock price performance
- Suggested poor governance practices
- Management's lack of support for a sale proposal from a prospective acquirer
- Management's attempt to acquire a target at a price that is not perceived to create shareholder value
- Management's agreement to be acquired at a price that is seen to undervalue the company
- Management's attempt to raise capital that is overly expensive or dilutive to existing investors
- Attempts to increase the equity compensation for the board or management through increasing the size of the company's stock option pool.

These issues have shareholder value creation in common and emerge in different forms: in disagreement over a single resolution at an annual meeting, a full proxy contest for control of the Board, voting on Plans of Arrangement, and hostile takeovers. They all require winning support from investors and motivating them to take action to demonstrate that support.

The Corporate Resolution Group is the strategic advisor that will help Boards and concerned shareholders achieve their objective.

CRG is an experienced team of professionals that specializes in managing issues that require shareholder or unitholder support. From proxy contests, mergers and acquisitions, to gaining shareholder approval for resolutions and plans of arrangement, CRG provides a proven integrated approach to managing the issue to a positive conclusion.

## The Need for Integrated Expertise:

No matter how accomplished they may be as managers or investors, most Boards and concerned shareholders have little or no expertise in dealing with serious shareholder issues and are not experienced in how to *win*. The same applies to a company's or shareholder's regular professional advisors, who may not be experienced in managing complex multi-faceted disputes. Hiring a qualified third party proxy solicitation firm is necessary but it is not sufficient to manage a process that is complex and legally intricate.

Winning shareholder support is the corporate equivalent of an election campaign. CRG acts as the "Campaign Manager", developing the strategy with the client, pushing the process forward, communicating the messages and advising on legal tactics. All with one objective: to win.

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CRG is headed by three seasoned professionals who have successfully managed a number of shareholder issues from three important perspectives - Management, Legal, and Strategic Communications:

*Tony Busseri:* Partner, Growth Equity Partners – Management and Process

*Alistair Crawley:* Partner, Crawley Meredith Brush LLP – Corporate and Securities Litigation

*John Lute:* President, Lute & Company – Communications and Media

CRG can work with Canada's three major proxy solicitation firms and can recommend the right firm for the assignment if the client does not have an existing relationship.

## Proxy Contests

A proxy contest is a high-stakes battle for control of a company. While proxy fights can be between company boards, board members, executives, ex-executives, shareholders and other entities, the ultimate outcome of the contest is often largely based on the stakeholders' perceptions of the future ability of the company to generate value under two different operating scenarios.

CRG is adept at working with the client and their team to devise and execute an integrated strategy that helps result in a successful proxy contest outcome. We carefully consider the different perspectives toward the proxy fight and devise the best way to approach and manage it.

Proxy contests are dynamic, often complex and are closely regulated with highly technical legal requirements. They combine elements of:

- Finance and management – to define the strategy,
- Litigation – to devise and anticipate legal strategies,
- Communication – to appeal directly to shareholders,
- Solicitation – to identify retail/institutional shareholders, develop accurate vote projections, solicit votes and provide meeting guidance.

## Other Shareholder Votes

Not all shareholder votes are for control of the Board; there may be issues on specific steps a company or fund wants to take and that require investor approval, from awarding of options to corporate restructuring. While more focused, these issues too benefit from an integrated and targeted approach to win support.

## Mergers & Acquisitions

A merger or acquisition can be the most significant event a company may face. Whether a deal is hostile or friendly and whether the company is the bidder or the target, it requires legal and communications advice from experienced M&A specialists. CRG recognizes different shareholders in both the buyer and the target have different expectations for the transaction.

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Using a holistic approach to manage the process, the team draws on years of experience in transactions, with both sides in hostile and friendly offers.

## CRG Leadership

**Tony Busseri** is the Co-founder of Growth Equity Partners, a partnership of three experienced executive managers of publicly traded companies. The firm specializes in the preparation and execution of transformational business initiatives for both private and public companies. Tony is the former President and CEO of EnGlobe (TSX: EG) and President and CEO of Capital Environmental Resource (Nasdaq: WSII). He is currently a member of the Board of Directors and Chair of the Audit Committee of Augen Capital Corp. and holds a Certified Management Accountant designation.

**Alistair Crawley** is one of the founding Partners of Crawley Meredith Brush LLP, a corporate and securities litigation law firm founded in 2005. The firm is recognized for its expertise and leadership in securities law. It regularly acts for clients in OSC hearings and investigations and as counsel on corporate and securities law cases before the Superior Court. In addition, Crawley Meredith Brush develops and executes strategies to manage regulatory problems and litigation support in corporate disputes.

**John Lute** is the President of Lute & Company, a financial communications consulting firm that provides strategic advice to senior corporate executives – followed by effective implementation of programs to support the strategy. The firm was founded in 1995 and is staffed by experienced business communicators who offer a wide range of services within its area of recognized expertise: financial communications. Lute & Company the firm provided media relations and shareholder communications counsel on some of Canada's highest profile shareholders proxy contests and hostile takeovers.

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