

# MUTUAL FUND PROXY SOLICITATION IN AN M&A TRANSACTION

> NEUBERGER BERMAN

## CASE STUDY

Implementing a well-orchestrated proxy solicitation campaign is critical in determining the outcome of any major, multi-fund M&A transaction. However, The Lehman Brothers/Neuberger Berman strategic combination presented an added level of complexity by requiring shareholder approval for the new investment advisory agreements across 75% of the assets held by the Funds with less than 11 days of outbound solicitation! Condensing a normal 35-day process in a high-stakes environment required extraordinary coordination and flawless execution. With a wealth of resources and well-known investment company expertise, Neuberger Berman retained Georgeson to successfully manage the solicitation process.

### PROFILES

#### Acquirer - Lehman Brothers Holdings Inc. (NYSE:LEH)

- > Founded in 1850, headquarters located in New York, London and Tokyo
- > Manages over \$47.2 billion of client assets (November 2003)
- > Leading global investment bank serving corporations, governments, municipalities, institutional clients and high net-worth individuals

#### Acquiree - Neuberger Berman Inc. (NYSE:NEU)

- > Founded in 1939, headquartered in New York
- > Manages assets in 32 open-end retail and 6 closed-ends funds totaling \$23 billion (November 2003)
- > Services include private asset management, institutional and retail mutual funds, trust services and alternative investments



**"We knew what we were up against in terms of time and volume coverage. But we had the utmost confidence that Georgeson would come up with a great campaign in such a short period of time. Their innovative strategy, their control of the situation, the talent of their people, and their technology proved to be a winning combination in getting us through this very important stage of our company's life cycle."**

Susan Walsh, Regional Vice President, Neuberger Berman, LLC

**SCOPE OF THE TRANSACTION:**

**Record Date:**

August 15, 2003

**Mailing Date:**

August 28 - September 3, 2003

**Solicitation Commenced:**

September 13, 2003

**Meeting Date:**

September 23, 2003

**Number of Funds:**

32 Equity & Income Funds

**Fund Shareholders:**

Approximately 500,000

**LEHMAN BROTHERS/NEUBERGER BERMAN STRATEGY**

In an effort to increase its scale in the high margin, high net-worth and asset management businesses, Lehman Brothers announced an agreement to acquire Neuberger Berman Inc. in July 2003. The Neuberger Berman acquisition would position Lehman Brothers as an industry leader in the wealth and asset management business, while providing a broader array of investment products and services to its clients. Conversely, Neuberger Berman would gain the financial strength and global resources of a leading full-service financial services firm.

**THE CHALLENGE**

- > Obtain approval from shareholders representing 75% of fund assets through a 1940 Act Majority vote on new investment advisory and sub-advisory agreements across 32 funds
- > Deliver a strategy to condense a normally challenging 35-day solicitation to approximately 500,000 fund shareholders in 11 days

**THE SOLUTION**

**Strategic segmentation** – Targeted 11 of the 32 funds with combined volume of 360,000 shareholders to reach the 75% asset requirement.

**Thorough shareholder analysis and identification** – Using share range analysis and historical shareholder demographics, we quickly pinpointed and made contact with the largest institutions or individuals that would generate the greatest number of votes.

**High impact, tactical communications** – Development of an outbound solicitation strategy focusing on the high-yielding, immediate results of Georgeson's proprietary TeleVote™ product. Successful closing rates on votes exceeded 70% of the accounts reached.

**Detailed metrics** – Constant vote forecasting, probability analysis and pro-forma reporting gave the Neuberger Berman management team comfort level and confidence well ahead of the meeting date.

For the past 19 years, Georgeson's mutual fund team has provided guidance on many of the industry's most difficult and high-profile transactions. Our solid reputation has been built on consistent execution for our clients, even in the most challenging situations. If you are contemplating a merger, acquisition or other extraordinary event in the near term, contact us immediately to get the right team to work for you.

**ABOUT GEORGESON**

Georgeson Inc. is the world's leading provider of strategic proxy and corporate governance consulting services to corporations and shareholder groups working to influence corporate strategy.

Since 1935, Georgeson has specialized in complex solicitations such as hostile and friendly acquisitions, proxy contests and takeover defenses. Georgeson leads more M&A transactions globally than any other firms combined. Georgeson also provides issuers with expertise in corporate events solutions such as post-merger unexchanged holder programs and information agent services.

Georgeson is a Computershare company. For more information, visit the Georgeson website at [www.georgeson.com](http://www.georgeson.com)

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