

POOL CORP
Form 10-Q
July 29, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

§ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2011

or

£ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 0-26640

POOL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-3943363
(I.R.S. Employer
Identification No.)

109 Northpark Boulevard,
Covington, Louisiana
(Address of principal executive offices)

70433-5001
(Zip Code)

985-892-5521
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES x NO "

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)
Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES NO

As of July 22, 2011, there were 48,298,622 shares of common stock outstanding.

POOL CORPORATION
Form 10-Q
For the Quarter Ended June 30, 2011

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

POOL CORPORATION				
Consolidated Statements of Income				
(Unaudited)				
(In thousands, except per share data)				
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2011	2010	2011	2010
Net sales	\$706,423	\$647,467	\$1,019,312	\$917,300
Cost of sales	494,984	456,933	716,463	650,474
Gross profit	211,439	190,534	302,849	266,826
Selling and administrative expenses	113,518	101,665	204,352	185,845
Operating income	97,921	88,869	98,497	80,981
Interest expense, net	1,824	1,928	3,469	4,282
Income before income taxes and equity earnings (losses)	96,097	86,941	95,028	76,699
Provision for income taxes	37,670	34,167	37,251	30,142
Equity earnings (losses) in unconsolidated investments	150	(4)	162	102
Net income	\$ 58,577	\$ 52,770	\$ 57,939	\$ 46,659
Earnings per share:				
Basic	\$ 1.21	\$ 1.07	\$ 1.19	\$ 0.95
Diluted	\$ 1.19	\$ 1.05	\$ 1.17	\$ 0.93
Weighted average shares outstanding:				
Basic	48,231	49,513	48,546	49,355
Diluted	49,116	50,445	49,352	50,169
Cash dividends declared per common share				
	\$ 0.14	\$ 0.13	\$ 0.27	\$ 0.26

The accompanying Notes are an integral part of the Consolidated Financial Statements.

POOL CORPORATION
Consolidated Balance Sheets
(In thousands, except share data)

	June 30, 2011 (Unaudited)	June 30, 2010 (Unaudited)	December 31, 2010 (1)
Assets			
Current assets:			
Cash and cash equivalents	\$ 37,218	\$ 36,985	\$ 9,721
Receivables, net	266,032	238,638	101,543
Product inventories, net	389,763	331,537	347,439
Prepaid expenses and other current assets	7,692	8,001	7,678
Deferred income taxes	10,211	10,681	10,211
Total current assets	710,916	625,842	476,592
Property and equipment, net	38,732	32,162	30,685
Goodwill	178,516	178,087	178,516
Other intangible assets, net	12,221	13,861	12,965
Equity interest investments	1,052	1,083	966
Other assets, net	29,113	28,836	28,821
Total assets	\$ 970,550	\$ 879,871	\$ 728,545
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$ 247,904	\$ 221,374	\$ 169,700
Accrued expenses and other current liabilities	79,794	70,816	41,704
Current portion of long-term debt and other long-term liabilities	100,033	24,220	134
Total current liabilities	427,731	316,410	211,538
Deferred income taxes	26,151	22,132	25,593
Long-term debt	206,049	242,131	198,700
Other long-term liabilities	7,663	7,747	7,532
Total liabilities	667,594	588,420	Q:What happens if the Merger is not completed?

A: If the Stock Issuance Proposal is not approved by Bristol-Myers' stockholders or the Merger is not completed for any other reason, Celgene stockholders will not receive any payment for their shares of Celgene common stock in connection with the Merger. Instead, Celgene will remain an independent public company. Under specified circumstances, Celgene and/or Bristol-Myers may be required to reimburse the other party for the expenses it incurred in connection with the Merger Agreement or pay a termination fee upon termination of the Merger Agreement. For example, Bristol-Myers is required to reimburse Celgene for up to \$40 million of its reasonable and out-of-pocket costs and expenses incurred in connection with the Merger Agreement and the Merger if the

Merger Agreement is terminated by either Bristol-Myers or Celgene due to the Bristol-Myers stockholders voting on and failing to approve the Stock Issuance Proposal at the Special Meeting.

Q: *Where can I find additional information concerning Bristol-Myers and the Merger?*

Pursuant to Rule 14a-5(c) promulgated under the Exchange Act, we have omitted from this Proxy Statement certain A: disclosure required by applicable law to be included in the Bristol-Myers Merger Proxy Statement in connection with the Special Meeting, including:

- a summary term sheet of the Merger;
- the terms of the Merger Agreement and the Merger and related transactions;
- any reports, opinions and/or appraisals received by Bristol-Myers in connection with the Merger;
- past contacts, transactions and negotiations by and among the parties to the Merger and their respective affiliates and advisors;

federal and state regulatory requirements that must be complied with and approvals that must be obtained in connection with the Merger;

the trading prices of Bristol-Myers stock over time;
the compensation paid and payable to Bristol-Myers's directors and executive officers; and
appraisal rights and dissenters' rights.

We take no responsibility for the accuracy or completeness of information contained in the Bristol-Myers Merger Proxy Statement. Except as otherwise noted herein, the information in this Proxy Statement concerning the Company has been taken from or is based upon documents and records on file with the SEC and other publicly available information.

Q. *What do I need to do now?*

Even if you plan to attend the Special Meeting, after carefully reading and considering the information contained in this Proxy Statement, please submit your **BLUE** proxy card promptly to ensure that your shares are represented at the Special Meeting. If you hold your shares of Bristol-Myers Stock in your own name as the shareholder of record, please submit your proxy for your shares of Bristol-Myers Stock by completing, signing, dating and returning the enclosed **BLUE** proxy card in the accompanying prepaid reply envelope. If you decide to attend the Special Meeting and vote in person, your vote by ballot at the Special Meeting will revoke any proxy previously submitted. If you are a beneficial owner of shares of Bristol-Myers Stock, please refer to the instructions provided by your bank, brokerage firm or other nominee to see which of the above choices are available to you.

We urge you to carefully consider the information contained in this Proxy Statement and then support our efforts by signing, dating, and returning the enclosed BLUE proxy card today to vote AGAINST the Bristol-Myers Merger Proposals.

ADDITIONAL PARTICIPANT INFORMATION

The members of Starboard are participants in this solicitation. The principal business of Starboard V&O Fund is serving as a private investment fund. Starboard V&O Fund has been formed for the purpose of making equity investments and, on occasion, taking an active role in the management of portfolio companies in order to enhance shareholder value. Each of Starboard S LLC, a Delaware limited liability company, Starboard C LP, a Delaware limited partnership, Starboard L Master, a Cayman Islands exempted limited partnership, and Starboard Victor LLC, a Delaware limited liability company, has been formed for the purpose of investing in securities and engaging in all related activities and transactions. The principal business of Starboard Leaders Fund is serving as a private investment partnership. Starboard Value LP, a Delaware limited partnership, provides investment advisory and management services and acts as the investment manager of Starboard V&O Fund, Starboard C LP, Starboard L Master, Starboard Victor LLC, Starboard Leaders Fund and the Starboard Value LP Account and as the manager of Starboard S LLC.

The principal business of Starboard L GP, a Delaware limited partnership, is serving as the general partner of Starboard L Master. The principal business of Starboard Value GP, a Delaware limited liability company, is providing a full range of investment advisory, pension advisory and management services and serving as the general partner of Starboard Value LP. The principal business of Principal Co, a Delaware limited partnership, is providing investment advisory and management services. Principal Co is a member of Starboard Value GP. Principal GP, a Delaware limited liability company, serves as the general partner of Principal Co. Starboard A LP, a Delaware limited partnership, is serving as the general partner of Starboard Leaders Fund and the managing member of Starboard Victor LLC. Starboard A GP serves as the general partner of Starboard A LP. Starboard R LP, a Delaware limited partnership, serves as the general partner of Starboard C LP. Starboard R GP, a Delaware limited liability company, serves as the general partner of Starboard R LP and Starboard L GP. Messrs. Smith and Feld serve as members of Principal GP and the members of each of the Management Committee of Starboard Value GP and the Management Committee of Principal GP. Messrs. Smith and Feld are citizens of the United States of America.

The address of the principal office of each of Starboard S LLC, Starboard C LP, Starboard R LP, Starboard R GP, Starboard L GP, Starboard Victor LLC, Starboard Leaders Fund, Starboard A LP, Starboard A GP, Starboard Value LP, Starboard Value GP, Principal Co, Principal GP, and Messrs. Smith and Feld is 777 Third Avenue, 18th Floor, New York, New York 10017. The address of the principal office of Starboard V&O Fund and Starboard L Master is Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KYI-9008, Cayman Islands.

As of the date hereof, Starboard V&O Fund beneficially owns 2,831,825 shares of Common Stock. As of the date hereof, Starboard S LLC beneficially owned 425,080 shares of Common Stock. As of the date hereof, Starboard C LP beneficially owned 244,769 shares of Common Stock. As of the date hereof, Starboard L Master beneficially owned 221,245 shares of Common Stock. As of the date hereof, Starboard Victor LLC beneficially owned 74,707 shares of Common Stock. As of the date hereof, 632,374 Shares were held in a certain account managed by Starboard Value LP (the “Starboard Value LP Account”). Starboard L GP, as the general partner of Starboard L Master, may be deemed the beneficial owner of the 221,245 shares owned by Starboard L Master. Starboard R LP, as the general partner of Starboard C LP, may be deemed the beneficial owner of the 244,769 shares owned by Starboard C LP. Starboard R GP, as the general partner of Starboard R LP and Starboard L GP, may be deemed the beneficial owner of the (i) 244,769 shares owned by Starboard C LP and (ii) 221,245 shares owned by Starboard L Master. Starboard Leaders Fund, as a member of Starboard Victor LLC, may be deemed the beneficial owner of the 74,707 shares owned by Starboard Victor LLC. Starboard Value A LP, as the general partner of Starboard Leaders Fund and the managing member of Starboard Victor LLC, may be deemed the beneficial owner of the 74,707 shares owned by Starboard Victor LLC. Starboard Value A GP, as the general partner of Starboard A LP, may be deemed the beneficial owner of the 74,707 shares owned by Starboard Victor LLC. Starboard Value LP, as the investment manager of Starboard V&O Fund, Starboard C LP, Starboard L Master, Starboard Victor LLC and the Starboard Value LP Account and the manager of Starboard S LLC, may be deemed the beneficial owner of the (i) 2,831,825 shares beneficially owned by Starboard V&O Fund, (ii) 425,080 shares owned by Starboard S LLC, (iii) 244,769 shares owned by Starboard C LP, (iv) 221,245 shares owned by Starboard L Master, (v) 74,707 shares owned by Starboard Victor LLC and (vi) 632,374 shares held in the Starboard Value LP Account. Starboard Value GP, as the general partner of Starboard Value LP, may be deemed the beneficial owner of the (i) 2,831,825 shares beneficially owned by Starboard V&O Fund, (ii) 425,080 shares owned by Starboard S LLC, (iii) 244,769 shares owned by Starboard C LP, (iv) 221,245 shares owned by Starboard L Master, (v) 74,707 shares owned by Starboard Victor LLC and (vi) 632,374 shares held in the Starboard Value LP Account. Principal Co, as a member of Starboard Value GP, may be deemed the beneficial owner of the (i) 2,831,825 shares beneficially owned by Starboard V&O Fund, (ii) 425,080 shares owned by Starboard S LLC, (iii) 244,769 shares owned by Starboard C LP, (iv) 221,245 shares owned by Starboard L Master, (v) 74,707 shares owned by Starboard Victor LLC and (vi) 632,374 shares held in the Starboard Value LP Account. Principal GP, as the general partner of Principal Co, may be deemed the beneficial owner of the (i) 2,831,825 shares beneficially owned by Starboard V&O Fund, (ii) 425,080 shares owned by Starboard S LLC, (iii) 244,769 shares owned by Starboard C LP, (iv) 221,245 shares owned by Starboard L Master, (v) 74,707 shares owned by Starboard Victor LLC and (vi) 632,374 shares held in the Starboard Value LP Account. Each of Messrs. Smith and Feld, as a member of Principal GP and as a member of each of the Management Committee of Starboard Value GP and the Management Committee of Principal GP, may be deemed the beneficial owner of the (i) 2,831,825 shares beneficially owned by Starboard V&O Fund, (ii) 425,080 shares owned by Starboard S LLC, (iii) 244,769 shares owned by Starboard C LP, (iv) 221,245 shares owned by Starboard L Master, (v) 74,707 shares owned by Starboard Victor LLC and (vi) 632,374 shares held in the Starboard Value LP Account. Messrs. Smith and Feld share voting and dispositive power with respect to the 4,430,000 shares of Common Stock beneficially owned in the aggregate by Starboard V&O Fund, Starboard S LLC, Starboard C LP, Starboard L Master, Starboard Victor LLC and held in the Starboard Value LP Account.

Starboard V&O Fund entered into a forward purchase contract on the date referenced in Schedule I providing for the purchase of 500,000 shares of Common Stock. The forward purchase contract had a final valuation date of August 3, 2020, however, Starboard V&O Fund had the ability to elect early settlement after serving notice to the counterparty of such intention at least two (2) scheduled trading days in advance of the desired early final valuation date. The forward purchase contract provided for physical settlement. Until the settlement date, the forward purchase contract did not give Starboard V&O Fund voting or dispositive control over the shares of Common Stock to which such contract related. As set forth in Schedule I, Starboard V&O Fund exercised the forward purchase contract and, accordingly, is no longer a party to the forward purchase contract.

Starboard V&O Fund also entered into certain forward purchase contracts on the dates referenced in Schedule I providing for the purchase of an aggregate of 1,000,000 shares of Common Stock. Each of the forward purchase contracts had a final valuation date of August 20, 2020, however, Starboard V&O Fund had the ability to elect early settlement after serving notice to the counterparty of such intention at least two (2) scheduled trading days in advance of the desired early final valuation date. The forward purchase contracts provided for physical settlement. Until the settlement date, none of the forward purchase contracts gave Starboard V&O Fund voting or dispositive control over the shares of Common Stock to which such contracts related. As set forth in Schedule I, Starboard V&O Fund exercised the forward purchase contracts and, accordingly, is no longer a party to the forward purchase contracts.

For information regarding purchases and sales of securities of the Company during the past two years by the participants in this solicitation, see Schedule I.

The shares of Common Stock purchased by each of Starboard V&O Fund, Starboard S LLC, Starboard C LP, Starboard L Master, Starboard Victor LLC and Starboard Value LP through the Starboard Value LP Account were purchased with working capital (which may, at any given time, include margin loans made by brokerage firms in the ordinary course of business) in open market purchases, except as otherwise noted.

Except as set forth in this Proxy Statement (including the Schedules hereto), (i) during the past 10 years, no participant in this solicitation has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors); (ii) no participant in this solicitation directly or indirectly beneficially owns any securities of the Company; (iii) no participant in this solicitation owns any securities of the Company which are owned of record but not beneficially; (iv) no participant in this solicitation has purchased or sold any securities of the Company during the past two years; (v) no part of the purchase price or market value of the securities of the Company owned by any participant in this solicitation is represented by funds borrowed or otherwise obtained for the purpose of acquiring or holding such securities; (vi) no participant in this solicitation is, or within the past year was, a party to any contract, arrangements or understandings with any person with respect to any securities of the Company, including, but not limited to, joint ventures, loan or option arrangements, puts or calls, guarantees against loss or guarantees of profit, division of losses or profits; (vii) no associate of any participant in this solicitation owns beneficially, directly or indirectly, any securities of the Company; (viii) no participant in this solicitation owns beneficially, directly or indirectly, any securities of any parent or subsidiary of the Company; (ix) no participant in this solicitation or any of his or its associates was a party to any transaction, or series of similar transactions, since the beginning of the Company's last fiscal year, or is a party to any currently proposed transaction, or series of similar transactions, to which the Company or any of its subsidiaries was or is to be a party, in which the amount involved exceeds \$120,000; (x) no participant in this solicitation or any of his or its associates has any arrangement or understanding with any person with respect to any future employment by the Company or its affiliates, or with respect to any future transactions to which the Company or any of its affiliates will or may be a party; and (xi) no participant in this solicitation has a substantial interest, direct or indirect, by securities holdings or otherwise, in any matter to be acted on at the Special Meeting.

There are no material proceedings to which any participant in this solicitation or any of his or its associates is a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries.

FUTURE STOCKHOLDER PROPOSALS

According to the Bristol-Myers Merger Proxy Statement, the Company will hold an annual meeting of stockholders in 2019 (the "2019 Annual Meeting"), regardless of whether the Merger has been completed.

Any stockholder proposals intended to be presented at the 2019 Annual Meeting and considered for inclusion in Bristol-Myers' proxy materials must have been received by Bristol-Myers' corporate secretary no earlier than October 23, 2018 and no later than the close of business Eastern Time on November 22, 2018. Such proposals must have been sent to: to Bristol-Myers Company, 430 East 29th Street, 14th Floor, New York, New York 10016, Attention: Corporate Secretary. Such proposals must also meet the other requirements and procedures prescribed by Rule 14a-8 under the Exchange Act relating to stockholder proposals.

In order for a Bristol-Myers stockholder proposal to be raised from the floor during the 2019 Annual Meeting instead of being submitted for inclusion in Bristol-Myers' proxy statement, the stockholder's written notice must have been

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received by Bristol-Myers' corporate secretary no earlier than the close of business Eastern Time on January 1, 2019 and no later than the close of business Eastern Time on January 31, 2019 and must contain the information required by Bristol-Myers' By-laws.

The information set forth above regarding the procedures for submitting stockholder proposals for consideration at the 2019 Annual Meeting is based on information contained in the Bristol-Myers Merger Proxy Statement. The incorporation of this information in this Proxy Statement should not be construed as an admission by Starboard that such procedures are legal, valid or binding.

OTHER MATTERS AND ADDITIONAL INFORMATION

Some banks, brokers and other nominee record holders may be participating in the practice of “householding” proxy statements and annual reports. This means that only one copy of this Proxy Statement may have been sent to multiple stockholders in your household. Starboard will promptly deliver a separate copy of the document to you if you write to our proxy solicitor, Okapi Partners, at the following address or phone number: 1212 Avenue of the Americas, 24th Floor, New York, NY 10036, or call toll free at +1 (888) 785-6617. If you want to receive separate copies of our proxy materials in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or other nominee record holder, or you may contact our proxy solicitor at the above address and phone number.

Starboard is unaware of any other matters to be considered at the Special Meeting. However, should other matters, which Starboard is not aware of a reasonable time before this solicitation, be brought before the Special Meeting, the persons named as proxies on the enclosed BLUE proxy card will vote on such matters in their discretion.

Starboard has omitted from this Proxy Statement certain disclosure required by applicable law that is already included in the Bristol-Myers Merger Proxy Statement. This disclosure includes, among other things, detailed information relating to the background, reasons for, terms and consequences of the Merger, including risk factors, financial and pro forma information, tax consequences, accounting treatment, description of business conducted by Bristol-Myers, description and share price information of the Bristol-Myers Stock, and interest of officers and directors of Bristol-Myers in the Merger.

See Schedule II for information regarding persons who beneficially own more than 5% of the outstanding shares of Common Stock and the ownership of the shares of Common Stock by the management and directors of Bristol-Myers.

The information concerning the Company contained in this Proxy Statement and the Schedules attached hereto has been taken from, or is based upon, publicly available information.

Starboard Value And Opportunity Master Fund Ltd

March [___], 2019

SCHEDULE I

**TRANSACTIONS IN SECURITIES OF THE COMPANY
DURING THE PAST TWO YEARS**

<u>Nature of the Transaction</u>	Amount of Securities Date of	
	<u>Purchased/(Sold)</u>	<u>Purchase/Sale</u>

STARBOARD VALUE AND OPPORTUNITY MASTER FUND LTD

Purchase of Common Stock	1,000	01/29/2019
Purchase of Common Stock	1,000	01/31/2019
Purchase of Common Stock	665,000	02/04/2019
Purchase of Common Stock	793,274	02/01/2019
Sale of Common Stock	(499,249)	02/01/2019
Sale of Common Stock	(751)	02/01/2019
Purchase of Forward Contract	500,000	02/01/2019
Purchase of Common Stock	63,281	02/05/2019
Sale of Common Stock	(95,420)	02/13/2019
Sale of Common Stock	(34,047)	02/14/2019
Purchase of Common Stock	28,000	02/15/2019
Purchase of Common Stock	126,563	02/15/2019
Purchase of Common Stock	12,656	02/15/2019
Purchase of Common Stock	189,844	02/19/2019
Purchase of Common Stock	268,946	02/20/2019
Purchase of Common Stock	63,281	02/20/2019
Purchase of Common Stock	217,435	02/20/2019
Sale of Common Stock	(500,000)	02/20/2019
Sale of Common Stock	(64,154)	02/20/2019
Purchase of Forward Contract	500,000	02/20/2019
Purchase of Common Stock	198,442	02/21/2019
Purchase of Common Stock	170,619	02/21/2019
Sale of Common Stock	(41,456)	02/21/2019
Sale of Common Stock	(3,208)	02/21/2019
Purchase of Common Stock	270,769	02/22/2019

Sale of Common Stock	(500,000)	02/22/2019
Purchase of Forward Contract	500,000	02/22/2019
Purchase of Common Stock	500,000	02/26/2019
Purchase of Common Stock	500,000	02/26/2019
Purchase of Common Stock	500,000	02/26/2019
Exercise of Forward Contract	(1,000,000)	02/26/2019
Exercise of Forward Contract	(500,000)	02/26/2019

STARBOARD VALUE AND OPPORTUNITY C LP

Purchase of Common Stock	57,000	01/31/2019
Purchase of Common Stock	68,767	02/01/2019
Purchase of Common Stock	5,486	02/05/2019
Sale of Common Stock	(8,221)	02/13/2019
Sale of Common Stock	(2,933)	02/14/2019
Purchase of Common Stock	2,427	02/15/2019
Purchase of Common Stock	10,971	02/15/2019
Purchase of Common Stock	1,097	02/15/2019
Purchase of Common Stock	16,458	02/19/2019
Purchase of Common Stock	23,314	02/20/2019
Purchase of Common Stock	5,486	02/20/2019
Purchase of Common Stock	18,849	02/20/2019
Sale of Common Stock	(5,540)	02/20/2019
Purchase of Common Stock	17,202	02/21/2019
Purchase of Common Stock	14,791	02/21/2019
Sale of Common Stock	(3,580)	02/21/2019
Sale of Common Stock	(277)	02/21/2019
Purchase of Common Stock	23,472	02/22/2019

STARBOARD VALUE AND OPPORTUNITY S LLC

Purchase of Common Stock	100,000	01/31/2019
Purchase of Common Stock	119,114	02/01/2019

Purchase of Common Stock	9,502	02/05/2019
Sale of Common Stock	(14,318)	02/13/2019
Sale of Common Stock	(5,109)	02/14/2019
Purchase of Common Stock	4,205	02/15/2019
Purchase of Common Stock	19,004	02/15/2019
Purchase of Common Stock	1,901	02/15/2019
Purchase of Common Stock	28,505	02/19/2019
Purchase of Common Stock	40,384	02/20/2019
Purchase of Common Stock	9,502	02/20/2019
Purchase of Common Stock	32,649	02/20/2019
Sale of Common Stock	(9,629)	02/20/2019
Purchase of Common Stock	29,797	02/21/2019
Purchase of Common Stock	25,619	02/21/2019
Sale of Common Stock	(6,222)	02/21/2019
Sale of Common Stock	(481)	02/21/2019
Purchase of Common Stock	40,657	02/22/2019

STARBOARD VALUE AND OPPORTUNITY MASTER FUND L LP

Purchase of Common Stock	46,000	01/31/2019
Purchase of Common Stock	63,855	02/01/2019
Purchase of Common Stock	5,094	02/05/2019
Sale of Common Stock	(7,199)	02/13/2019
Sale of Common Stock	(2,569)	02/14/2019
Purchase of Common Stock	2,254	02/15/2019
Purchase of Common Stock	10,188	02/15/2019
Purchase of Common Stock	1,019	02/15/2019
Purchase of Common Stock	15,281	02/19/2019
Purchase of Common Stock	21,649	02/20/2019
Purchase of Common Stock	5,094	02/20/2019
Purchase of Common Stock	17,502	02/20/2019
Sale of Common Stock	(4,968)	02/20/2019
Purchase of Common Stock	15,974	02/21/2019
Purchase of Common Stock	13,734	02/21/2019
Sale of Common Stock	(3,210)	02/21/2019
Sale of Common Stock	(248)	02/21/2019
Purchase of Common Stock	21,795	02/22/2019

STARBOARD LEADERS VICTOR LLC

Purchase of Common Stock 25,588 02/01/2019
Purchase of Common Stock 2,041 02/05/2019
Sale of Common Stock (1,731) 02/13/2019
Sale of Common Stock (617) 02/14/2019
Purchase of Common Stock 903 02/15/2019
Purchase of Common Stock 4,082 02/15/2019
Purchase of Common Stock 408 02/15/2019
Purchase of Common Stock 6,124 02/19/2019
Purchase of Common Stock 8,675 02/20/2019
Purchase of Common Stock 2,041 02/20/2019
Purchase of Common Stock 7,014 02/20/2019
Sale of Common Stock (1,520) 02/20/2019
Purchase of Common Stock 6,401 02/21/2019
Purchase of Common Stock 5,503 02/21/2019
Sale of Common Stock (983) 02/21/2019
Sale of Common Stock (76) 02/21/2019
Purchase of Common Stock 10,854 02/22/2019

STARBOARD VALUE LP

(Through the Starboard Value LP Account)

Purchase of Common Stock 130,000 01/31/2019
Purchase of Common Stock 182,969 02/01/2019
Purchase of Common Stock 14,596 02/05/2019
Sale of Common Stock (20,516) 02/13/2019
Sale of Common Stock (7,320) 02/14/2019
Purchase of Common Stock 6,458 02/15/2019
Purchase of Common Stock 29,192 02/15/2019
Purchase of Common Stock 2,919 02/15/2019
Purchase of Common Stock 43,788 02/19/2019
Purchase of Common Stock 62,032 02/20/2019
Purchase of Common Stock 14,596 02/20/2019
Purchase of Common Stock 50,151 02/20/2019
Sale of Common Stock (14,189) 02/20/2019
Purchase of Common Stock 45,770 02/21/2019
Purchase of Common Stock 39,354 02/21/2019
Sale of Common Stock (9,169) 02/21/2019
Sale of Common Stock (710) 02/21/2019
Purchase of Common Stock 62,453 02/22/2019

SCHEDULE II

The following table is reprinted from the proxy statement/prospectus filed by Bristol-Myers Squibb Company with the Securities and Exchange Commission on February 22, 2019.

STOCK OWNERSHIP OF AND VOTING BY BRISTOL-MYERS SQUIBB DIRECTORS AND EXECUTIVE OFFICERS AND CERTAIN STOCKHOLDERS

The following table sets forth, as of January 24, 2019 (except as otherwise noted), beneficial ownership of shares of Bristol-Myers Squibb common stock by each director, each of the named executive officers and all directors and executive officers as a group, and all persons known by the BMS Board to be beneficial owners of more than five percent of the outstanding shares of Bristol-Myers Squibb common stock. Shares are beneficially owned when an individual has voting and/or investment power over the shares or could obtain voting and/or investment power over the shares within 60 days. Voting power includes the power to direct the voting of the shares and investment power includes the power to direct the disposition of the shares. Unless otherwise noted, shares listed below are owned directly or indirectly with sole voting and investment power. None of Bristol-Myers Squibb's directors and executive officers, individually or as a group, beneficially owns greater than 1% of Bristol-Myers Squibb's outstanding shares of common or preferred stock. There are no beneficial owners of more than 5% of the outstanding shares of Bristol-Myers Squibb's preferred stock.

Name	Bristol-Myers Squibb Company		
	Total Common Shares Owned(1)	Common Shares Underlying Options or Stock Units(2)	Common Shares Underlying Deferred Share Units(3)
P. J. Arduini	14,961	0	14,961
C. A. Bancroft	455,312	115,506	0
R. J. Bertolini	10,497	0	10,100
G. Caforio, M.D.	467,537	174,499	0
M. W. Emmens	10,457	0	10,197
M. Grobstein	78,862	0	75,479
A. J. Lacy	67,895	0	65,590
S. Leung	686,113	215,326	0
T. J. Lynch, Jr., M.D.	21,343	5,864	0
D. C. Paliwal	35,541	0	22,606
T. R. Samuels	31,103	0	9,102
V. L. Sato, Ph.D.	61,108	0	61,108
S. Schmukler	69,557	0	69,557
G. L. Storch	44,743	0	44,743
K. H. Vousden, Ph.D.	3,786	0	3,786
All Directors and Executive Officers as a Group(4)	2,445,295	634,420	317,672
Wellington Management Group LLP(5)	136,601,722	—	—
The Vanguard Group(6)	131,699,595	—	—
BlackRock, Inc.(7)	115,573,078	—	—

(1)

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Consists of direct and indirect ownership of shares, shares credited to the accounts of the executive officers under the Bristol-Myers Squibb Company Savings and Investment Program, stock options that are currently exercisable, restricted stock units that vest within 60 days, the target number of market share units that vest within 60 days and deferred share units.

II-1

Consists of shares underlying stock options that are currently exercisable, restricted stock units that vest within 60 (2) days, and the target number of market share units that vest within 60 days. None of these shares have any voting rights.

(3) Consists of deferred share units that are valued according to the market value and stockholder return on equivalent shares of common stock. Deferred share units have no voting rights.

(4) Includes 22 individuals.

Each of Bristol-Myers Squibb's directors and executive officers is expected, as of the date of this joint proxy statement/prospectus, to vote his or her shares of Bristol-Myers Squibb stock "FOR" the stock issuance and "FOR" the Bristol-Myers Squibb adjournment proposal, although none of Bristol-Myers Squibb's directors and executive officers has entered into any agreement requiring them to do so.

This information is based on the Schedule 13G/A filed by Wellington Management Group LLP with the SEC on February 12, 2019 reporting beneficial ownership as of December 31, 2018. The reporting person has sole voting (5) power with respect to zero shares, shared voting power with respect to 35,247,592 shares, sole dispositive power with respect to zero shares and shared dispositive power with respect to 136,601,722 shares. The address of the reporting person is c/o Wellington Management Company LLP, 280 Congress Street, Boston, MA 02210.

This information is based on the Schedule 13G/A filed by The Vanguard Group with the SEC on February 11, 2019 reporting beneficial ownership as of December 31, 2018. The reporting person has sole voting power with (6) respect to 1,959,851 shares, shared voting power with respect to 376,305 shares, sole dispositive power with respect to 129,401,437 shares and shared dispositive power with respect to 2,298,158 shares. The address of the reporting person is 100 Vanguard Blvd., Malvern, PA 19355.

This information is based on the Schedule 13G/A filed by BlackRock, Inc. with the SEC on February 4, 2019 reporting beneficial ownership as of December 31, 2018. The reporting person has sole voting power with respect (7) to 99,298,503 shares, shared voting power with respect to zero shares, sole dispositive power with respect to 115,573,078 shares and shared dispositive power with respect to zero shares. The address of the reporting person is 55 East 52nd Street, New York, NY 10022.

IMPORTANT

Tell your Board what you think! Your vote is important. No matter how many shares of Bristol-Myers Stock you own, please give Starboard your proxy **AGAINST** the Stock Issuance Proposal and the Adjournment Proposal by taking three steps:

SIGNING the enclosed **BLUE** proxy card,
DATING the enclosed **BLUE** proxy card, and
MAILING the enclosed **BLUE** proxy card TODAY in the envelope provided (no postage is required if mailed in the United States).

If any of your shares of Bristol-Myers Stock are held in the name of a brokerage firm, bank, bank nominee or other institution, only it can vote such shares of Bristol-Myers Stock and only upon receipt of your specific instructions. Depending upon your broker or custodian, you may be able to vote either by toll-free telephone or by the Internet. Please refer to the enclosed voting form for instructions on how to vote electronically. You may also vote by signing, dating and returning the enclosed **BLUE** voting form.

If you have any questions or require any additional information concerning this Proxy Statement, please contact Okapi Partners at the address set forth below.

If you have any questions, require assistance in voting your BLUE proxy card, or need additional copies of Starboard's proxy materials, please contact Okapi Partners at the phone numbers or email address listed below.

Okapi Partners LLC

1212 Avenue of the Americas, 24th Floor

New York, New York 10036

+ 1 (212) 297-0720 (Main)

+ 1 (888) 785-6617 (Toll-Free)

Email: info@okapipartners.com

BLUE PROXY CARD

**PRELIMINARY COPY SUBJECT TO COMPLETION
DATED march 12, 2019**

Bristol-Myers Squibb Company

SPECIAL MEETING OF STOCKHOLDERS

**THIS PROXY IS SOLICITED ON BEHALF OF STARBOARD VALUE AND OPPORTUNITY MASTER
FUND LTD AND THE OTHER PARTICPANTS IN ITS PROXY SOLICITATION**

**THE BOARD OF DIRECTORS OF Bristol-Myers Squibb Company
IS NOT SOLICITING THIS PROXY**

P R O X Y

The undersigned appoints [Jeffrey C. Smith] and [Peter A. Feld], and each of them, attorneys and agents with full power of substitution to vote all shares of common stock and preferred stock (collectively, the “Shares”) of Bristol-Myers Squibb Company (the “Company”) which the undersigned would be entitled to vote if personally present at the Special Meeting of the Stockholders of the Company scheduled to be held on April 12, 2019 at the offices of Kirkland & Ellis LLP located at 601 Lexington Avenue, New York, New York 10022, at 10:00 a.m., Eastern Time (including any adjournments or postponements thereof, the “Special Meeting”).

The undersigned hereby revokes any other proxy or proxies heretofore given to vote or act with respect to the Shares of the Company held by the undersigned, and hereby ratifies and confirms all action the herein named attorneys and proxies, their substitutes, or any of them may lawfully take by virtue hereof. If properly executed, this Proxy will be voted as directed on the reverse and in the discretion of the herein named attorneys and proxies or their substitutes with respect to any other matters as may properly come before the Special Meeting that are unknown to Starboard Value and Opportunity Master Fund Ltd (“Starboard”) a reasonable time before this solicitation.

**IF NO DIRECTION IS INDICATED WITH RESPECT TO THE PROPOSALS ON THE REVERSE, THIS
PROXY WILL BE VOTED “AGAINST” PROPOSAL 1 AND “AGAINST” PROPOSAL 2.**

This Proxy will be valid until the completion of the Special Meeting. This Proxy will only be valid in connection with Starboard’s solicitation of proxies for the Special Meeting.

IMPORTANT: PLEASE SIGN, DATE AND MAIL THIS PROXY CARD PROMPTLY!

CONTINUED AND TO BE SIGNED ON REVERSE SIDE

BLUE PROXY CARD

[X] Please mark vote as in this example

STARBOARD STRONGLY RECOMMENDS THAT STOCKHOLDERS VOTE “AGAINST” PROPOSAL 1 AND “AGAINST” PROPOSAL 2.

1. The Company’s proposal to approve the issuance of shares of the Company’s common stock pursuant to the Agreement and Plan of Merger, dated as of January 2, 2019, as it may be amended from time to time, among the Company, Burgundy Merger Sub, Inc., a Delaware corporation and wholly-owned subsidiary of the Company, and Celgene Corporation, a Delaware corporation (the “Stock Issuance Proposal”).

“FOR” “AGAINST” “ABSTAIN

2. The Company’s proposal to approve an adjournment of the Special Meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the Special Meeting to approve the Stock Issuance Proposal.

“FOR” “AGAINST” “ABSTAIN

DATED: _____

(Signature)

(Signature, if held jointly)

(Title)

WHEN SHARES ARE HELD JOINTLY, JOINT OWNERS SHOULD EACH SIGN. EXECUTORS, ADMINISTRATORS, TRUSTEES, ETC., SHOULD INDICATE THE CAPACITY IN WHICH SIGNING. PLEASE SIGN EXACTLY AS NAME APPEARS ON THIS PROXY.