

LifeLock Inc (LOCK) - 13D

Thursday, June 16, 2016

4:15 PM (EST)

13D Filing

Filer/Purchaser	Date of Filing	Transactions in Past 60 Days			Total Holdings		
		Dates of Purchase/Sale	Shares Purchased/(Sold)	Share Price/Range	Shares	Average Price	% of TSO
Elliott Associates, LP	6/16/2016	05/04/16 - 06/15/16	7,150,000	\$11.19 - \$14.64	7,150,000	\$12.96	7.60%

Item 4 Summary	Elliott believes that the Company is undervalued and has initiated a dialogue with the Company's Management and Board on opportunities to enhance shareholder value. Elliott believes there is material upside from the Company's share price level on May 20, 2016 of \$12.19 per share, which was the day prior to Elliott's commencement of significant purchases of shares and the subsequent share price outperformance of the Company's common stock.						
Composition of Holdings	Elliott reported that its combined economic exposure of 8.8% in the Company is through: (i) 7,150,000 shares of common stock and (ii) 1,162,900 shares of common stock pursuant to notional principal amount derivative agreements in the form of cash settled swaps.						
13F Data and 13D History <small>(see more at 13DMonitor.com)</small>	13F Holdings (\$000):	\$9,525,759	# of 13D Filings:	65	# of Item 4 Actions Taken:	44	
	# of 13F Positions:	62	Average Return on 13D Filings:	29.15%	Average Return on Item 4 Actions:	13.18%	
	Average 13F Position:	\$153,641	Versus S&P 500:	13.23%	Versus S&P 500:	8.26%	
	Largest 13F Position:	\$1,119,300	Average 13D Holding Time (Months):	25.9	Average Item 4 Holding Time:	20.6	
Relative Size of Investment:	1.1% of the Filer's total 13F holdings; 70.1% of the size of its average investment; and 9.6% of the size of its largest investment.						
Noteworthy Activist History	In its 13D filing on Metrologic Instruments (2006), Elliott did not mention any activist intent, but ultimately joined a group who acquired the Company, with Elliott receiving a 15% stake in the new private company. In its May 2007 13D filing on Packeteer, Inc., Elliott urged the Board to promptly sell the Company. After the Board was not receptive to any of Elliott's suggestions, Elliott commenced a tender offer to acquire the company at \$5.50 per share, but ultimately sold its shares to Blue Coat Systems, Inc. who agreed to acquire the Company for \$7.10 per share. In its 13D filing on MSC Software, Elliott joined with a private equity group to acquire the company at \$8.40 per share. In March of 2010, Elliott made an to acquire Novell, Inc. for \$5.75 per share, and in November, Novell agreed to be acquired by Attachmate Corporation for \$6.10 per share with Elliott contributing \$110 million of common stock for a 17% interest in the surviving corporation. In November 2012, Elliott filed a 13D on Compuware and eventually made an \$11.00 per share offer to acquire the Company. In 2014, Compuware was taken private by Thoma Bravo for \$10.75 per share. More recently, Elliott filed a 13D on Riverbed Technology, Inc. and made an offer to acquire the Company for \$21.00 per share. Riverbed was subsequently acquired by Thoma Bravo and Teachers' Private Capital for \$21.00 per share in cash. Elliott filed a 13D on Informatica Corporation on January 26, 2015 (when the stock was trading at \$40.44) and on August 6, 2015, it was acquired by the Permira Funds and Canada Pension Plan Investment Board for \$48.75 per share in cash. Elliott filed a 13D on Qlik Technologies Inc. on March 3, 2016, stated its belief that there are strategic and operational opportunities for the Company and on June 2, 2016, the Company entered into an agreement to be acquired by Thoma Bravo for \$30.50 per share.						
13D Commentary	Elliott is a multi-strategy fund so their activist endeavors are sometimes overlooked. However, Elliott is a very successful and astute activist investor, particularly in the Technology sector. Their team includes analysts from leading tech private equity firms, engineers, operating partners – former technology CEO and COOs. When evaluating an investment they also hire specialty and general management consultants, expert cost analysts and industry specialists. They often watch companies for many years before investing and have an extensive stable of impressive board candidates. This is a situation where a market leading company has experienced a somewhat depressed stock price due to things that no longer affect the operations or prospects of the business. In December of 2015, the Company settled a \$100 million FTC Charge and in January of 2016 they brought in a new CEO. So, the sketchy business practices should be behind them. The Company has over 50% share in the identity theft market and is many multiples larger than its closest competitor. Moreover, it is levered to data breaches in that every time there is a large data breach, millions of people are affected, all of whom become new potential clients in addition to the hundreds of millions of people reading about these high profile data breaches. With the exponential growth of technology, these data breaches are unfortunately more likely to become much more prevalent. Elliott has had tremendous success in being the impetus for the sale of some of its portfolio companies (See Activist History) and this is small enough that Elliott could even make a bid for it themselves, which would not surprise me.						

Proxy Timeline

Last Annual Meeting: May 5, 2016

Next Annual Meeting: tbd

Shareholder Proposal Notification Deadlines: For proposals to be included in the Company's proxy statement at the 2017 Annual Meeting: November 24, 2016; For proposals not to be included in the Company's proxy statement (including director nominations): Between January 8, 2017 and February 7, 2017.

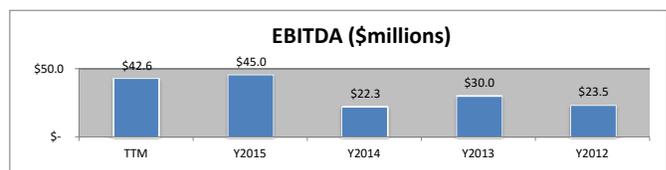
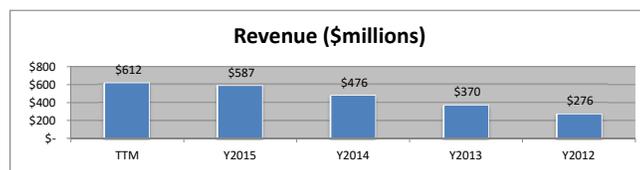
Business Overview

- LifeLock, Inc. provides proactive identity theft protection services for consumers and consumer risk management services for enterprises. The Company monitors certain identity-related events, such as new account openings and credit-related applications. It operates in two segments: consumer segment and an enterprise segment. The Company's LifeLock ecosystem combines data repositories of personally identifiable information and consumer transactions, predictive analytics and a technology platform. It applies predictive analytics to the data in its repositories to provide its members and enterprise customers' actionable intelligence that helps protect against identity theft and identity fraud. It offers its consumer services on a monthly or annual subscription basis. It provides consumer risk management services, including delivering its on-demand identity risk, identity-authentication and credit information about consumers to its enterprise customers in the daily transaction flows.
- State of Incorporation: DE; Principal Place of Business: Tempe, AZ.

Material Factors

- Board Composition:** The Company has an eight person, three class, staggered Board with three directors up for election in 2018 and 2019 and two directors up for election in 2017. The Board and executive officers own 13.9% of the outstanding common stock of the Company, 20.6% of which are subject to stock options.
- Voting Standard for Uncontested Elections:** Plurality
- Shareholder Rights Plan:** None
- Top Ten Institutional Holders:** Prescott General Partners LLC: 9,524,404 shares (10.12%); Okumus Fund Management, Ltd.: 9,177,954 shares (9.76%); Columbia Threadneedle Investments (US): 8,530,520 shares (9.07%); Bessemer Venture Partners: 8,376,022 shares (8.9%); Elliott Associates, LP: 7,150,000 shares (7.6%); The Vanguard Group, Inc.: 5,864,910 shares (6.23%); BlackRock Institutional Trust Company, N.A.: 4,422,764 shares (4.7%); Brown Brothers Harriman & Company: 4,065,018 shares (4.32%); Thompson, Siegel & Walmsley LLC: 2,555,864 shares (2.72%); and ClearBridge Investments, LLC: 2,458,375 shares (2.61%).
- Insider Transactions (Last 6 months):** Purchases (Transactions): None; Sales (Transactions): 302,040 shares (59); Net Shares Purchased: -302,040 shares.

Sales and EBITDA



Summary Financial Information

Equity Market Cap	\$1.42B
Enterprise Value	\$1.22B
EBITDA (LTM Ending 03/31/2016)	\$42.58M
EV/EBITDA	28.54 x

Stock Price Performance

Stock Price	\$15.06
52 Week High (Date)	\$17.43 (06/24/15)
52 Week Low (Date)	\$7.18 (08/14/15)
Average Trading Volume	2,077,206
Average Trading Value	\$31,282,722



Stock Price @ 06-16-15	\$16.51	Stock Price @ 06-16-13	\$10.90	Stock Price @ 06-16-11	n/a
One Year Return	-10.12%	Three Year Return	36.15%	Five Year Return	n/a