

LAZARD'S SHAREHOLDER ADVISORY GROUP

Review of Shareholder Activism—1H 2017

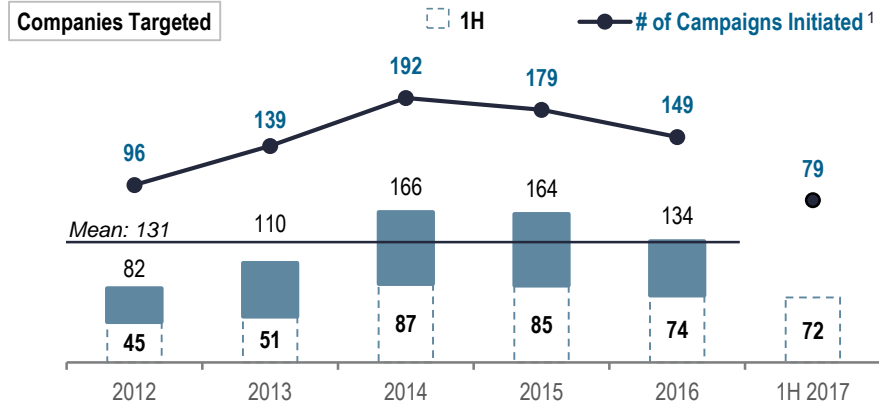
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Review of Shareholder Activism in 1H 2017

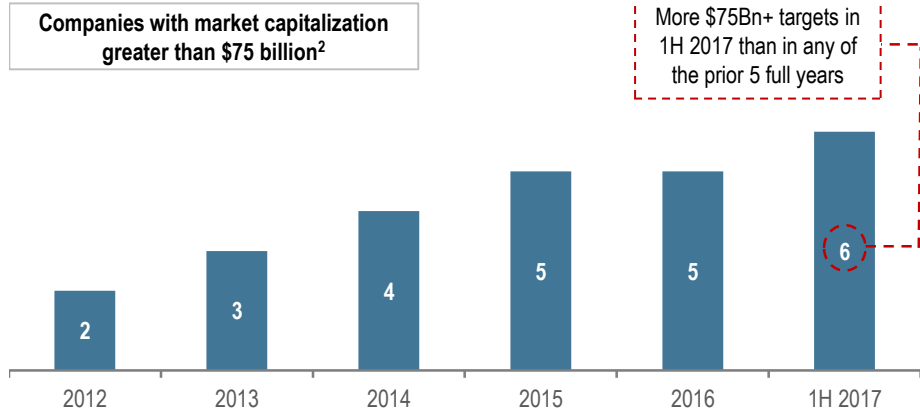
- 1 The most prominent activists have ramped up their activity, raising capital and launching campaigns against blue chip targets**
 - Unique approaches such as Mantle Ridge’s single-investment targeting of CSX, Greenlight’s dual-class proposal at GM and Elliott’s partnership with BlueScape at NRG indicate a willingness to pursue ambitious and creative strategies
- 2 Activists are increasingly looking beyond the United States and investing significant resources globally**
 - Elliott’s campaigns at AkzoNobel and BHP Billiton, and Third Point’s recently-announced activity at Nestlé, highlight a trend toward pursuit of large targets overseas
- 3 Index owners are proactively engaging in contested situations, delivering on their promises to become more assertive**
 - Company engagement with Vanguard and BlackRock reportedly swung the Taubman Centers proxy contest in management’s favor
 - Increased assertiveness follows the January 2017 launch of governance-focused Investor Stewardship Group, which counts many prominent institutions as signatories
- 4 Activists were successful in securing management change, with numerous high-profile CEO exits following relentless activist scrutiny and proxy campaigns**
 - Among those affected were AIG, Arconic, CSX, GE, Pandora, and Perrigo
- 5 Continued flows out of actively-managed strategies and into index funds have provided activists with outsized influence in an environment of increasing shareholder concentration**
 - According to Morningstar, passive fund inflows reached over \$250 billion in 1Q 2017, building off a trend from 2016 when active funds saw \$285 billion in outflows and \$428 billion flowed into passive funds

Companies Targeted by Activists

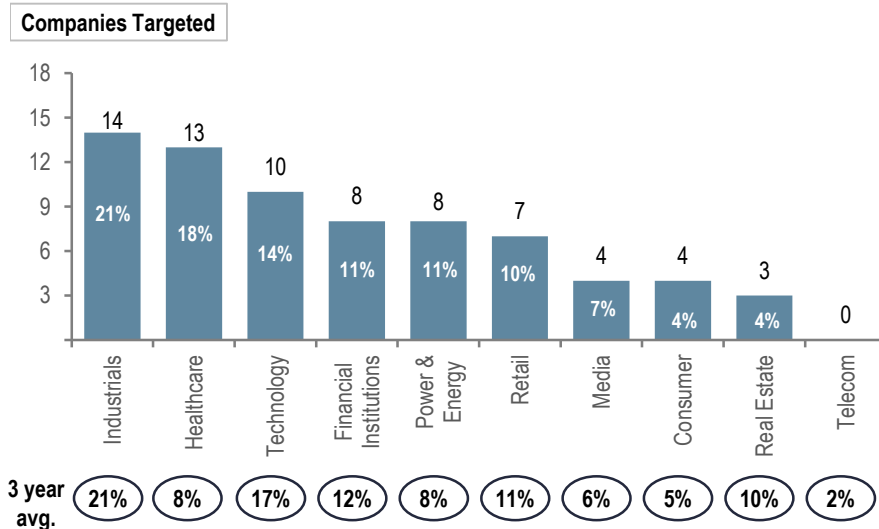
Campaign Activity Keeping Pace with 2016



Mega Cap Targets Receiving Increasing Attention



Significant Rise in Healthcare Companies Targeted in 1H 2017



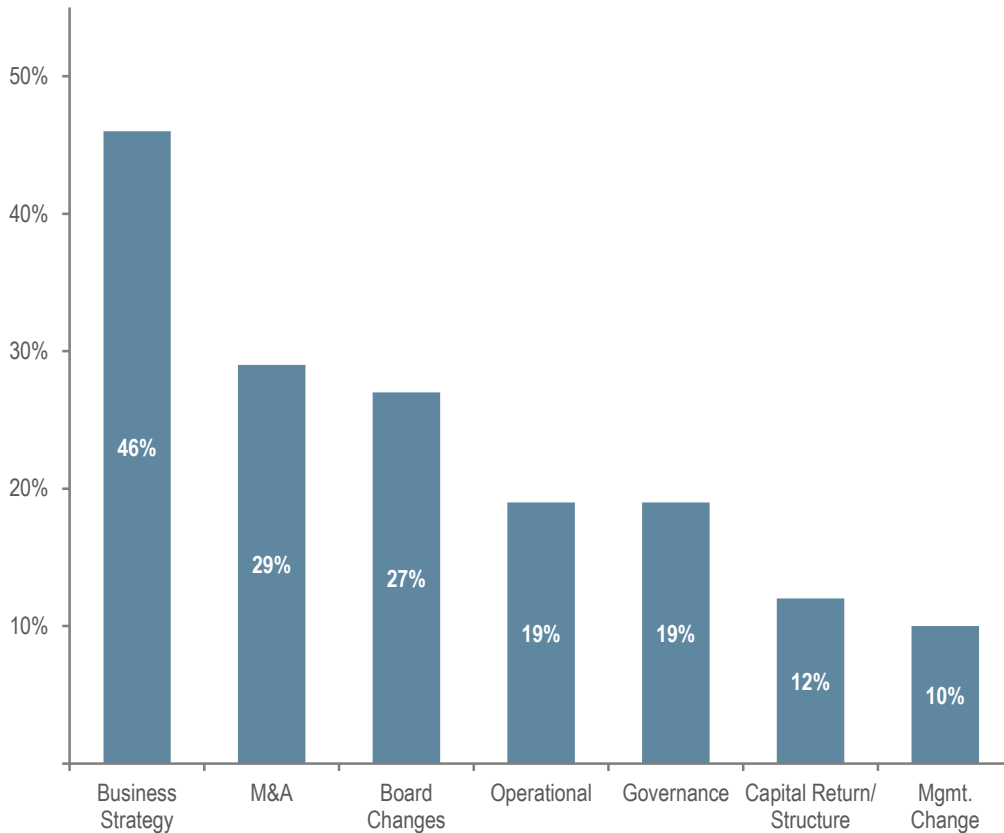
Top 10 Largest Activist Targets in 1H 2017

Company	Mkt Cap ³	Activist	%O/S ¹	\$ Value ¹
Nestle	\$262,528	Third Point	1.3%	\$3,387
Procter & Gamble	225,763	Triam	1.4%	3,251
BHP Billiton	99,203	Elliott	4.1%	4,067
Honeywell	99,012	Third Point	0.2%	198
Bristol-Myers Squibb	91,314	JANA	0.2%	183
General Motors	55,690	Greenlight	5.0%	2,768
CSX	34,544	Mantle Ridge	4.9%	1,693
Tesco	23,397	Artisan / Schroders	4.5% / 5.0%	1,053 / 1,170
AkzoNobel	20,372	Elliott	3.3%	662
Century Link	12,953	Corvex	5.5%	712

Additional Observations on 1H 2017 Campaigns

Key 1H 2017 Campaign Objectives

% of Campaigns

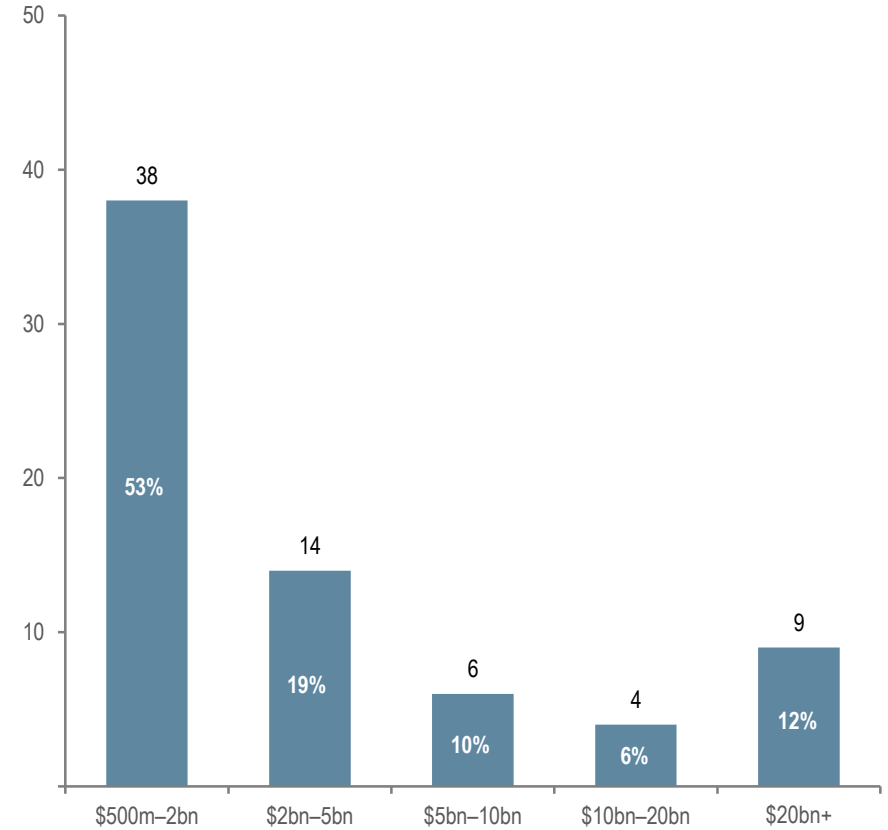


3 year avg.



Small and Mid Cap Targets Continue to Receive Most Attention

Companies Targeted

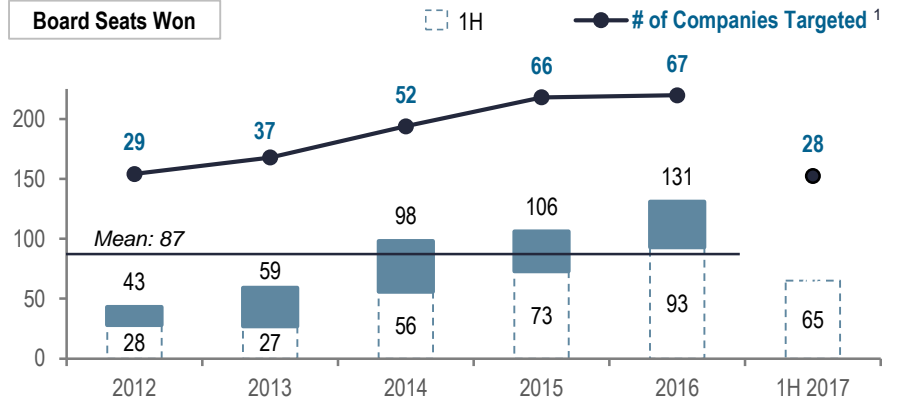


3 year avg.

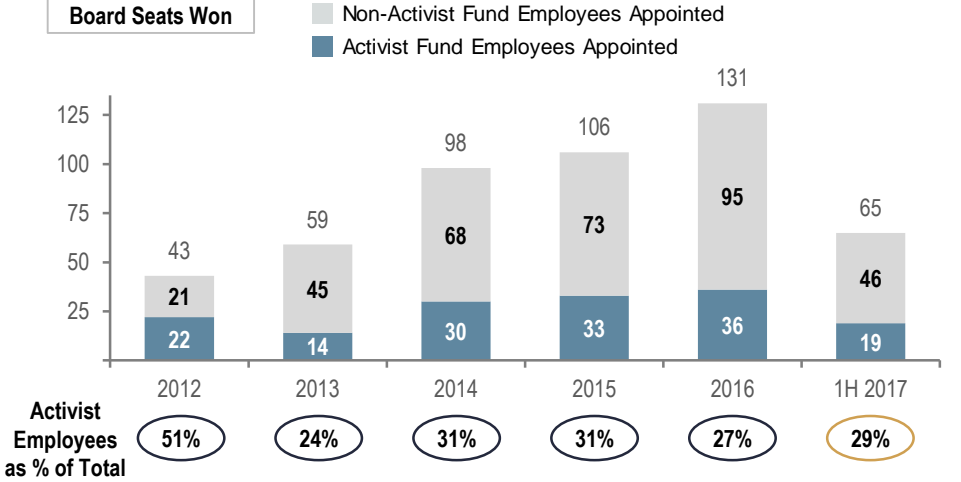


Board Seats Won by Activists

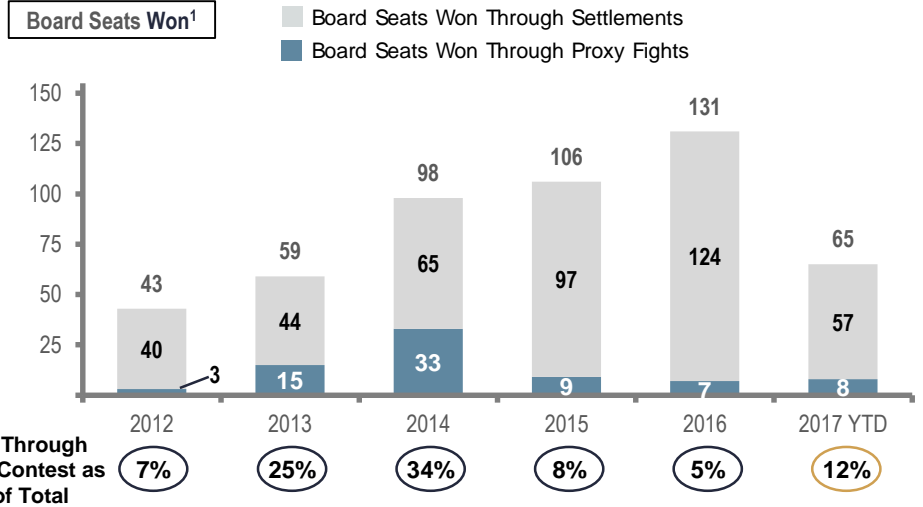
Significant Board Change in 2017 ¹



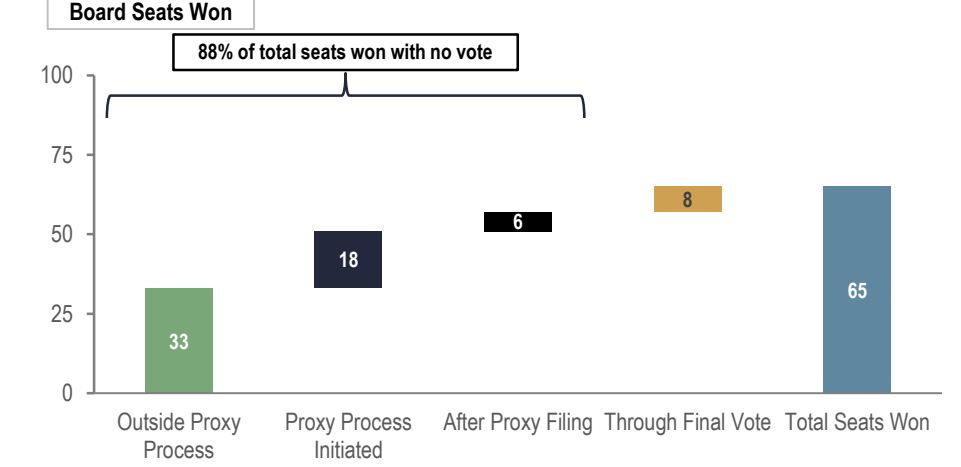
Slight Increase in Board Representation for Activist Employees



Most Board Seats Won Through Settlements...



... And Before Starting a Proxy Fight



Prominent Activists and Market-Defining Campaigns

(\$ in millions)

Campaigns Initiated by Selected Notable Activists			
Activist	Campaigns in 1H 2017	Mean '14-'16	Aggregate Market Value of 1H 2017 Activist Positions ¹
Elliott	8	13	\$6,500
JANA	4	5	1,100
Marcato	3	4	124
Corvex	2	2	1,000
Third Point	2	5	3,600
ValueAct	2	8	755
Starboard Value	2	3	410
Icahn	2	4	290
Trian	1	2	3,251
Pershing Square	0	2	-

Notable Campaign Highlights in 1H 2017

Company	Activist	Key Takeaways
 AkzoNobel	 ELLIOTT	<ul style="list-style-type: none"> Use of traditional activist and unsolicited M&A approach in European context Major activist legal challenge to Dutch governance norms
 ARCONIC	 ELLIOTT	<ul style="list-style-type: none"> Settlement agreement avoided a likely defeat at shareholder vote 2 of Elliott's 3 appointed nominees received recommendation from both Glass Lewis and ISS
 bhpbilliton	 ELLIOTT	<ul style="list-style-type: none"> Elliott softened its demands following the Australian government's warning against moving the Company's primary listing
 [CSX]	 MANTLE RIDGE	<ul style="list-style-type: none"> Use of special purpose activist fund Shareholders approved sizable make-whole payment for incoming CEO in connection with campaign
 Nestlé	 THIRD POINT	<ul style="list-style-type: none"> \$3.5 billion single investment in one of the largest targets ever
 WHOLE FOODS MARKET	 JANA PARTNERS LLC	<ul style="list-style-type: none"> Neuberger had been rumored to invite activist interest in the stock JANA's refusal to settle for Board seats resolved by the Company's ultimate sale

Source: Activist Insight, FactSet and public filings.

Note: All data is for activist campaigns conducted by U.S. activists targeting global companies or non-U.S. activists targeting U.S. companies with market capitalizations greater than \$500 million at time of campaign announcement.

¹ Calculated as of campaign announcement date.



Appendix



A 1H 2017 Campaigns and Key Objectives

1H 2017 Campaigns—Key Objectives

(\$ in millions)

Campaign Announce Date	Company	Mkt Cap ¹	Activist	Initial %O/S ¹	Business Strategy	Board Change	Governance	M&A	Capital Return/ Structure	Operational	Management Change
6/28/17	Dow	\$77,273	Glenview	1.3%				✓			
6/27/17	Nestle	262,528	Third Point	1.3%	✓			✓			
6/19/17	Hudson's Bay Co.	1,160	Land & Buildings Inv. Mgmt.	4.3%	✓			✓		✓	
6/16/17	Procter & Gamble	229,316	Triam Partners	1.4%		✓					
6/1/17	ShoreTel	392	RGM Capital	6.1%	✓					✓	
5/30/17	Energen	5,402	Corvex Mgmt.	5.5%	✓			✓			
5/24/17	ILG	3,400	FrontFour Capital	0.7%	✓			✓			
5/22/17	Cheniere Energy Partners	6,133	Zimmer Partners	5.5%	✓				✓	✓	
5/22/17	Babcock & Wilcox Enterprises	454	Lightship Capital	9.9%	✓			✓	✓	✓	✓
5/18/17	Spectrum Brands	7,511	Tourbillon Capital	N/A				✓			
5/18/17	Athenahealth	4,230	Elliott Mgmt.	9.2%	✓	✓		✓		✓	
5/17/17	Mueller Water Products	1,779	GAMCO Asset Mgmt.	5.0%							
5/11/17	Parexel	3,803	Starboard Value	5.7%	✓			✓		✓	
5/8/17	Century Link	12,953	Corvex Mgmt.	5.5%	✓					✓	✓
5/8/17	Gigamon	1,271	Elliott Mgmt.	15.3%				✓			
5/4/17	Avon Products	1,592	Barington Capital	0.7%							✓
5/2/17	Etsy	1,283	Black & White Capital / TPG Group / Dragoneer Inv.	2.0% / 4.3% / 3.7%	✓	✓	✓	✓			✓
5/2/17	Granite REIT	1,715	FrontFour Capital / Sandpiper	6.2%	✓	✓			✓	✓	
5/1/17	SeaWorld Entertainment	1,496	Hill Path Capital	7.7%	✓		✓				
4/27/17	Honeywell	99,012	Third Point	0.2%	✓			✓			
4/27/17	KKR & Co.	8,480	ValueAct Capital	4.9%	✓						
4/24/17	WS Atkins	2,703	Elliott Mgmt.	6.8%							
4/13/17	Peabody Energy	3,500	Elliott Mgmt.	25.4%							
4/13/17	Peabody Energy	3,500	Discovery Capital Mgmt.	29.6%							
4/10/17	BHP Billiton Plc	93,004	Elliott Mgmt.	4.1%	✓			✓	✓	✓	
4/10/17	Rent-A-Center	510	Marcato Capital Mgmt.	4.9%				✓			
4/10/17	Whole Foods Market	9,896	JANA Partners	8.8%	✓	✓			✓	✓	
3/29/17	Lennar Corporation	1,296	GAMCO Asset Mgmt.	11.2%	✓						
3/28/17	General Motors	52,065	Glenview Capital Mgmt.	5.0%	✓	✓	✓				
3/28/17	Templeton Dragon Fund	641	City of London Inv. Mgmt.	30.7%		✓	✓				

1H 2017 Campaigns—Key Objectives (cont'd)

(\$ in millions)

Campaign Announce Date	Company	Mkt Cap ¹	Activist	Initial %O/S ¹	Business Strategy	Board Change	Governance	M&A	Capital Return/ Structure	Operational	Management Change
3/28/17	Achaogen	\$855	Robert Duggan	5.7%							
3/28/17	Deckers Outdoor	1,804	Red Mountain Capital	3.3%	✓			✓		✓	
3/27/17	DigitalGlobe	1,986	Edenbrook Capital	0.4%							
3/27/17	Tesco	9,027	Artisan Partners / Schrodgers	4.6% / 4.6%	✓						
3/27/17	Tronc	506	Patrick Soon-Shiong	26.7%			✓				
3/23/17	ASM International	3,314	Eminence Capital	9.0%	✓						
3/20/17	Blackhawk Network Holdings	2,010	JANA Partners	4.7%		✓				✓	
3/20/17	Putnam Municipal	500	Bulldog Investors	10.3%		✓					
3/17/17	Akzo Nobel	20,372	Elliott Mgmt.	3.3%				✓			
3/17/17	Armstrong Flooring	533	GAMCO Asset Mgmt.	7.1%							
3/13/17	Community Health Systems	1,073	Shanda Asset Mgmt.	13.7%	✓						
3/13/17	GCP Applied Technologies	2,360	40 North Mgmt.	9.0%							
3/9/17	PHH Corporation	669	EJF Capital	8.4%		✓			✓		
3/7/17	Innoviva	1,274	Sarissa Capital Mgmt.	3.1%		✓	✓				
3/6/17	WebMD	1,910	Blue Harbour Group	9.0%	✓		✓				
3/3/17	Arconic	12,515	Gray Fndtn (Orbis Inv. Mgmt)	2.8%	✓						✓
2/22/17	Deltic Timber	951	Southeastern Asset Mgmt.	15.0%				✓			
2/21/17	Bristol-Myers Squibb	91,232	Icahn Associates	—				✓			
2/21/17	Bristol-Myers Squibb	91,232	JANA Partners	0.2%		✓					
2/21/17	Motorcar Parts of America	542	Engine Capital Mgmt.	0.7%		✓	✓				
2/21/17	Tiffany & Co.	10,726	Francesco Trapani / JANA Partners	5.1%		✓					
2/21/17	Tribune Media Co.	2,927	Starboard Value	6.6%							
2/17/17	Cypress Semiconductor	4,116	Thurman John Rodgers	2.7%		✓	✓				
2/17/17	Bioverativ	4,783	ValueAct Capital	7.1%		✓					
2/15/17	Arconic	12,809	Lion Point Capital	0.2%	✓	✓			✓	✓	✓
2/14/17	CSX Corp.	44,469	Mantle Ridge	4.9%	✓	✓	✓			✓	✓
2/9/17	Columbia Pipeline Partners	1,706	Whetstone Capital Advisors	1.2%	✓						
2/8/17	Deckers Outdoor	1,443	Marcato Capital Mgmt.	6.0%	✓						
2/6/17	Arconic	11,358	First Pacific Advisors	4.5%			✓				✓
2/2/17	CLARCOR	4,035	GAMCO Asset Mgmt.	5.3%							
2/2/17	CoLucid Pharmaceuticals	892	GAMCO Asset Mgmt.	6.3%							

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Source: Activist Insight, FactSet and public filings.

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1H 2017 Campaigns—Key Objectives (cont'd)

(\$ in millions)

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1/31/17	Vascular Solutions	\$979	GAMCO Asset Mgmt.	5.7%							
1/30/17	Forest City REIT	5,606	Land & Buildings Inv. Mgmt.	1.0%	✓	✓	✓				
1/30/17	Foundation Medicine	682	Discovery Group I	5.2%							
1/30/17	Rent-A-Center	500	Engaged Capital	9.9%				✓			
1/25/17	Cabot Microelectronics	1,596	Hudson Executive Capital	5.0%	✓		✓				
1/24/17	AtriCure	500	Hudson Executive Capital	5.6%	✓		✓				
1/24/17	Banc of California	729	Legion Partners Asset Mgmt. / CalPERS	6.3% 0.2%		✓	✓	✓			
1/24/17	Virtus Inv. Partners	916	Marcato Capital Mgmt.	1.4%					✓		
1/19/17	Rudolph Technologies	703	Voce Capital Mgmt.	0.8%	✓			✓			
1/19/17	Nanometrics	627	Voce Capital Mgmt.	0.8%	✓			✓			
1/18/17	Radius Health	1,926	Farallon Capital Mgmt.	6.0%							
1/17/17	NRG Energy	4,605	Bluescape / Elliott Mgmt.	2.5% 6.9%	✓	✓				✓	
1/12/17	The Advisory Board Co.	1,451	Elliott Mgmt.	8.3%							
1/9/17	Conduent	2,966	Icahn Associates	9.8%							
1/6/17	Progress Software	1,539	Praesidium Inv. Mgmt.	10.2%							
1/4/17	Columbia Pipeline Partners	1,721	GAMCO Asset Mgmt.	5.5%							
1/4/17	Hertz Global Holdings	1,869	GAMCO Asset Mgmt.	5.1%							
1/3/17	EQT Corporation	11,298	Chapter IV Investors	0.2%	✓			✓			



B Selected Members of Shareholder Advisory Group

Shareholder Advisory Group—Key Contacts

Jim Rossman

*Managing Director and
Head of Shareholder Advisory*

Tel: +1 212 632 6088
jim.rossman@lazard.com

Mary Ann Deignan

Managing Director

Tel: +1 212 632 6938
maryann.deignan@lazard.com

Andrew T. Whittaker

Managing Director

Tel: +1 212 632 6869
andrew.whittaker@lazard.com

Gilles Mentré

Managing Director, Paris

Tel: +33 1 44 13 04 84
gilles.mentre@lazard.com

Rich Thomas

Director

Tel: +1 212 632 2652
richard.thomas@lazard.com

Christopher Couvelier

Vice President

Tel: +1 212 632 6177
christopher.couvelier@lazard.com

Sunil Suri

Vice President

Tel: +1 212 632 6512
sunil.suri@lazard.com