

# LAZARD

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Investor Information

JULY 2012

# Disclaimer

This presentation contains certain statements, estimates and forecasts with respect to future performance and events. These statements, estimates and forecasts are “forward-looking statements.” In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as “may,” “might,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or “continue” or the negatives thereof or variations thereon or similar terminology. All statements other than statements of historical fact included in this presentation are forward-looking statements and are based on various underlying assumptions and expectations and are subject to known and unknown risks and uncertainties, and may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied in the forward-looking statements. These factors include, but are not limited to, those discussed in our Annual Report on Form 10-K under Item 1A “Risk Factors,” and also disclosed from time to time in our quarterly reports on Form 10-Q and current reports on Form 8-K, including the following: (a) a decline in general economic conditions or the global financial markets, (b) losses caused by financial or other problems experienced by third parties, (c) losses due to unidentified or unanticipated risks, (d) a lack of liquidity, i.e., ready access to funds for use in our businesses, and (e) competitive pressure on our business and on our ability to retain our employees. As a result, there can be no assurance that the forward-looking statements included in this presentation will prove to be accurate or correct. In light of these risks, uncertainties and assumptions, the future performance or events described in the forward-looking statements in this presentation might not occur. Accordingly, you should not rely upon forward-looking statements as a prediction of actual results and we do not assume any responsibility for the accuracy or completeness of any of these forward-looking statements. We do not undertake any obligation to, and will not, update any forward-looking statements, whether as a result of new information, future events or otherwise.

# Investment Highlights

- Lazard's unrivaled global network
- Low-risk business model with minimal capital requirements
- Attractive growth opportunities
- Operating leverage as macro environment improves
- Significant free cash flow with shareholder-friendly capital allocation

# Global Franchise

## FINANCIAL ADVISORY

- The leading global independent advisor
- Long track record of innovation
- Market leader in Restructuring and Sovereign Advisory
- Capital Structure Advisory reinforces Strategic Advisory

LTM<sup>1</sup> Operating Revenue  
\$1,034mn

## ASSET MANAGEMENT

- World class global asset manager: 2Q12 AUM of \$148bn and 2011 AUM of \$141bn
- Predominantly institutional
- Diversified by investment platform, client type and geography
- Local focus, global leverage

LTM<sup>1</sup> Operating Revenue  
\$838mn

<sup>1</sup> Latest twelve months through June 30, 2012

# Unmatched Network of Global Relationships

## Clients

- Corporations
- Governments
- Sovereign wealth funds
- Institutional investors
- HNW individuals
- Financial Sponsors

## Financial Advisory

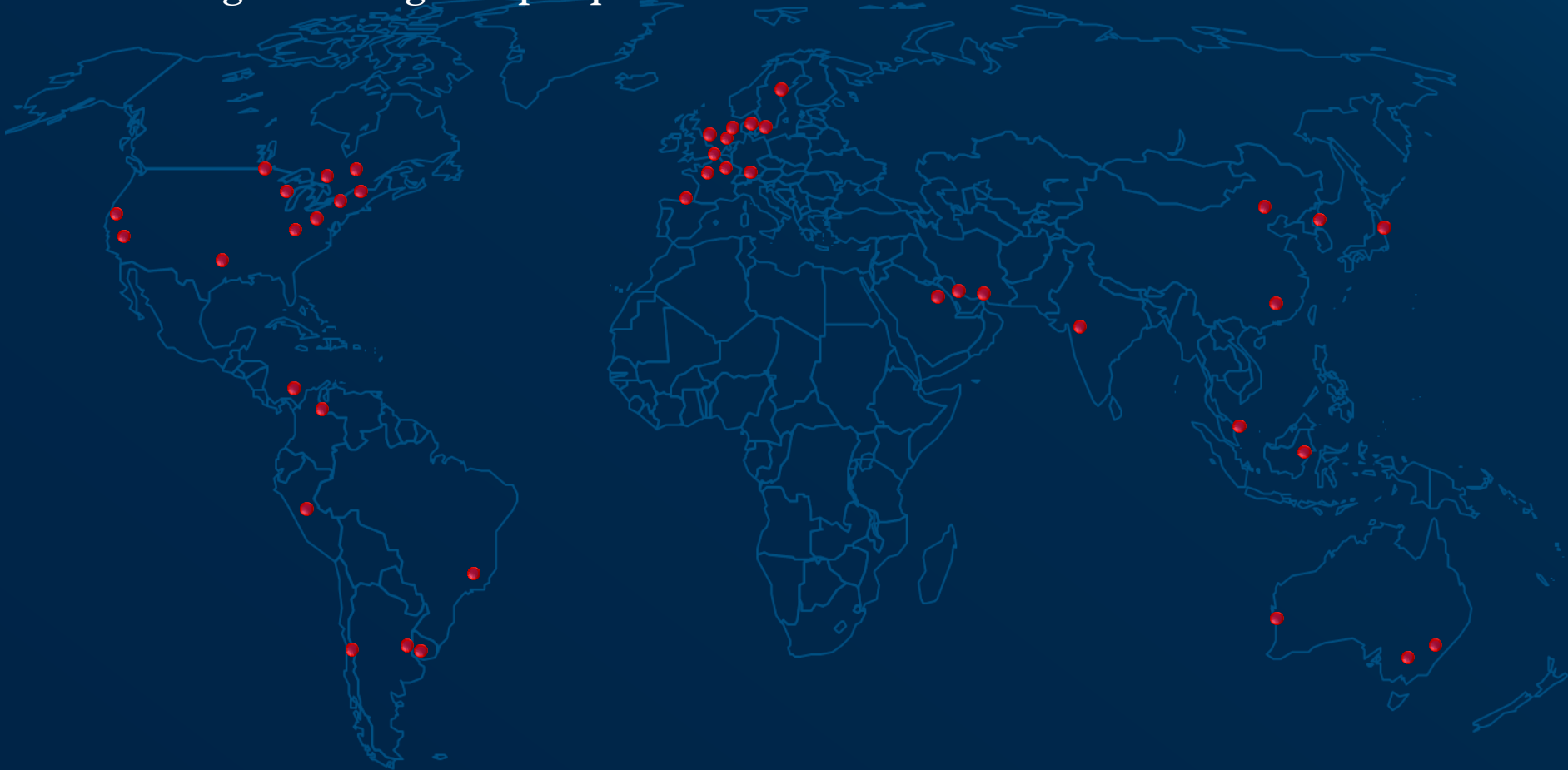
- Meet with thousands of CEOs, CFOs and corporate directors annually
- 241 clients with fees greater than \$1mn
- 152 Managing Directors with average professional experience > 21 years

## Asset Management

- Research > 3,000 companies
- Meet with and invest in > 1,000 companies
- Invest in over 80 countries

# Broad Global Reach

- Offices in 42 cities in 27 countries, operating as locals in local markets yet offering clients a global perspective



Note: As of June 30, 2012

# Broad Global Reach: Advisory

- Advisory clients in more than 70 countries, reflecting strong relationships and the breadth of the Lazard brand



Note: Based on transactions 2008 through June 30, 2012

# Broad Global Reach: Asset Management

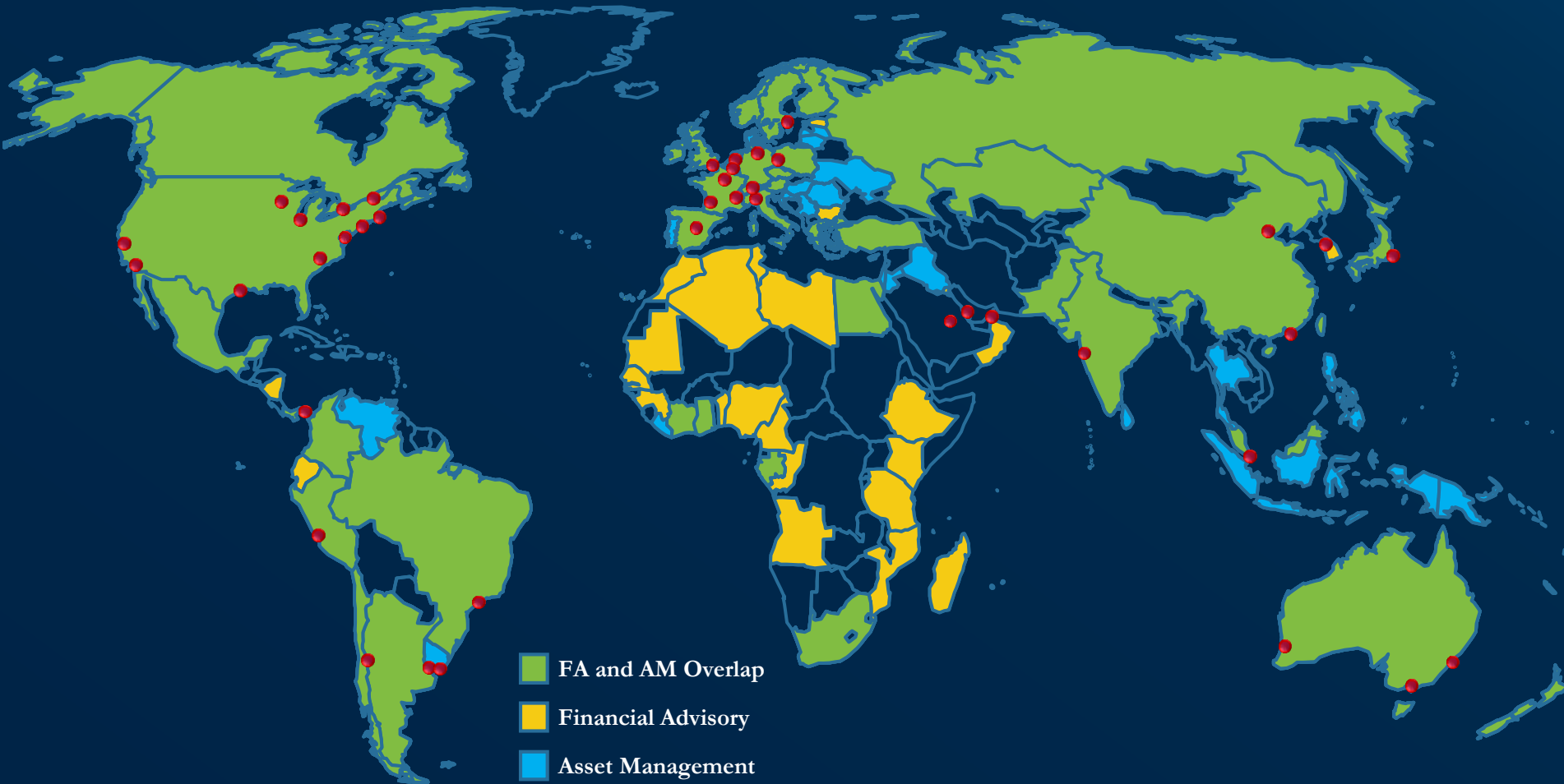
- Asset management clients in more than 80 countries



Note: As of June 30, 2012



# The Power of the Lazard Network

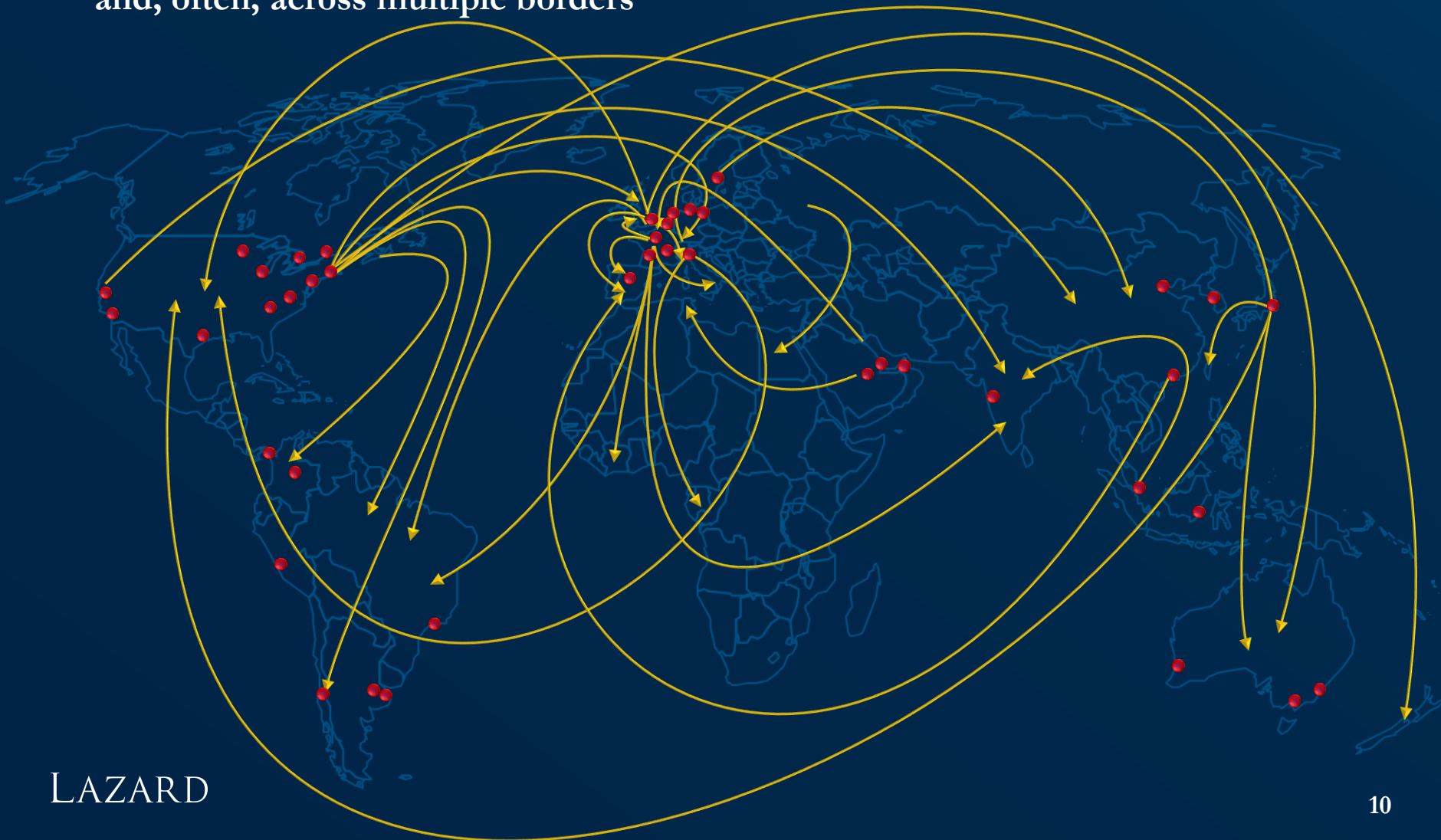


Note: As of June 30, 2012

LAZARD

# Global Network Benefits Our Advisory Clients

- Approximately one-half of Lazard's 2011 M&A transactions were cross-border and, often, across multiple borders



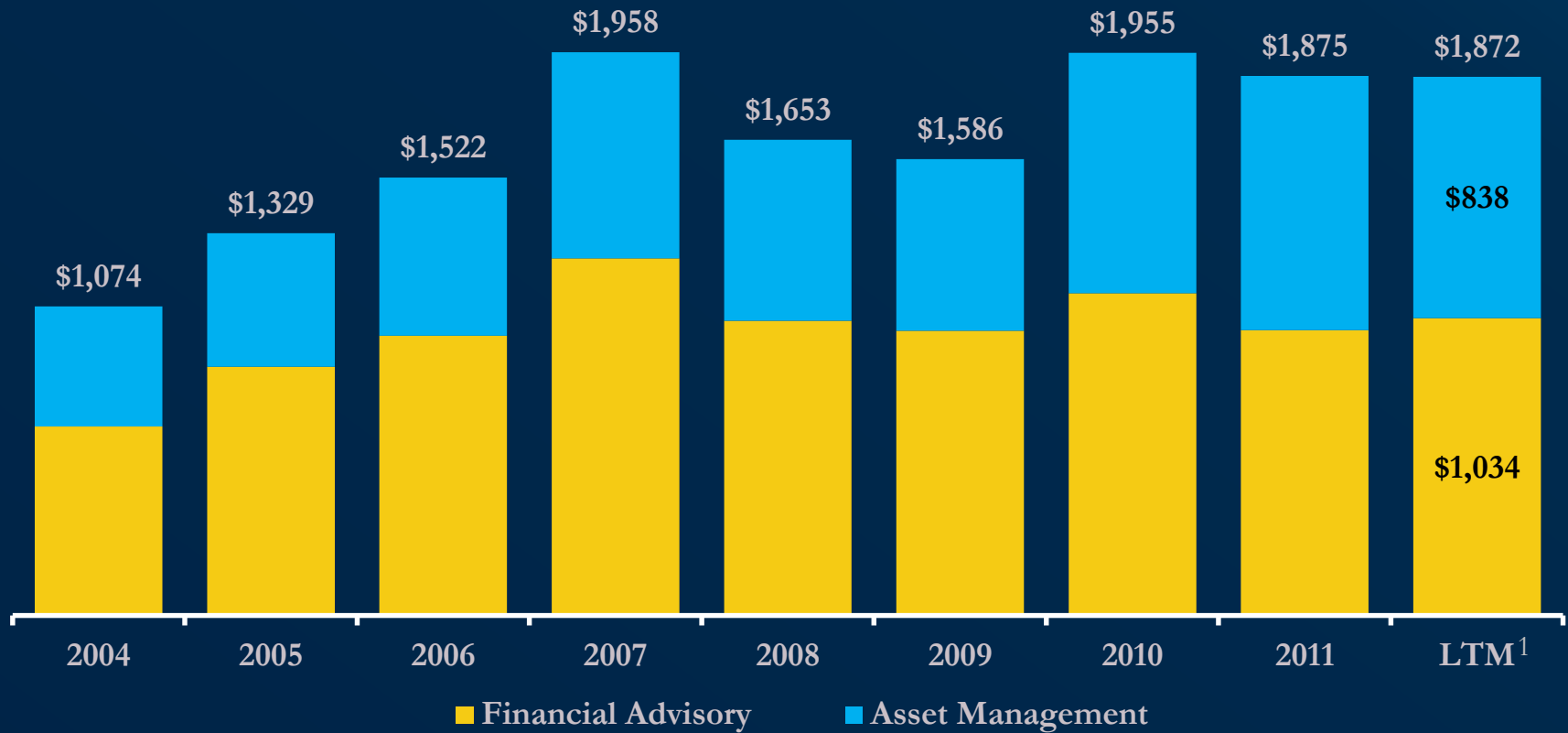
# Asset Management's Global Export/Import/Local Model



**Global Export/Import/Local Model:  
Global, regional and local strategies, distributed worldwide**

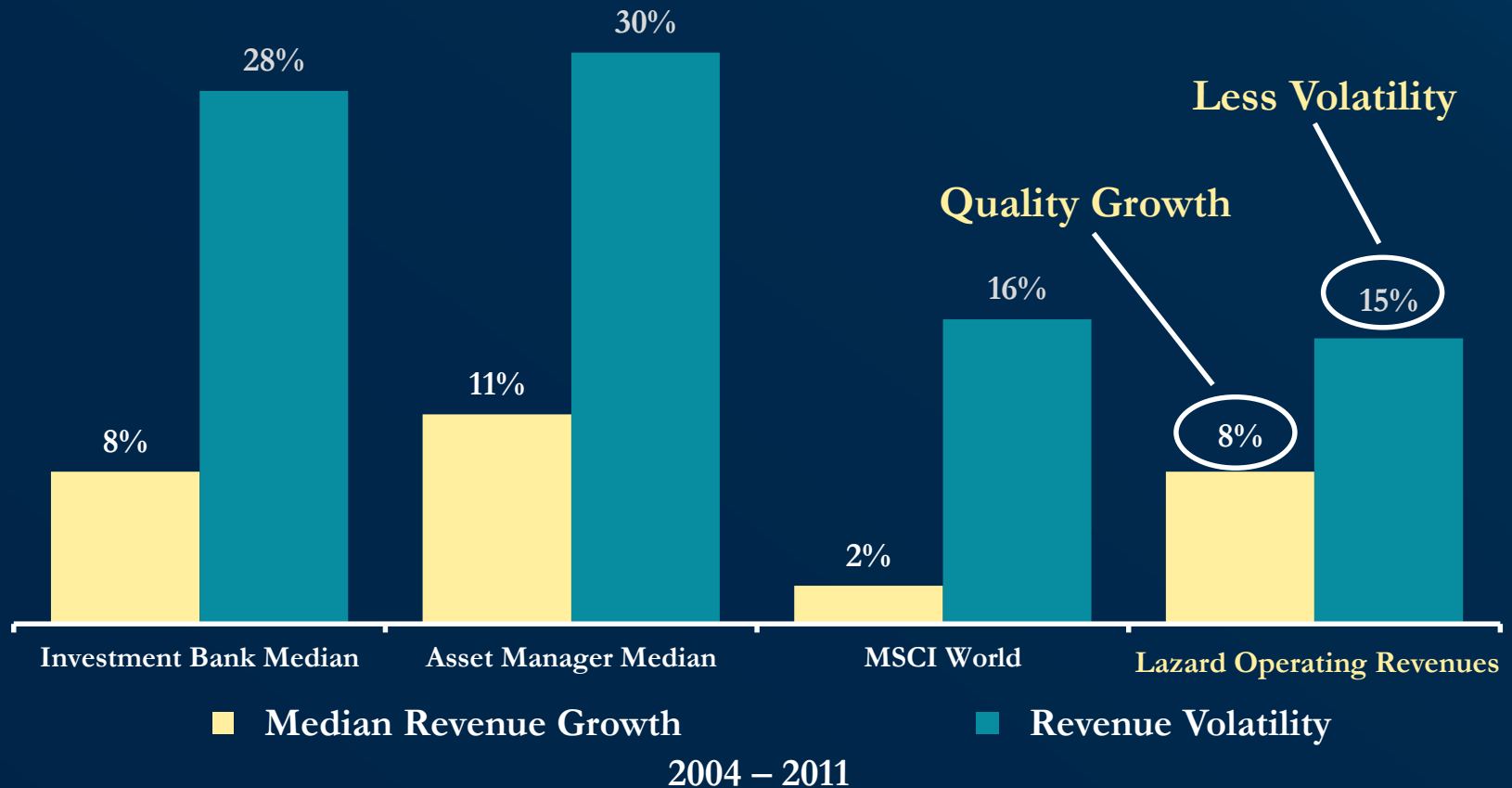
# Growth Over the Cycles...

## Operating Revenues (\$ in millions)



<sup>1</sup> Latest twelve months through June 30, 2012

# ...With Less Volatility



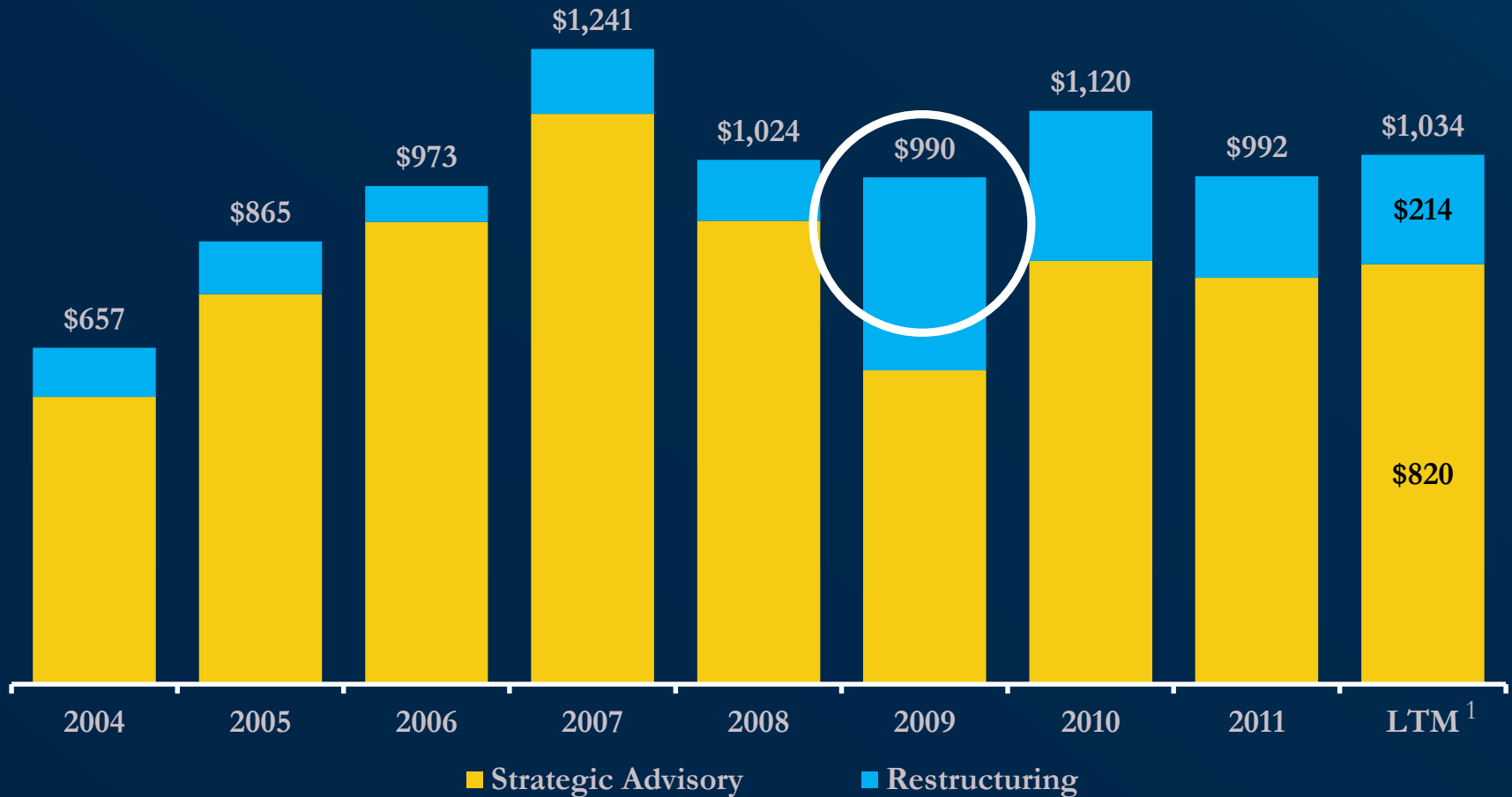
Source: Company reports

Note: Revenue of full-service investment banks includes net interest income. Volatility is measured as the standard deviation of annual revenue growth. Investment banks include: GS, MS, JPM, BAC, UBS, DB, C, JEF, EVR, GHL; Asset managers include: BLK, INV, LM, TROW, AMG, EV, JNS, CNS.

# Counter-Cyclical Businesses Reduce Volatility

## Financial Advisory Operating Revenues

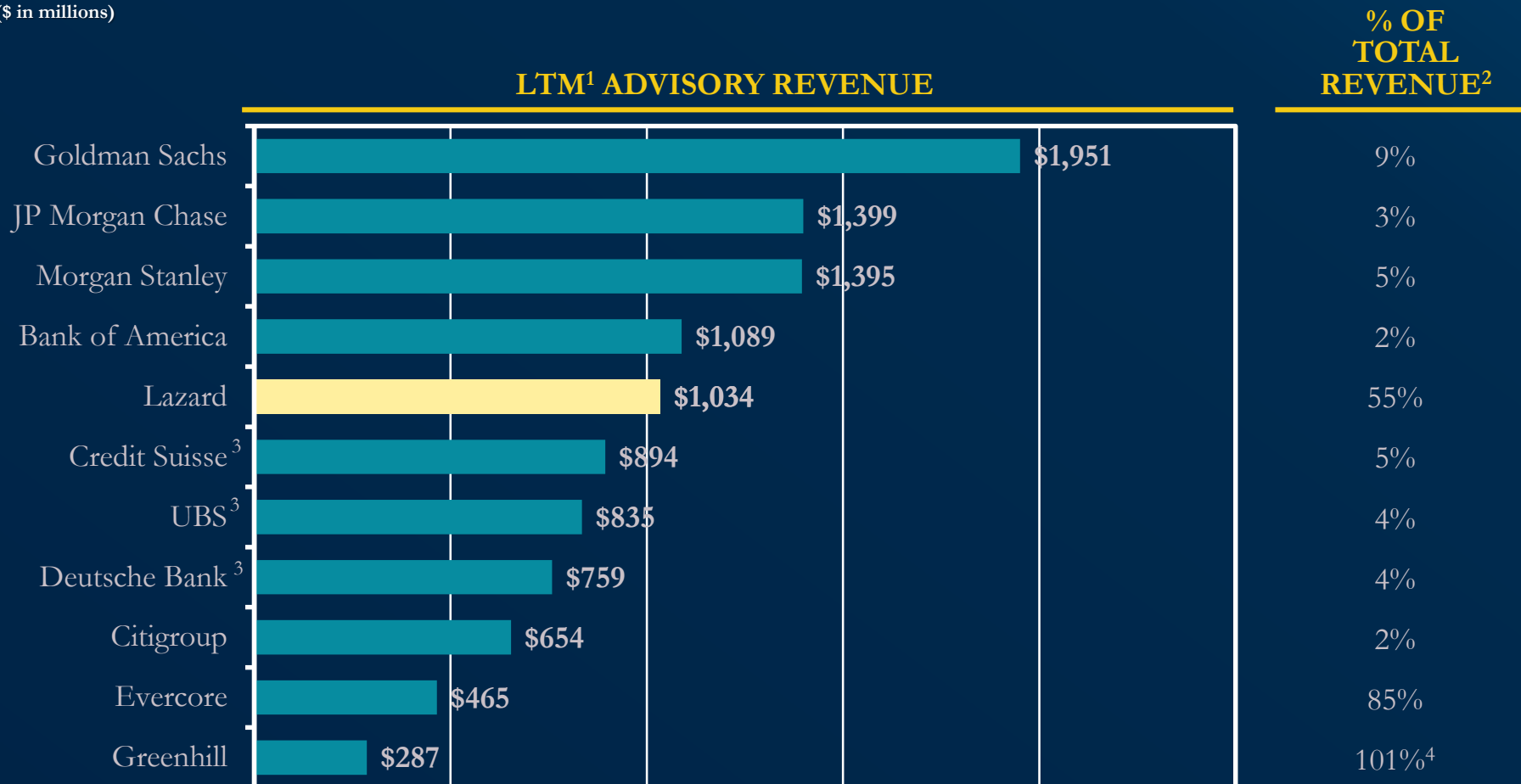
(\$ in millions)



<sup>1</sup> Latest twelve months through June 30, 2012

# Advisory Revenue Ranks Among the Largest Firms

(\$ in millions)



Source: Press releases and public filings.

<sup>1</sup> Latest twelve months through June 30, 2012

<sup>2</sup> Advisory revenue as percentage of non-interest revenue (operating revenue for Lazard)

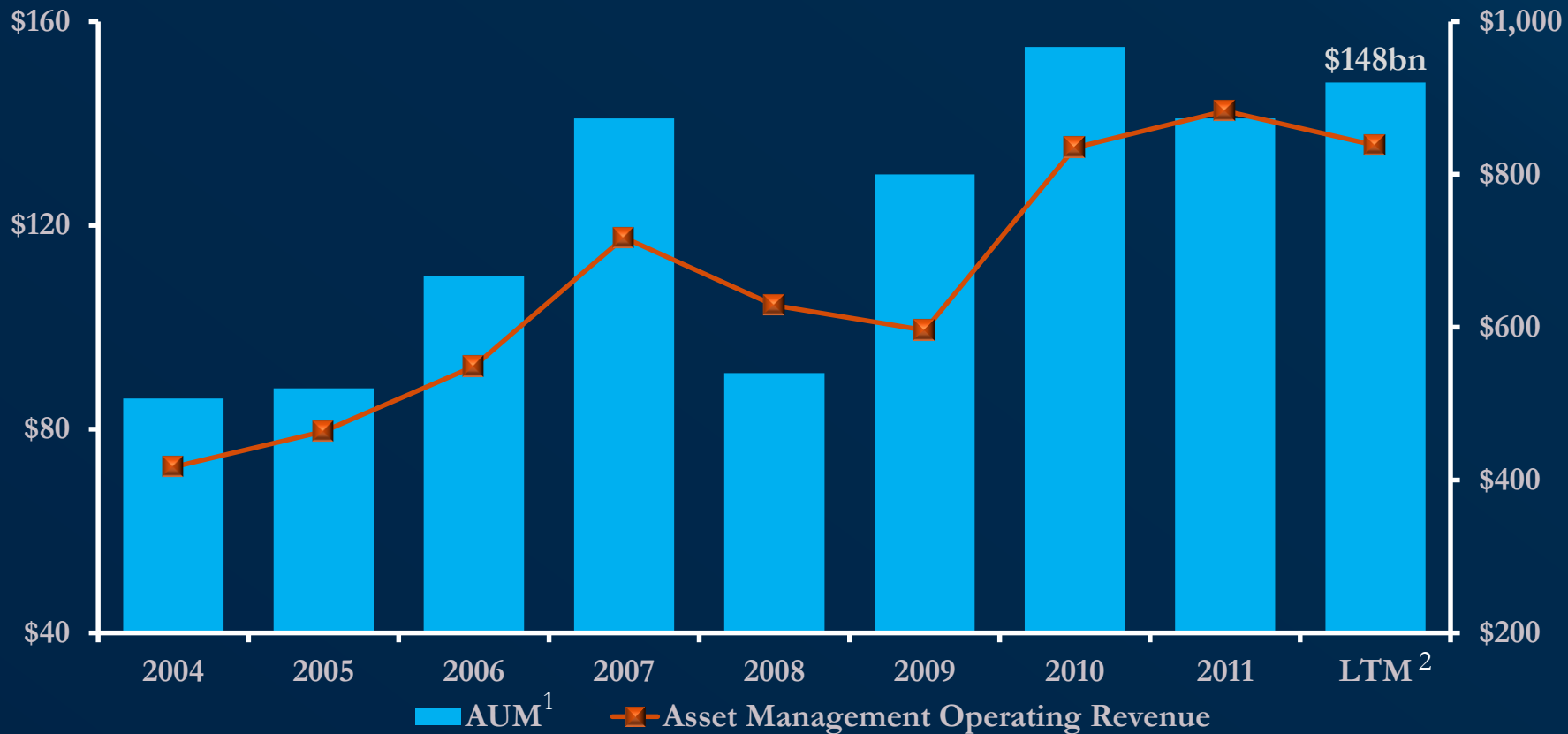
<sup>3</sup> Converted to US dollars by using average exchange rate by quarter

<sup>4</sup> Excludes loss on merchant banking portfolio

# Asset Management: Powerful Growth Engine

Assets Under Management  
(\$ in billions)

Asset Management  
Operating Revenue  
(\$ in millions)



<sup>1</sup> Period-end assets under management as of June 30, 2012

<sup>2</sup> Latest twelve months through June 30, 2012



# Macro Drivers of Revenue Growth for Lazard

## FINANCIAL ADVISORY

- Mergers & Acquisitions
  - CEO confidence
  - Valuation
  - Financing environment for corporations
- Capital Structure Advisory/Restructuring/Sovereign Debt Advisory
  - Impact of global financial crisis

## ASSET MANAGEMENT

- Economic recovery/market stability
- Investor confidence
- Defined contribution plans
- Global pension system/Sovereign wealth funds

# Key Objectives

## GENERATE REVENUE GROWTH

- Reinforce our position as leading global advisor
- Expand Asset Management platform
- Franchise synergies

## PRODUCE OPERATING LEVERAGE THROUGH COST DISCIPLINE

- Management initiatives
- Industry tailwinds

## RETURN CASH TO SHAREHOLDERS

Focused on High-Quality Earnings

# Revenue Growth Initiatives

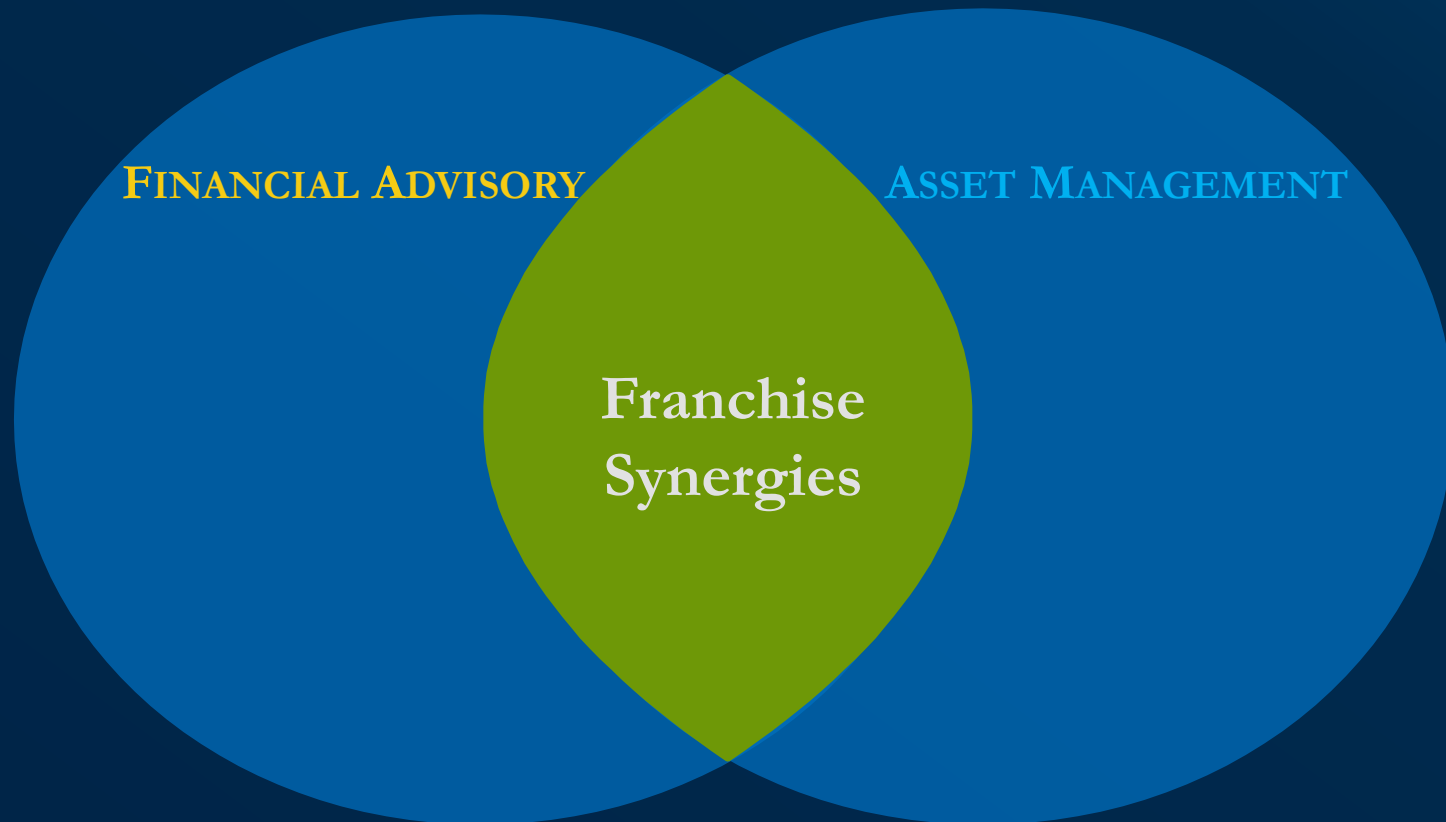
## FINANCIAL ADVISORY

- Expand capabilities
- Deepen market coverage
- Leverage the network

## ASSET MANAGEMENT

- New expertise
- Platform extensions
- Client reach
- Significant organic capacity

# Emerging Markets Opportunity: Leveraging Relationships



# Near Term Objectives

## COMPENSATION

- Grow awarded compensation slower than revenue
  - Maintain discipline on deferrals
  - Achieve mid- to high- 50's compensation ratio over the cycle
- 

## NON-COMPENSATION

- Target non-compensation ratio of 16% to 20% over the cycle
- 

## OPERATING LEVERAGE

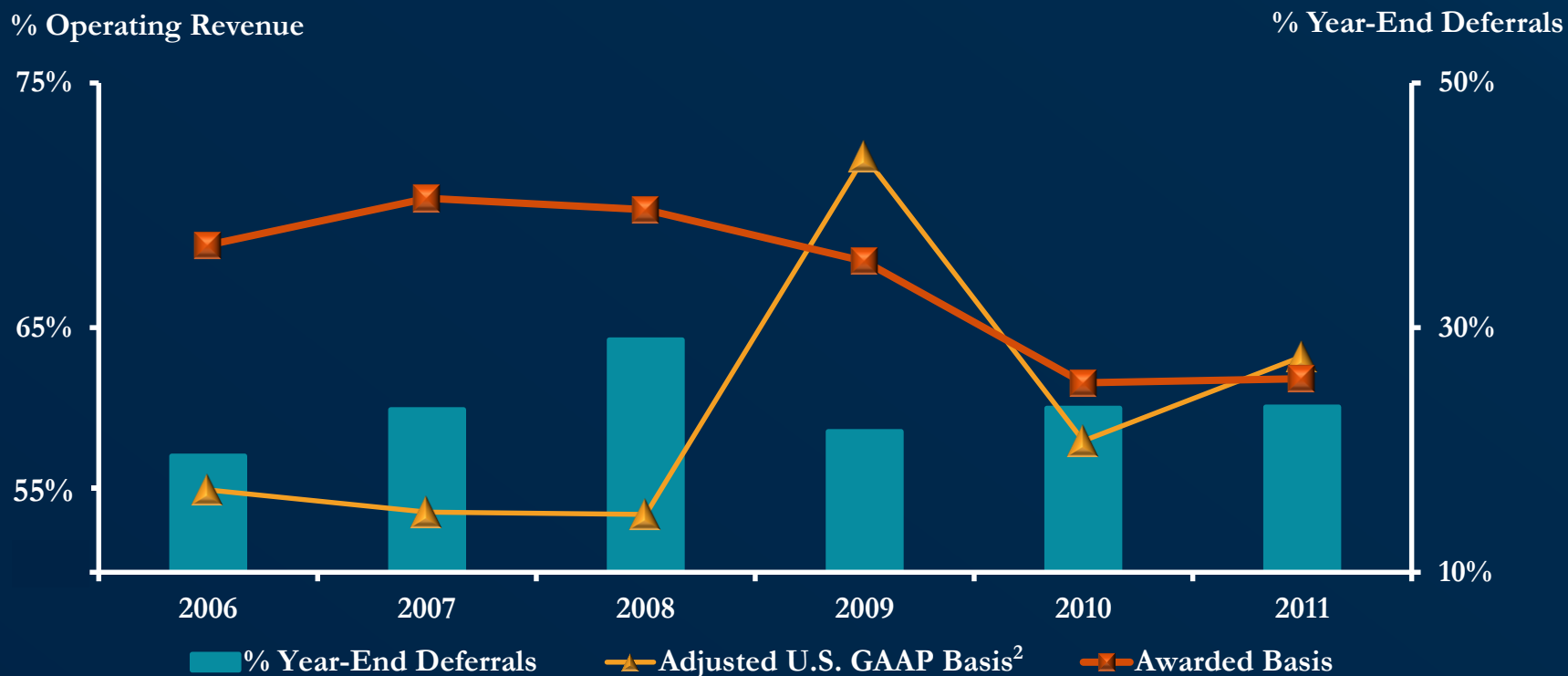
- Target awarded operating margin of 25% by 2014
- 

## CAPITAL MANAGEMENT

- Reduce excess cash on balance sheet by \$200 million
- Neutralize potential dilution from RSU grants
- Deploy excess cash generated from operations in the future

# Management Initiative: Compensation

- Awarded compensation<sup>1</sup> best reflects annual compensation cost

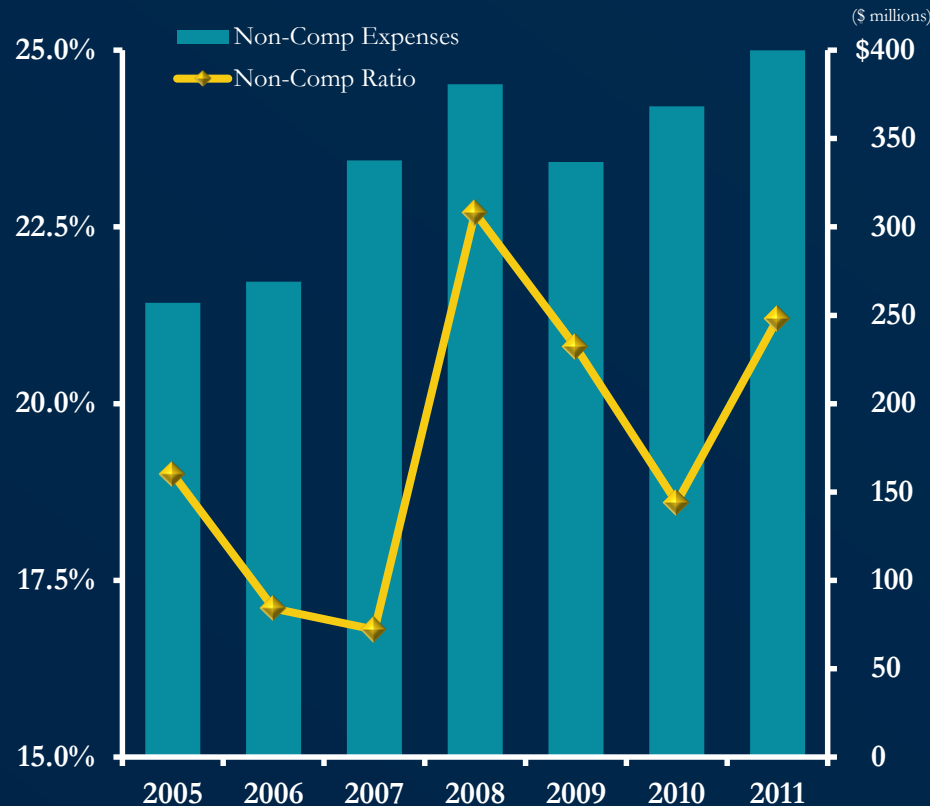


<sup>1</sup> Refers to cash compensation and benefits plus deferred incentive compensation in respect to the applicable year, net of estimated forfeitures, and is a non-GAAP measure.

<sup>2</sup> Excludes non-controlling interests and Lazard Fund Interests fair value adjustments and in 2008, 2009 and 2010, special charges.

# Management Initiative: Non-Compensation Expense

## NON-COMPENSATION EXPENSES



## SOURCES OF PRESSURE

- Investments
- Activity levels

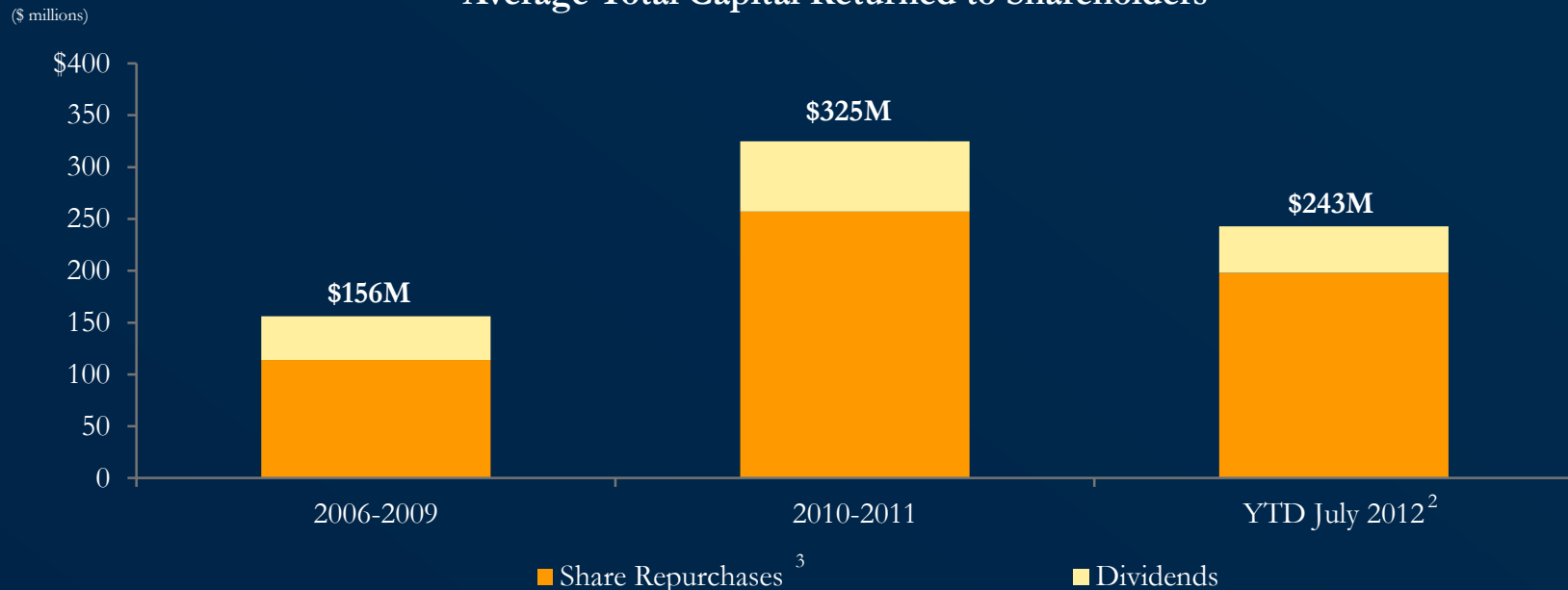
## OPPORTUNITIES FOR SAVINGS

- Procurement
- Back office integration
- Technology efficiency

# Return of Capital to Shareholders

- In 2010 and 2011, we more than doubled the average amount of total capital returned to shareholders as compared to the 2006-2009 period average
- In 2012, we have already repurchased enough shares to offset potential dilution of 2011 year-end grants <sup>1</sup>

Average Total Capital Returned to Shareholders



<sup>1</sup> As of June 30, 2012, we repurchased 5.7M shares of our Class A common stock for \$152M at an average price of \$26.71 per share. Approximately 4.5M of these shares, repurchased at a cost of \$120M, served to directly offset the potential dilution from our 2011 year-end equity-based compensation awards, net of estimated forfeitures and tax withholding to be paid in cash by the Company in lieu of share issuances. The remaining 1.2M shares represented \$48M in shareholder returns against our commitment to return \$200M in surplus cash to our shareholders by 2013.

<sup>2</sup> We have paid \$45M to our shareholders for dividends declared in January 2012 and April 2012; have repurchased, as of July 20, 2012, 6.3M shares of Class A common stock for \$168M, at an average price of \$26.58 per share; and have satisfied employee tax obligations of \$30M in cash in lieu of share issuance upon vesting of equity grants in the first half of 2012.

<sup>3</sup> Includes settlement of vested share-based incentive compensation



# Strong Free Cash Flow Supports Shareholder Returns

## DIVIDENDS

- Raised quarterly dividend 25% to \$0.20 per share in April 2012
- Raised quarterly dividend 28% to \$0.16 per share in April 2011

## SHARE REPURCHASES

- 6.3 million shares repurchased as of July 20, 2012 and 6.2 million shares repurchased in 2011
- Remaining share repurchase authorization of \$169 million as of July 20, 2012

## BALANCE SHEET MANAGEMENT

- Repurchased \$150 million of subordinated notes in 2011
- Returned \$48 million to shareholders against commitment to return \$200 million of surplus cash to shareholders by 2013

## Conclusion

- Lazard's unrivaled global network
- Low-risk business model with minimal capital requirements
- Attractive growth opportunities
- Operating leverage as macro environment improves
- Significant free cash flow with shareholder-friendly capital allocation

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# Appendix

# Company Overview

# Global-Scale Independent Advisory Firm



## FINANCIAL ADVISORY – 152 MDs

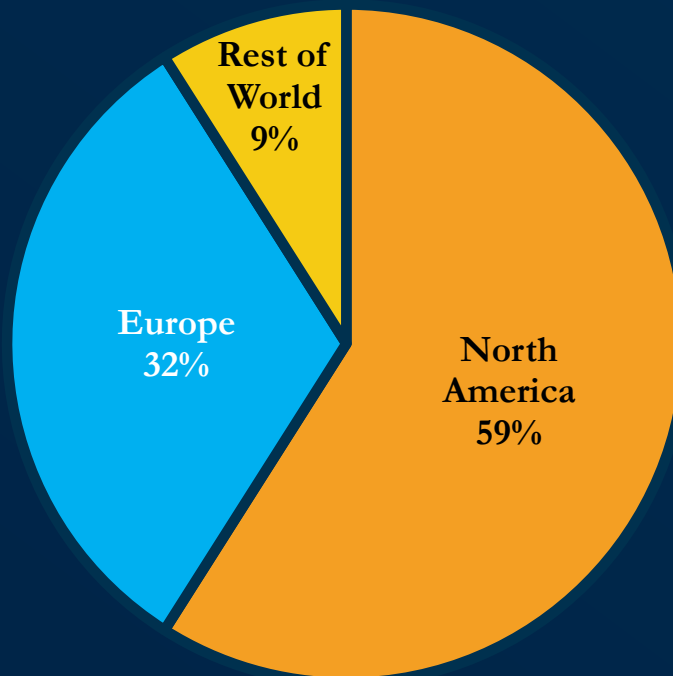
- Americas – 446 Professionals
- Europe/Middle East – 336 Professionals
- Asia/Australia – 100 Professionals
- Strategic alliances for Central / Eastern Europe and Russia, and Mexico

## ASSET MANAGEMENT – 77 MDs

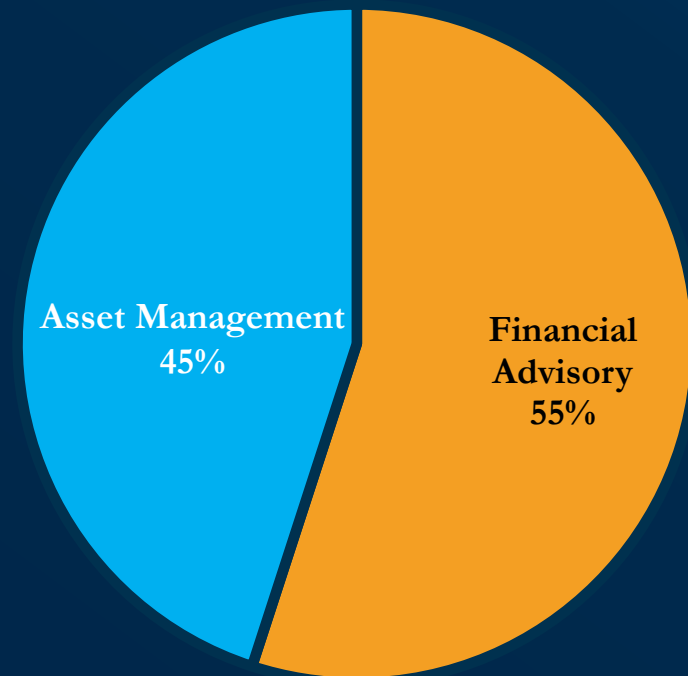
- North America – 230 Professionals
- Europe – 180 Professionals
- Asia/Australia – 42 Professionals

# Balanced Across Geography And Business Lines

LTM<sup>1</sup> REVENUE BY GEOGRAPHY



LTM<sup>1</sup> REVENUE BY BUSINESS LINE

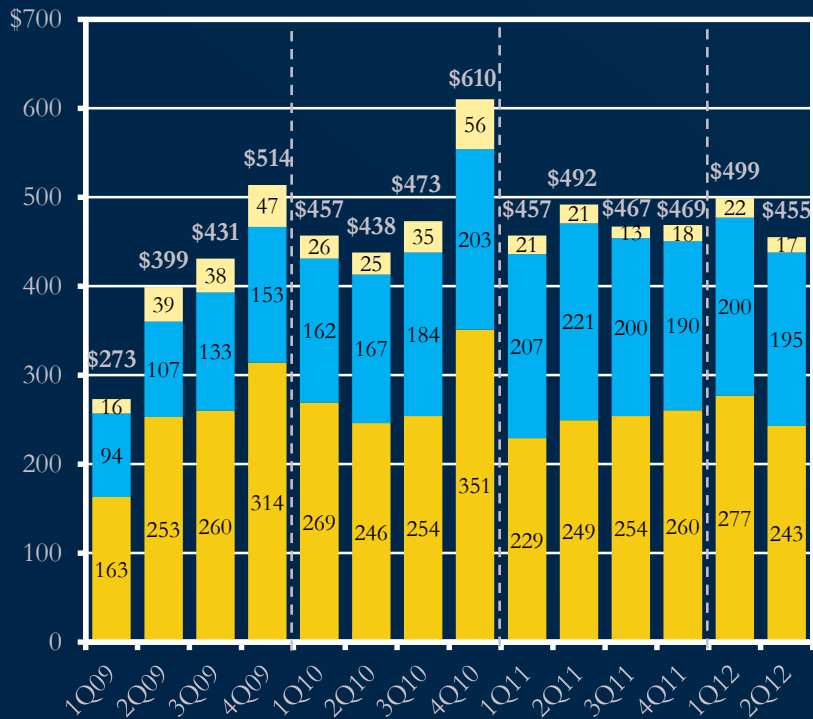


<sup>1</sup> Latest twelve months through June 30, 2012

Note: Represents operating revenue from Financial Advisory and Asset Management segments (excludes Corporate).

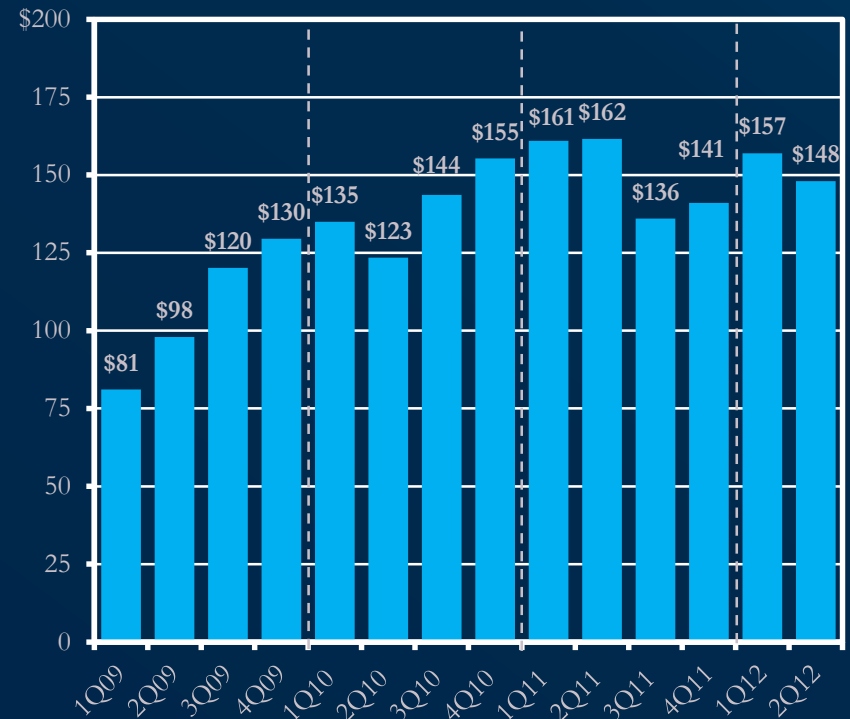
# Historical Financial Performance

## QUARTERLY OPERATING REVENUE (\$MN)



■ Financial Advisory ■ Management Fees ■ Other

## QUARTERLY AUM (\$BN)



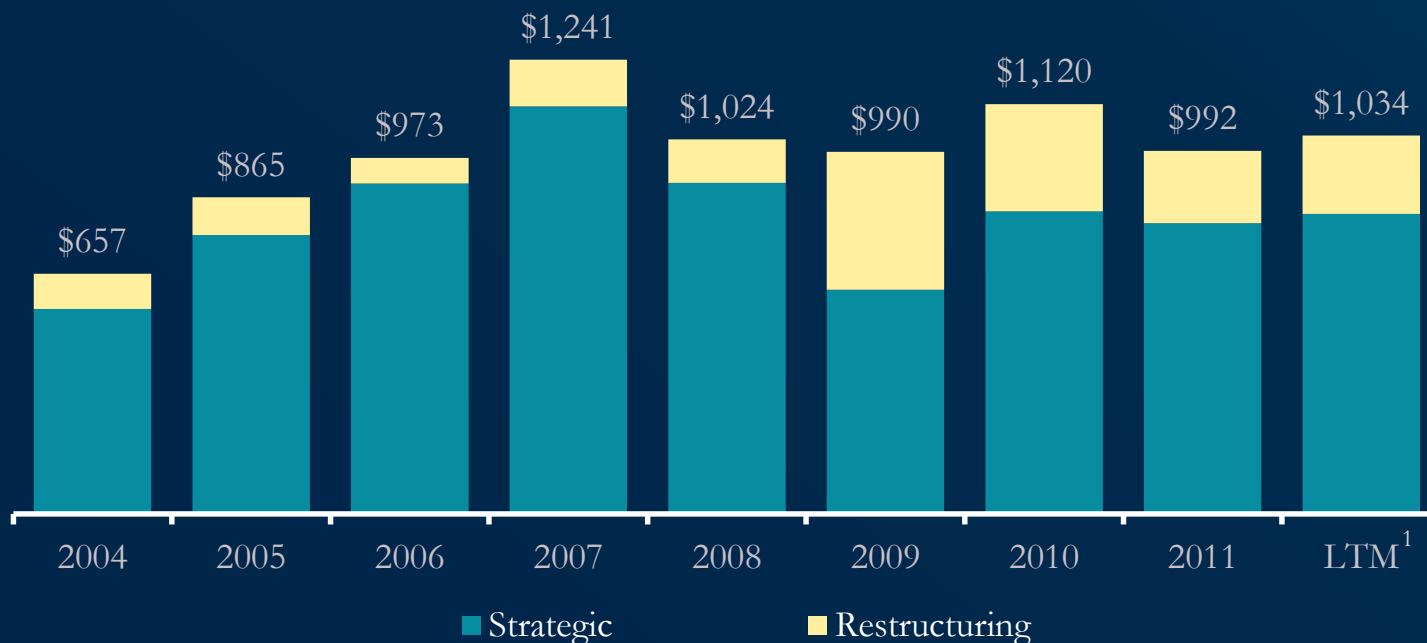
Net Flows (\$MN): (\$2.4) \$0.4 \$7.7 \$4.6 \$3.0 \$2.1 \$1.1 \$3.2 \$0.7 (\$0.3) (\$1.1) (\$0.3) (\$0.2) \$1.0

# Financial Advisory



# Financial Advisory Operating Revenue

(\$ in millions)



## Strategic Advisory:

	2004	2005	2006	2007	2008	2009	2010	2011	LTM <sup>1</sup>
Operating Revenue	\$561	\$762	\$903	\$1,114	\$905	\$613	\$827	\$794	\$820
% Growth	26%	36%	18%	23%	(19%)	(32%)	35%	(4%)	3%

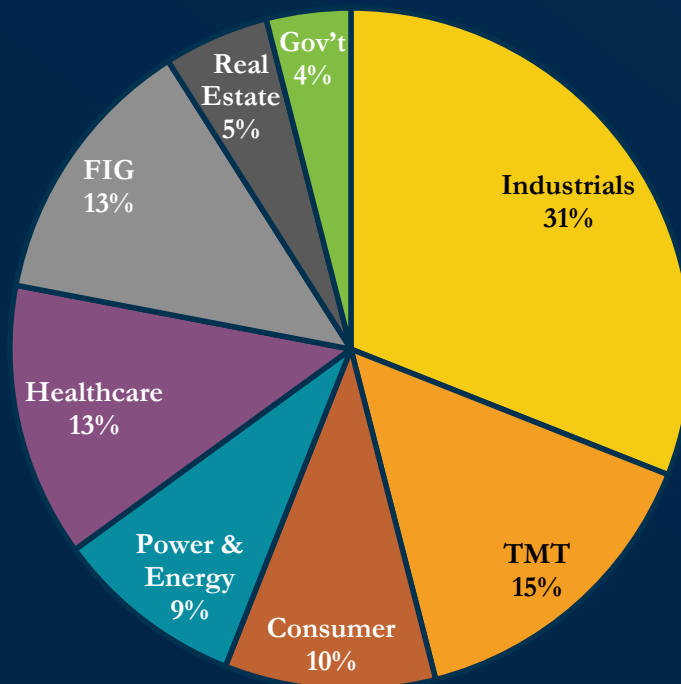
## Restructuring:

	2004	2005	2006	2007	2008	2009	2010	2011	LTM <sup>1</sup>
Operating Revenue	\$96	\$103	\$70	\$127	\$119	\$377	\$294	\$198	\$214
% Growth	(61%)	8%	(32%)	82%	(6%)	216%	(22%)	(33%)	8%

<sup>1</sup> Latest twelve months through June 30, 2012

# Diversified Financial Advisory Business

## LTM<sup>1</sup> M&A REVENUE BY INDUSTRY



- **Diversified geographically**
  - Advised on transactions in over 40 countries<sup>2</sup>
- **Diversified by industry and client base**
  - Advised on over 350 transactions, across a broad range of industries<sup>2</sup>
  - Top ten fee paying clients constituted 14% of segment net revenues<sup>2</sup>
- **Industry and geographic coverage bolstered with senior hires**

<sup>1</sup> Latest twelve months through June 30, 2012

<sup>2</sup> As of year-ended December 31, 2011

# Selected Pending M&A Transactions<sup>1</sup>

## INDUSTRIALS

**tyco**

Pentair

**Audi**

Ducati

**St Barbara**  
LIMITED

Allied Gold

**PPG**

Georgia Gulf

## HEALTHCARE

**gsk**  
GlaxoSmithKline

Human  
Genome  
Sciences

## CONSUMER & RETAIL

**ABInBev**

Grupo Modelo

**TNT**

United Postal  
Service

**Walgreens**

Alliance Boots

**GRYSON**

Japan Tobacco

**Carrefour**

Marinopoulos  
Group

## FINANCIALS/ REAL ESTATE

**Caisse  
des Dépôts**

Silic, Dexia

**Montagu**  
private equity

St Hubert

**QH**  
قطر هولدنج  
Qatar Holding

Xstrata

**LION  
CAPITAL**

Alain Afflelou

## POWER & ENERGY

**Progress Energy**

Duke Energy

**CH Energy Group, Inc.**

Fortis

**neaus**

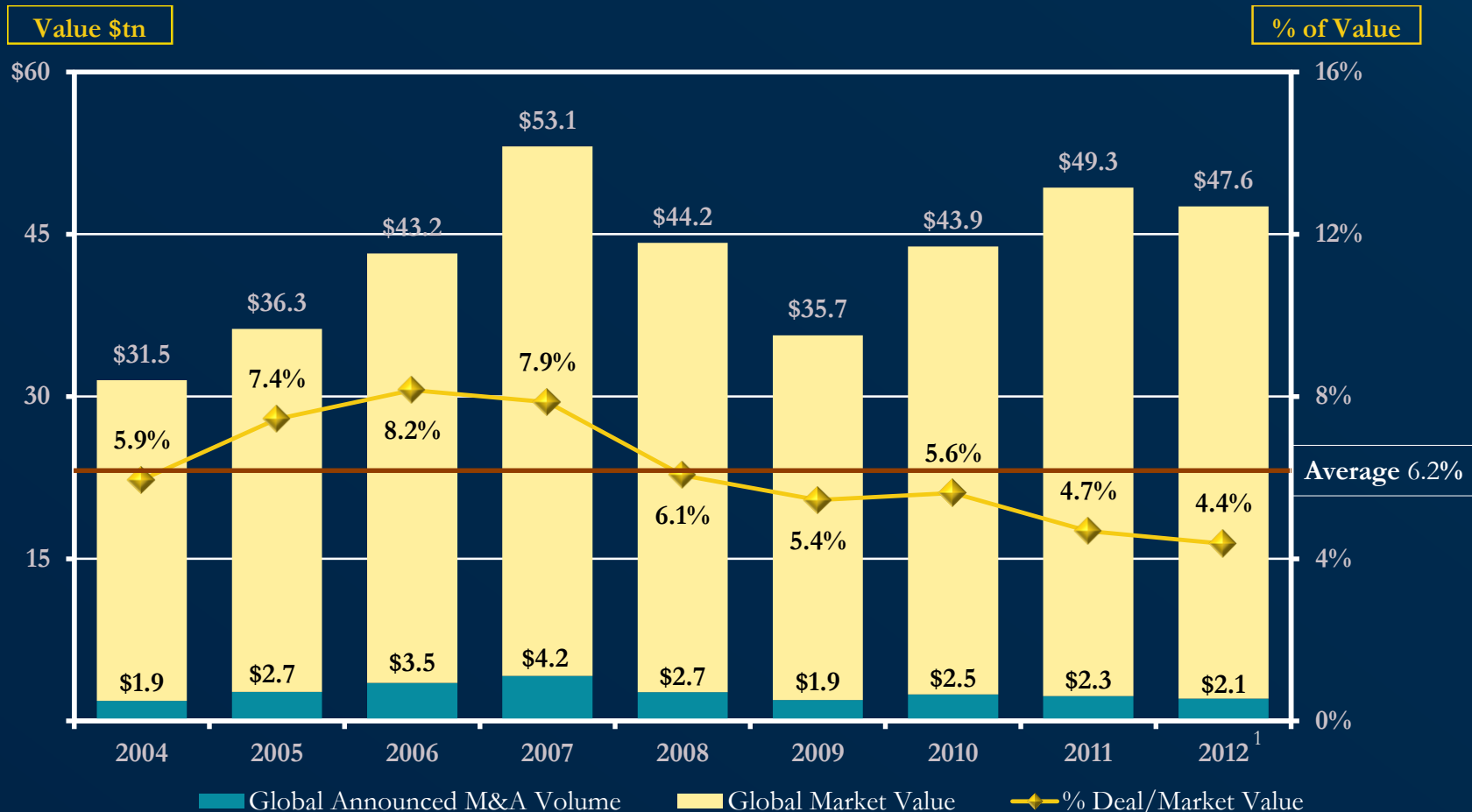
Shell  
Development,  
Osaka Gas

**EDISON**

Edipower

# The Global M&A Cycle

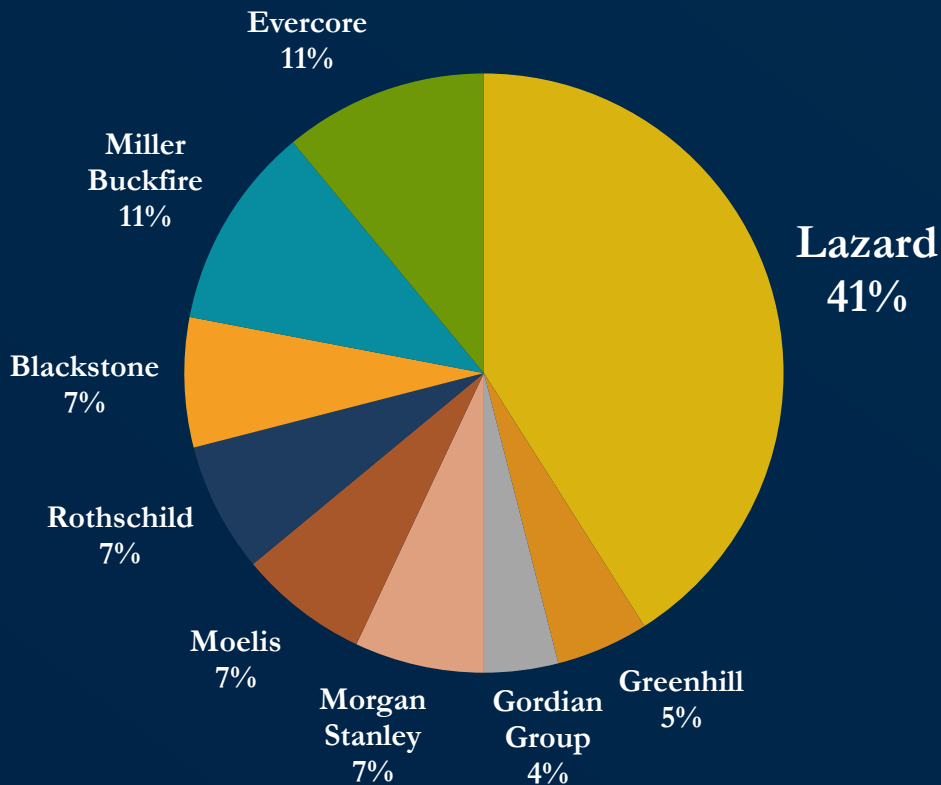
## ANNOUNCED M&A VOLUME AS % OF MARKET VALUE BELOW HISTORICAL AVERAGE



<sup>1</sup> Data through 7/10/12, annualized

# Market Leading Restructuring Practice

## DEBTOR MARKET SHARE – 25 LARGEST CHAPTER 11 BANKRUPTCIES<sup>1,2</sup>



- Most experienced team – advised on more than 500 restructurings worldwide over the past decade
- Largest company-focused restructuring group with nearly 107 dedicated professionals globally
- Leading market share; advised on
  - 19 of the 25<sup>1</sup> largest bankruptcies since the beginning of 2009, including 11 (41%<sup>2</sup>) of the debtors
  - All of the 14<sup>1</sup> largest bankruptcies since the beginning of 2009, including 7 (50%<sup>2</sup>) of the debtors
- Majority of assignments are non-bankruptcy and approximately one-third are outside the U.S.

Source: Bankruptcydata.com.

<sup>1</sup> Reflects largest public Chapter 11 bankruptcies filed since 2009, excludes bank holding companies

<sup>2</sup> Full credit given to multiple advisors; two transactions have two advisors in the top 25, with one of those transactions in the top 12

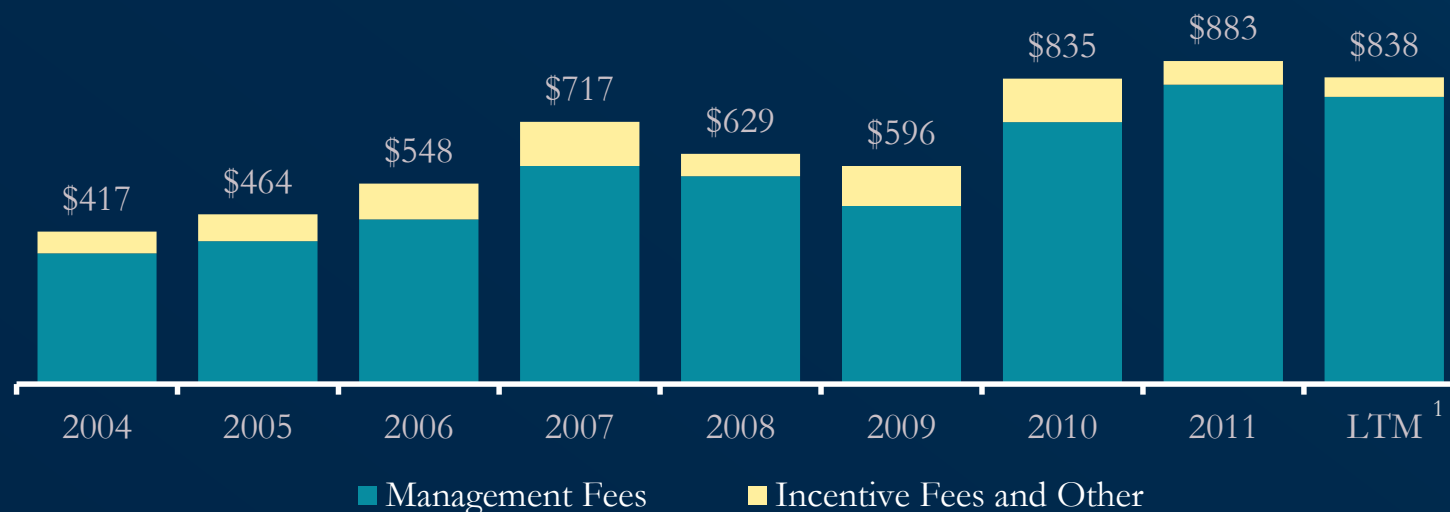
# Selected Recent Restructuring and Debt Advisory Assignments

TECHNOLOGY/ MEDIA/ TELECOM	GAMING/ ENTERTAINMENT /HOSPITALITY	PROFESSIONAL/ FINANCIAL SERVICES	CONSUMER/ FOOD	PAPER AND PACKAGING
		LEHMAN BROTHERS		
TRIBUNE	MSR Resorts (GIC Real Estate)	<b>Ambac</b>	Hostess Brands	
		OTHER		
				
				
				

# Asset Management

# Asset Management Operating Revenue

(\$ in millions)



## Management Fees:

Revenue	\$357	\$390	\$450	\$596	\$568	\$487	\$716	\$818	\$785
% Growth	25%	9%	15%	32%	(5%)	(14%)	47%	14%	(4%)

## Incentive Fees and Other:

Revenue	\$60	\$74	\$98	\$121	\$61	\$109	\$119	\$65	\$53
% Growth	(8%)	23%	32%	23%	(50%)	79%	9%	(45%)	(18%)

<sup>1</sup> Latest twelve months through June 30, 2012



## Selected Significant Recent New Mandates

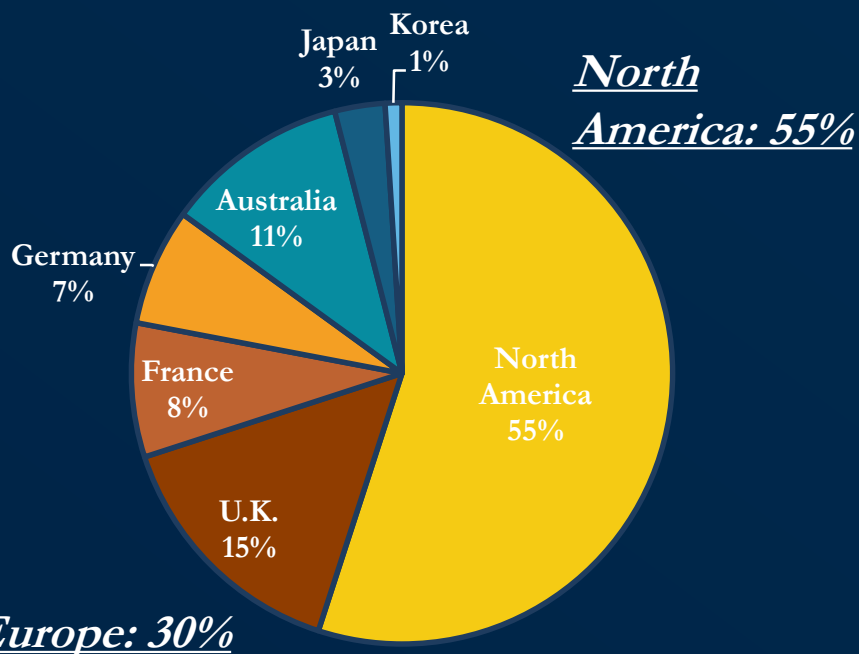
Client Type	Investment Strategy
Asian Public Pension	Developing Markets Equity
Asian Corporate Pension	Global Fixed Income
Canadian Public Pension Fund	International Equity
European Corporate Pension Fund	Emerging Markets Debt
UK Financial Institution Platform	UK Equity
US Corporate Pension Fund	US Fixed Income
US Financial Institution Platform	Global Equity
US Public Pension Fund	International Equity

**DIVERSIFICATION BY REGION AND INVESTMENT STRATEGY**

# Geographic Mix

## AUM BY OFFICE DOMICILE<sup>1</sup>

Asia-Pacific: 15%



**\$148.4bn AUM**

## LOCAL PRESENCE

**North America**

- New York
- Boston
- Chicago
- San Francisco
- Toronto
- Montreal

**Europe**

- London
- Paris
- Milan
- Zurich
- Frankfurt
- Hamburg

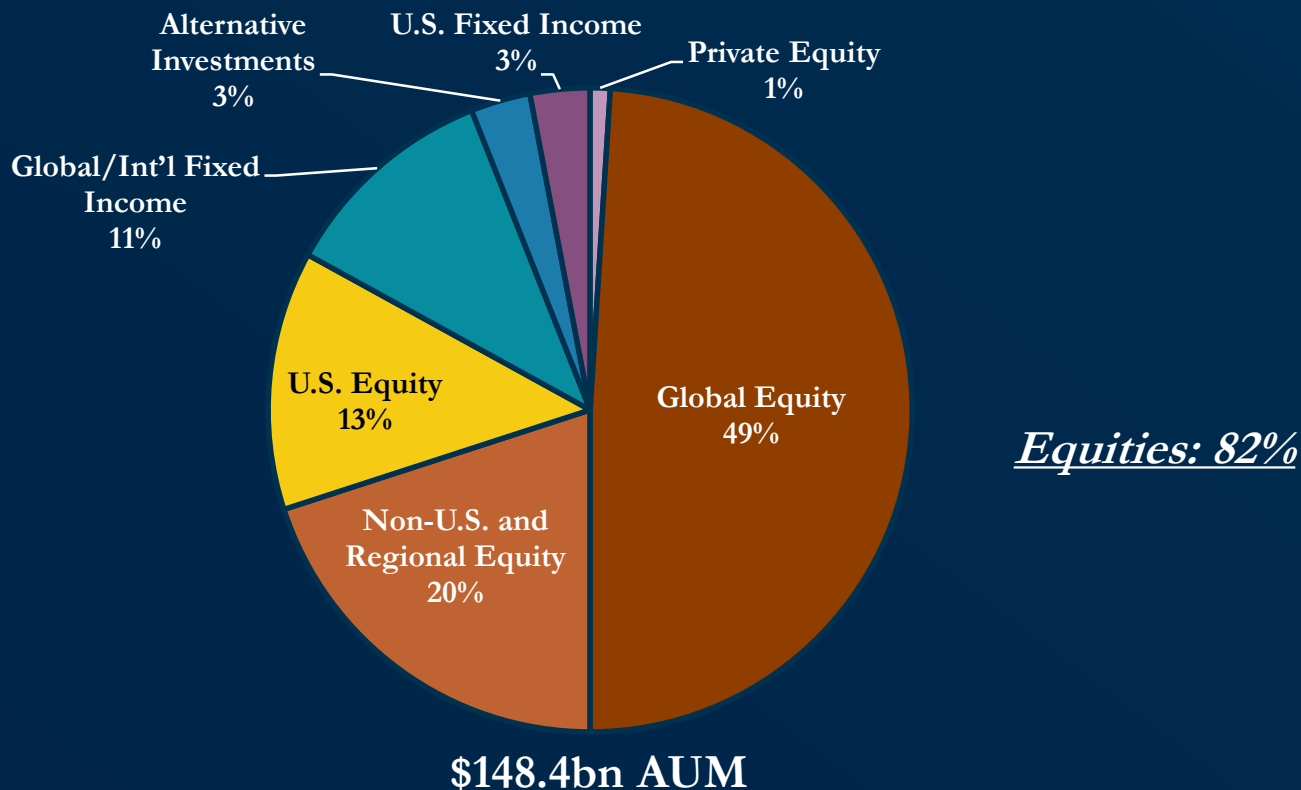
**Asia-Pacific**

- Hong Kong
- Tokyo
- Seoul
- Bahrain
- Sydney

<sup>1</sup> Domicile refers to location of client servicing office. Breakdown as of June 30, 2012

# Diversified Product Mix – AUM By Product<sup>1</sup>

- More than 20 strategies with over \$1.5bn in AUM<sup>2</sup>



<sup>1</sup> Breakdown as of June 30, 2012

<sup>2</sup> Number of strategies as of June 30, 2012

# Compensation Data (Non-GAAP)

# Definitions

- **Deferrals** – Compensation awarded for an applicable year which requires a subsequent service period before vesting
- **Forfeiture** – Concept used under U.S. GAAP to account for portion of deferrals cancelled before they vest
- **Amortization Expense** – Expense associated with a historical deferral award, expensed over the requisite service period
- **GAAP Compensation** – Current-year cash compensation and benefits and the current period amortization expense at cost of deferrals awarded in previous years
- **Notional Compensation** – Total cash compensation and benefits plus deferrals with respect to the applicable year
- **Awarded Compensation** – Notional compensation less expected future forfeitures on deferrals using similar methodology as and for comparability to U.S. GAAP

# Estimated Future Amortization of Historical Deferrals

(\$ in millions)

	2011A	2012E	2013E
2005 Grants	–	–	–
2006 Grants	\$3	–	–
2007 Grants	16	–	–
2008 Grants	54	\$40	\$6
2009 Grants	85	54	12
2010 Grants	113	103	67
2011 Grants	12	117	106
2012 Grants	–	23	TBD
Other	6	4	4
<b>Total</b>	<b>\$289</b>	<b>\$341<sup>1</sup></b>	<b>TBD</b>

Note: Under U.S. GAAP, an estimate is made for future forfeitures of deferred compensation awards. This estimate is based on both historical experiences and future expectations and is subject to change. The result reflects the cost associated with awards that are expected to vest.

<sup>1</sup> Excludes \$7 million impact of first quarter 2012 expense pertaining to staff reductions.

# 2011 Compensation Bridge – U.S. GAAP Basis to Awarded

(\$ in millions)

		<i>% of Revenue</i>
<b>Compensation – U.S. GAAP Basis</b>	<b>\$1,169</b>	<b>62.1%</b>
<b>Adjustments<sup>1</sup></b>	<b>(1)</b>	
<b>Compensation – Adjusted U.S. GAAP Basis</b>	<b>\$1,168</b>	<b>62.0%</b>
<b>Deferral Amortization (previous years)</b>	<b>(289)</b>	
<b>2011 Deferrals Awarded</b>	<b>321</b>	
<b>FX Adjustment</b>	<b>(5)</b>	
<b>Notional Compensation</b>	<b>\$1,195</b>	
<b>Estimated Forfeitures on Deferrals<sup>2</sup></b>	<b>(32)</b>	
<b>Awarded Compensation</b>	<b>\$1,163</b>	<b>61.7%</b>

<sup>1</sup> Compensation related to non-controlling interests and Lazard Fund Interests fair value adjustments.

<sup>2</sup> Under U.S. GAAP, an estimate is made for future forfeitures of deferred compensation awards. This estimate is based on both historical experiences and future expectations. The result reflects the cost associated with awards that are expected to vest. This calculation is undertaken in order to present awarded compensation using similar methodology as and for comparability to U.S. GAAP compensation.

# Unaudited and Non-GAAP Supplemental Information

(\$ in millions)

	Financial Advisory		Asset Management		Corporate	
	2010	2011	2010	2011	2010	2011
Operating Revenue	\$1,121	\$992	\$835	\$883	\$1,979	\$1,884
<i>% Growth</i>	<i>13%</i>	<i>(11%)</i>	<i>40%</i>	<i>6%</i>	<i>22%</i>	<i>(5%)</i>
Awarded Compensation <sup>1</sup>	\$678	\$629	\$378	\$382	\$162	\$151
<i>% of Operating Revenue<sup>2</sup></i>	<i>60%</i>	<i>63%</i>	<i>45%</i>	<i>43%</i>	<i>8%</i>	<i>8%</i>
Non-Compensation <sup>3</sup>	\$136	\$152	\$130	\$145	\$103	\$102
<i>% of Operating Revenue<sup>2</sup></i>	<i>12%</i>	<i>15%</i>	<i>16%</i>	<i>16%</i>	<i>5%</i>	<i>5%</i>

<sup>1</sup> Under U.S. GAAP, an estimate is made for future forfeitures of deferred compensation awards. This estimate is based on both historical experiences and future expectations. The result reflects the cost associated with awards that are expected to vest. This calculation is undertaken in order to present awarded compensation using similar methodology as and for comparability to U.S. GAAP compensation.

<sup>2</sup> Corporate percentages based on total firm operating revenue.

<sup>3</sup> Results shown are before direct and indirect overhead allocations.



# Summary Financials

# Note

- Lazard believes that presenting results and measures on an adjusted basis (non-GAAP) in connection with U.S. GAAP measures provides the most meaningful basis for comparison among present, historical and future periods.
- The Company's quarterly revenue and profits can fluctuate materially depending on the number, size and timing of completed transactions on which it advised, as well as seasonality, the performance of equity markets and other factors. Accordingly, the revenue and profits in any particular quarter may not be indicative of future results. As such, Lazard management believes that annual results are the most meaningful.
- A reconciliation to GAAP is provided in the schedules attached to our second quarter earnings release, which can be found on our web site at [www.Lazard.com](http://www.Lazard.com).

# Operating Revenue – Q2

Unaudited and Non-GAAP

(\$ in millions)

	2012		2011	% Change from	
	Q2 <sup>1</sup>	Q1 <sup>1</sup>	Q2	Q1 2012	Q2 2011
<b>Financial Advisory</b>					
M&A and Strategic Advisory	\$195.4	\$192.6	\$170.6	1%	15%
Capital Markets & Other	17.2	14.4	30.3	20%	(43%)
Strategic Advisory	212.6	207.0	200.9	3%	6%
Restructuring	30.0	70.2	48.3	(57%)	(38%)
Total	242.6	277.2	249.2	(12%)	(3%)
<b>Asset Management</b>					
Management Fees	195.2	199.9	221.2	(2%)	(12%)
Incentive Fees	3.7	2.6	6.3	43%	(41%)
Other Revenue	7.7	7.6	10.2	-	(25%)
Total	206.6	210.1	237.7	(2%)	(13%)
Corporate <sup>1</sup>	6.0	11.4	4.9		
<b>Operating Revenue</b>	<b>\$455.2</b>	<b>\$498.7</b>	<b>\$491.8</b>	<b>(9%)</b>	<b>(7%)</b>

Note: (i) Financials are unaudited, (ii) Operating Revenue excludes interest expense relating to financing activities and revenue/(loss) relating to the consolidation of noncontrolling interests, each of which are included in net revenue.

<sup>1</sup> Excludes gains (losses) related to the changes in fair value of investments held in connection with Lazard Fund Interests for which a corresponding equal amount is excluded from compensation and benefits

# Operating Revenue – H1

Unaudited and Non-GAAP

(\$ in millions)

	H1		YoY	
	2012	2011	\$	%
<b>Financial Advisory</b>				
M&A and Strategic Advisory	\$388.0	\$334.3	\$53.7	16%
Capital Markets & Other Advisory	31.5	59.8	(28.3)	(47%)
Strategic Advisory	419.5	394.1	25.4	6%
Restructuring	100.3	83.9	16.4	20%
Total	519.8	478.0	41.8	9%
<b>Asset Management</b>				
Management Fees	395.1	428.0	(32.9)	(8%)
Incentive Fees	6.3	11.5	(5.2)	(45%)
Other Revenue	15.3	22.2	(6.9)	(31%)
Total	416.7	461.7	(45.0)	(10%)
Corporate <sup>1</sup>	17.5	8.9	8.6	
<b>Operating Revenue</b>	<b>\$954.0</b>	<b>\$948.6</b>	<b>\$5.4</b>	<b>1%</b>

Note: (i) Financials are unaudited, (ii) Operating Revenue excludes interest expense relating to financing activities and revenue/(loss) relating to the consolidation of noncontrolling interests, each of which are included in net revenue.

<sup>1</sup> Excludes gains (losses) related to the changes in fair value of investments held in connection with Lazard Fund Interests for which a corresponding equal amount is excluded from compensation and benefits

## Selected Financial Data – Q2

(\$ in millions, except per share data)

	2012		2011	% Change from	
	Q2 <sup>1</sup>	Q1 <sup>1,2</sup>	Q2	Q1 2012	Q2 2011
<b>Operating Revenue</b>					
Financial Advisory	\$242.6	\$277.2	\$249.2	(12%)	(3%)
Asset Management	206.6	210.1	237.7	(2%)	(13%)
<b>Total Operating Revenue</b>	<b>\$455.2</b>	<b>\$498.7</b>	<b>\$491.8</b>	<b>(9%)</b>	<b>(7%)</b>
<b>Expenses</b>					
Compensation and benefits	\$285.2	\$312.7	\$285.6	(9%)	-
<i>Ratio of compensation to operating revenue</i>	62.7%	62.7%	58.1%		
Non-compensation	\$105.8	\$105.2	\$99.6	1%	6%
<i>Ratio of non-compensation to operating revenue</i>	23.2%	21.1%	20.2%		
<b>Earnings</b>					
Earnings from Operations	\$64.2	\$80.8	\$106.6	(21%)	(40%)
<i>Operating margin</i>	14.1%	16.2%	21.7%		
<b>Net Income</b>	<b>\$33.1</b>	<b>\$44.8</b>	<b>\$65.8</b>	<b>(26%)</b>	<b>(50%)</b>
<b>Diluted Net Income per Share</b>	<b>\$0.25</b>	<b>\$0.33</b>	<b>\$0.48</b>	<b>(24%)</b>	<b>(48%)</b>
<b>Assets Under Management (in billions)</b>	<b>\$148.4</b>	<b>\$156.7</b>	<b>\$161.6</b>	<b>(5%)</b>	<b>(8%)</b>

Note: Operating Revenue excludes interest expense relating to financing activities and revenue/(loss) relating to the consolidation of noncontrolling interests, each of which are included in net revenue.

1 Excludes gains (losses) related to the changes in fair value of investments held in connection with Lazard Fund Interests for which a corresponding equal amount is excluded from compensation and benefits.

2 Excludes charges pertaining to staff reductions

## Selected Financial Data – H1

(\$ in millions, except per share data)

	H1			Full Year		
	2012 <sup>1,2</sup>	2011	YoY	2011 <sup>1,3</sup>	2010 <sup>4</sup>	YoY
<b><u>Operating Revenue</u></b>						
Financial Advisory	\$519.8	\$478.0	9%	\$992.2	\$1,120.6	(11%)
Asset Management	416.7	461.7	(10%)	882.8	834.7	6%
<b>Total Operating Revenue</b>	<b>\$954.0</b>	<b>\$948.6</b>	<b>1%</b>	<b>\$1,883.9</b>	<b>\$1,978.5</b>	<b>(5%)</b>
<b><u>Expenses</u></b>						
Compensation and benefits	\$598.0	\$554.6	8%	\$1,168.2	\$1,166.2	0%
<i>Ratio of compensation to operating revenue</i>	<i>62.7%</i>	<i>58.5%</i>		<i>62.0%</i>	<i>58.9%</i>	
Non-compensation	\$211.0	\$192.3	10%	\$399.7	\$368.2	9%
<i>Ratio of non-compensation to operating revenue</i>	<i>22.1%</i>	<i>20.3%</i>		<i>21.2%</i>	<i>18.6%</i>	
<b><u>Earnings</u></b>						
Earnings from Operations	\$145.0	\$201.7	(28%)	\$316.0	\$444.1	(29%)
<i>Operating margin</i>	<i>15.2%</i>	<i>21.3%</i>		<i>16.8%</i>	<i>22.4%</i>	
<b>Net Income</b>	<b>\$77.9</b>	<b>\$124.3</b>	<b>(37%)</b>	<b>\$178.6</b>	<b>\$281.1</b>	<b>(36%)</b>
<b>Diluted Net Income per Share</b>	<b>\$0.57</b>	<b>\$0.91</b>	<b>(37%)</b>	<b>\$1.31</b>	<b>\$2.06</b>	<b>(36%)</b>
<b>Assets Under Management (in billions)</b>	<b>\$148.4</b>	<b>\$161.6</b>	<b>(8%)</b>	<b>\$141.0</b>	<b>\$155.3</b>	<b>(9%)</b>

Note: Operating Revenue excludes interest expense relating to financing activities and revenue/(loss) relating to the consolidation of noncontrolling interests, each of which are included in net revenue.

Excludes:

- 1 Gains (losses) related to the changes in fair value of investments held in connection with Lazard Fund Interests for which a corresponding equal amount is excluded from compensation and benefits.
- 2 Charges pertaining to staff reductions
- 3 Writeoff of Lazard Alternative Investment Holdings option prepayment and provision for onerous lease contract for UK facility and gain on repurchase of subordinated debt
- 4 Restructuring charge and acceleration of share-based incentive awards in connection with the Company's change in retirement policy

# U.S. GAAP Net Income Summary Unaudited – Q2 12 vs Q2 11

(\$ in millions, except per share figures)

	Q2		
	2012	2011	% YoY
Total Revenue	\$457.2	\$500.6	(9%)
Interest Expense	(20.3)	(23.3)	
Net Revenue	436.9	477.3	(8%)
Operating expenses:			
Compensation and benefits	283.4	286.5	(1%)
Non Compensation expenses	109.0	101.6	7%
Operating expenses	392.4	388.1	1%
Operating income	44.5	89.2	(50%)
Provision for income taxes	10.3	17.6	(41%)
Net income	34.2	71.6	(52%)
Net income attributable to noncontrolling interests	3.4	9.6	
Net income attributable to Lazard Ltd	\$30.8	\$62.0	(50%)
Net income per share			
Basic	\$0.26	\$0.52	
Diluted	\$0.24	\$0.48	

# U.S. GAAP Net Income Summary Unaudited – H1 12 vs H1 11

(\$ in millions, except per share figures)

	H1		
	2012	2011	% YoY
<b>Total Revenue</b>	<b>\$963.7</b>	<b>\$961.9</b>	<b>0%</b>
Interest Expense	(40.8)	(46.6)	
<b>Net Revenue</b>	<b>922.9</b>	<b>915.3</b>	<b>1%</b>
<b>Operating expenses:</b>			
Compensation and benefits	621.7	556.5	12%
Non Compensation expenses	218.9	196.2	12%
<b>Operating expenses</b>	<b>840.6</b>	<b>752.7</b>	<b>12%</b>
<b>Operating income</b>	<b>82.3</b>	<b>162.6</b>	<b>(49%)</b>
<b>Provision for income taxes</b>	<b>19.1</b>	<b>31.1</b>	<b>(38%)</b>
<b>Net income</b>	<b>63.2</b>	<b>131.5</b>	<b>(52%)</b>
Net income attributable to noncontrolling interests	6.8	14.5	
<b>Net income attributable to Lazard Ltd</b>	<b>\$56.4</b>	<b>\$117.0</b>	<b>(52%)</b>
<b>Net income per share</b>			
Basic	<u>\$0.47</u>	<u>\$1.00</u>	
Diluted	<u>\$0.44</u>	<u>\$0.91</u>	



# Operating Expenses – Q2 12 vs Q2 11

(\$ in millions)

	H1	
	2012	2011
Compensation and Benefits <sup>1,2</sup>	\$598.0	\$554.6
<i>% of Operating Revenue</i>	62.7%	58.5%
Non-Compensation Expenses: <sup>1</sup>		
Occupancy and equipment	\$54.5	\$45.7
Marketing and business development	50.3	39.0
Technology and information services	41.6	40.1
Professional services	22.4	23.0
Fund administration and outsourced services	26.1	26.8
Other	16.1	17.8
Total Non-Compensation Expenses	\$211.0	\$192.3
<i>% of Operating Revenue</i>	22.1%	20.3%

<sup>1</sup> Excludes amounts related to noncontrolling interests

<sup>2</sup> Excludes amounts related to the changes in the fair value of a liability in connection with Lazard Fund Interests

# Operating Expenses – H1 12 vs H1 11

(\$ in millions)

	H1	
	2012	2011
Compensation and Benefits <sup>1,2</sup>	\$598.0	\$554.6
<i>% of Operating Revenue</i>	<i>62.7%</i>	<i>58.5%</i>
Non-Compensation Expenses: <sup>1</sup>		
Occupancy and equipment	\$54.5	\$45.7
Marketing and business development	50.3	39.0
Technology and information services	41.6	40.1
Professional services	22.4	23.0
Fund administration and outsourced services	26.1	26.8
Other	16.1	17.8
Total Non-Compensation Expenses	\$211.0	\$192.3
<i>% of Operating Revenue</i>	<i>22.1%</i>	<i>20.3%</i>

<sup>1</sup> Excludes amounts related to noncontrolling interests

<sup>2</sup> Excludes amounts related to the changes in the fair value of a liability in connection with Lazard Fund Interests

# Selected Quarterly Operating Results

Unaudited and Non-GAAP

(\$ in millions, except per share values)

	<u>Q2 12</u> <sup>1</sup>	<u>Q1 12</u> <sup>1,2</sup>	<u>Q4 11</u> <sup>1,3</sup>	<u>Q3 11</u> <sup>1,4</sup>	<u>Q2 11</u>	<u>Q1 11</u>	<u>Q4 10</u>	<u>Q3 10</u>	<u>Q2 10</u>
<i>Financial Advisory</i>									
M&A and Strategic Advisory	\$195.4	\$192.6	\$167.1	\$199.1	\$170.6	\$163.8	\$260.0	\$160.6	\$145.9
Capital Markets & Other Advisory	<u>17.2</u>	<u>14.4</u>	<u>17.7</u>	<u>16.4</u>	<u>30.3</u>	<u>29.5</u>	<u>43.6</u>	<u>27.8</u>	<u>19.9</u>
Strategic Advisory	212.6	207.0	184.8	215.5	200.9	193.3	303.6	188.4	165.8
Restructuring	<u>30.0</u>	<u>70.2</u>	<u>75.7</u>	<u>38.1</u>	<u>48.3</u>	<u>35.6</u>	<u>47.8</u>	<u>66.0</u>	<u>79.9</u>
Total	242.6	277.2	260.5	253.6	249.2	228.9	351.4	254.4	245.7
<i>Asset Management</i>									
Management Fees	195.2	199.9	190.1	200.0	221.2	206.8	203.1	184.0	167.0
Incentive Fees	3.7	2.6	5.4	9.4	6.3	5.1	44.4	15.5	12.6
Other Revenue	<u>7.7</u>	<u>7.6</u>	<u>8.9</u>	<u>7.3</u>	<u>10.2</u>	<u>12.1</u>	<u>8.2</u>	<u>8.5</u>	<u>7.6</u>
Total	<u>206.6</u>	<u>210.1</u>	<u>204.4</u>	<u>216.7</u>	<u>237.7</u>	<u>224.0</u>	<u>255.7</u>	<u>208.0</u>	<u>187.2</u>
<i>Corporate</i>									
	<u>6.0</u>	<u>11.4</u>	<u>3.8</u>	<u>(3.8)</u>	<u>4.9</u>	<u>4.0</u>	<u>2.9</u>	<u>10.8</u>	<u>5.5</u>
Operating Revenue	<u>\$455.2</u>	<u>\$498.7</u>	<u>\$468.7</u>	<u>\$466.5</u>	<u>\$491.8</u>	<u>\$456.9</u>	<u>\$610.0</u>	<u>\$473.2</u>	<u>\$438.4</u>
Earnings from Operations	<u>\$64.2</u>	<u>\$80.8</u>	<u>\$23.0</u>	<u>\$91.2</u>	<u>\$106.6</u>	<u>\$95.2</u>	<u>\$153.7</u>	<u>\$102.2</u>	<u>\$89.2</u>
Net income (loss), fully exchanged basis <sup>5</sup>	<u>\$33.1</u>	<u>\$44.8</u>	<u>\$1.4</u>	<u>\$52.9</u>	<u>\$65.8</u>	<u>\$58.5</u>	<u>\$104.5</u>	<u>\$62.2</u>	<u>\$53.0</u>
Net income (loss) per share, fully exchanged basis <sup>5</sup>									
Diluted	<u>\$0.25</u>	<u>\$0.33</u>	<u>\$0.01</u>	<u>\$0.39</u>	<u>\$0.48</u>	<u>\$0.43</u>	<u>\$0.76</u>	<u>\$0.46</u>	<u>\$0.39</u>

<sup>1</sup> Excludes amounts related to the changes in the fair value of Lazard Fund Interests.

<sup>2</sup> Excludes charges pertaining to staff reductions.

<sup>3</sup> Excludes writeoff of Lazard Alternative Investment Holdings option prepayment and provision for onerous lease contract for UK facility.

<sup>4</sup> Excludes gain on repurchase of subordinated debt.

<sup>5</sup> Refers to net income (loss) attributable to Lazard Ltd.

# Condensed Balance Sheet

Unaudited and Non-GAAP

(\$ in millions)

	June 30, 2012	March 31, 2012	December 31, 2011
<u>ASSETS</u>			
Cash & Cash Equivalents	\$751.2	\$765.7	\$1,003.8
Deposits with banks	324.3	257.7	286.0
Cash deposited with clearing organizations and other segregated cash	78.8	74.5	75.5
Receivables	483.5	522.6	504.5
Investments	439.7	378.2	378.5
Goodwill and other intangible assets	394.2	396.0	393.1
Other Assets	506.2	513.3	440.5
Total Assets	<u>\$2,977.9</u>	<u>\$2,908.0</u>	<u>\$3,081.9</u>
<u>LIABILITIES &amp; STOCKHOLDERS' EQUITY</u>			
Deposits and Other Payables	\$338.5	\$274.7	\$288.4
Accrued Compensation	251.1	210.4	383.5
Other Liabilities	485.0	485.2	466.3
Senior and Subordinated Debt	1,076.9	1,076.9	1,076.9
Total Stockholders' Equity <sup>1</sup>	<u>826.4</u>	<u>860.8</u>	<u>866.8</u>
Total Liabilities and Stockholders' Equity	<u>\$2,977.9</u>	<u>\$2,908.0</u>	<u>\$3,081.9</u>

<sup>1</sup> Attributable to Lazard Ltd: \$704 at June 30, 2012, \$738 at March 31, 2012 and \$726 at December 31, 2011.

# Detailed Balance Sheet Information

Unaudited and Non-GAAP

(\$ in millions)

June 30, 2012

## KEY COMMENTS

Cash & Cash Equivalents	\$751.2	<ul style="list-style-type: none"> <li>Mostly U.S. Government and Agency money market funds and bank balances</li> </ul>
Deposits with Banks	\$324.3	<ul style="list-style-type: none"> <li>Represents LFB's short-term deposits, principally with the Banque de France</li> </ul>
Cash Deposited with Clearing Organizations and Other Segregated Cash	\$78.8	
Investments	\$439.7	
Including:		
■ Debt, Equities and Alternative Asset Management funds	\$269.1	<ul style="list-style-type: none"> <li>Mainly Asset Management seed capital<sup>1</sup> and Lazard Fund Interests<sup>2</sup></li> </ul>
■ Private Equity	\$114.0	<ul style="list-style-type: none"> <li>Edgewater and other funds, including \$19.9 consolidated but owned by non-controlling interests</li> </ul>

<sup>1</sup> Seed capital investments are generally hedged when appropriate or feasible.

<sup>2</sup> Any gain or loss on those investments is directly offset by a corresponding change in compensation expense.

# LAZARD

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Investor Information

JULY 2012