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LAZARD

Quarterly Investor Presentation

October 2015

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# Disclaimer

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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,” “would,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “target,” “goal” 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, targets, goals 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) a decline in our revenues, for example due to a decline in overall mergers and acquisitions (“M&A”) activity, our share of the M&A market or our assets under management (“AUM”), (c) losses caused by financial or other problems experienced by third parties, (d) losses due to unidentified or unanticipated risks, (e) a lack of liquidity, i.e., ready access to funds, for use in our businesses, and (f) competitive pressure on our businesses and on our ability to retain and attract employees at current compensation levels. 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.

This presentation uses non-U.S. GAAP (“non-GAAP”) measures for (a) operating revenue, (b) compensation and benefits expense, as adjusted, (c) compensation and benefits expense, awarded basis (d) non-compensation expense, as adjusted (e) earnings from operations, (f) pre-tax income, as adjusted, (g) pre-tax income per share, as adjusted (h) earnings from operations, awarded basis (i) operating margin, (j) operating margin, awarded basis (k) net income, as adjusted, (l) net income per share, as adjusted, (m) net income per share, awarded basis (n) free cash flow and (o) return of capital. Such non-GAAP measures are not meant to be considered in isolation or as a substitute for the corresponding U.S. GAAP measures, and should be read only in conjunction with our consolidated financial statements prepared in accordance with U.S. GAAP. We believe that certain non-GAAP measures provide a more meaningful basis for assessing our operating results and comparisons between present, historical and future periods. See the attached appendices and related notes on pages 36–46 for a detailed explanation of applicable adjustments to corresponding U.S. GAAP measures.

# Why Invest in Lazard

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Premier brand

Global scale

Strong momentum

Solid foundation

Efficient model

Cost discipline

Margin growth

High cash generation

Substantial return of capital

World-Class  
Franchise

Profitable  
Growth

Shareholder  
Returns

# Power of the Brand

“...success built on its bankers’ discretion and its long-term relationships with clients”

The  
Economist

“...one of the most influential corporate finance firms in the world”

THE  TIMES  
OF LONDON

“...showing bigger Wall Street rivals the power of simplicity”

BREAKINGVIEWS

# LAZARD

“La banque occupe une place à part dans le paysage de la finance”<sup>1</sup>

LesEchos

“...at once ultraconservative and boldly contrarian”

BusinessWeek

“...a formidable reputation in the world’s boardrooms”

FINANCIAL NEWS

<sup>1</sup> “The bank stands apart in the landscape of finance.”

# Global Scale

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43 Offices Across 27 Countries

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## Financial Advisory

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- Clients in more than 70 countries
- Powerful cross-border M&A practice
- Advisor to governments on multiple continents
- Active in emerging markets for more than 35 years

## Asset Management

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- Global distribution: more than 40% of clients outside U.S.
- Institutional quality manager: approximately 35% of staff are investment professionals
- Global investment solutions for pensions, sovereign wealth funds, governments, corporations, financial institutions, high net worth individuals

# Strong Results

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## LAZARD

Record LTM<sup>1</sup> operating revenue

33% increase in quarterly pre-tax income per share, as adjusted<sup>2</sup>

### **Third Quarter 2015<sup>2</sup>**

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- Operating revenue up 2%
- Earnings from operations, as adjusted, up 24%

### **First Nine Months 2015<sup>3</sup>**

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- Operating revenue up 5%
- Earnings from operations, as adjusted, up 26%

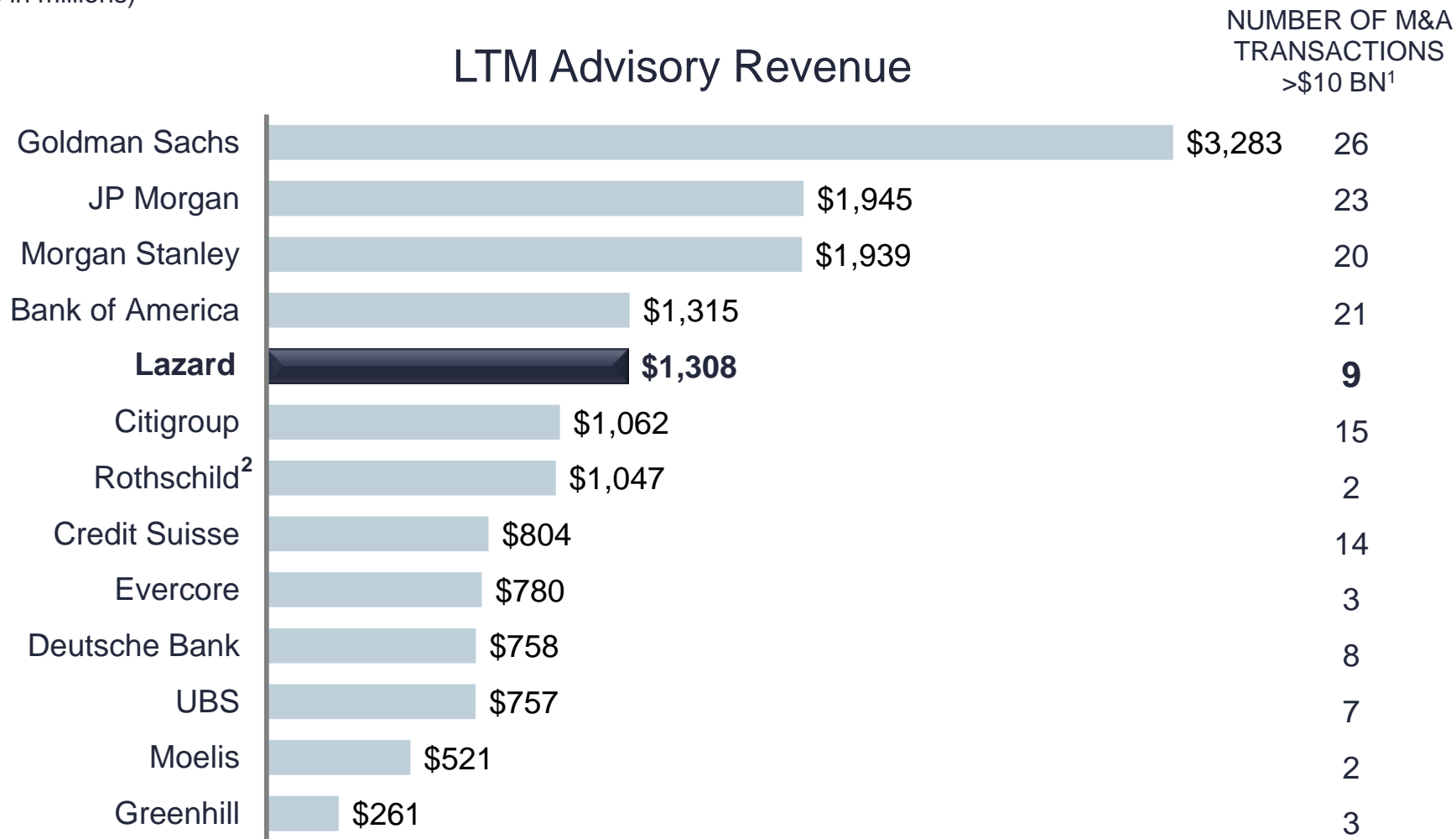
<sup>1</sup> Last twelve months ended September 30, 2015.

<sup>2</sup> Q3 2015 over Q3 2014.

<sup>3</sup> First nine months 2015 over first nine months 2014.

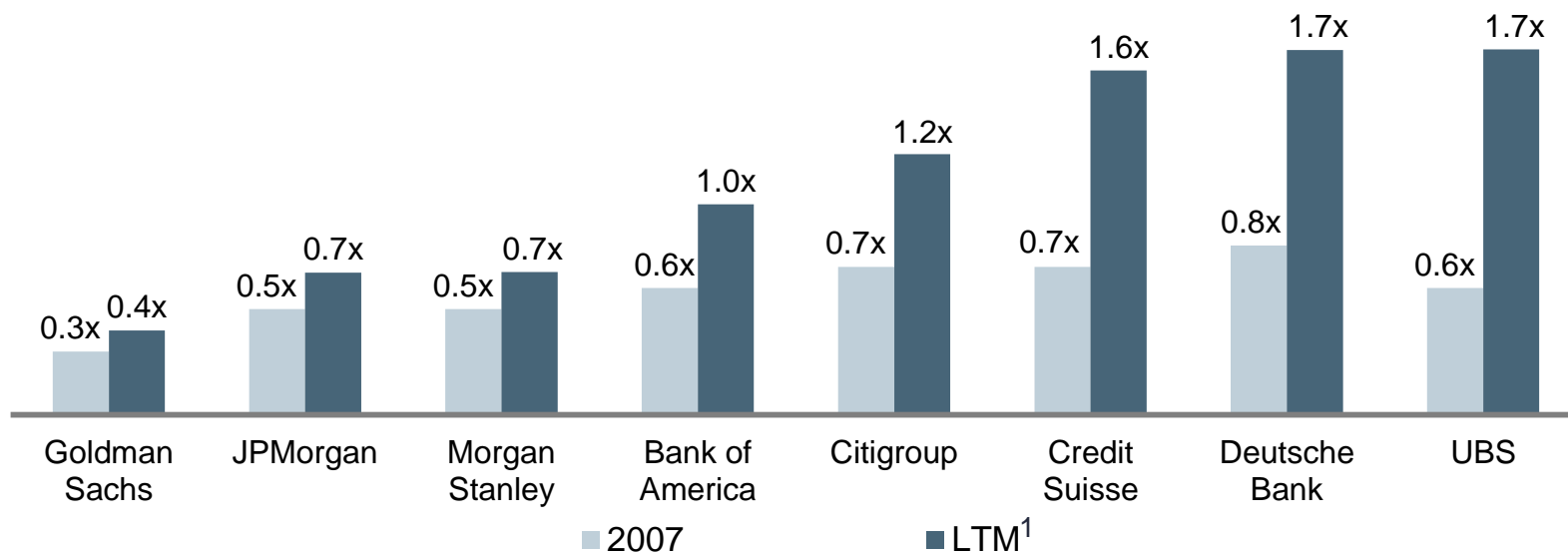
# Advisory Business in Top Tier

(\$ in millions)



# Gaining Share of Advisory Revenue

Lazard Advisory Revenue as Multiple of Peers  
2007 vs. LTM<sup>1</sup>



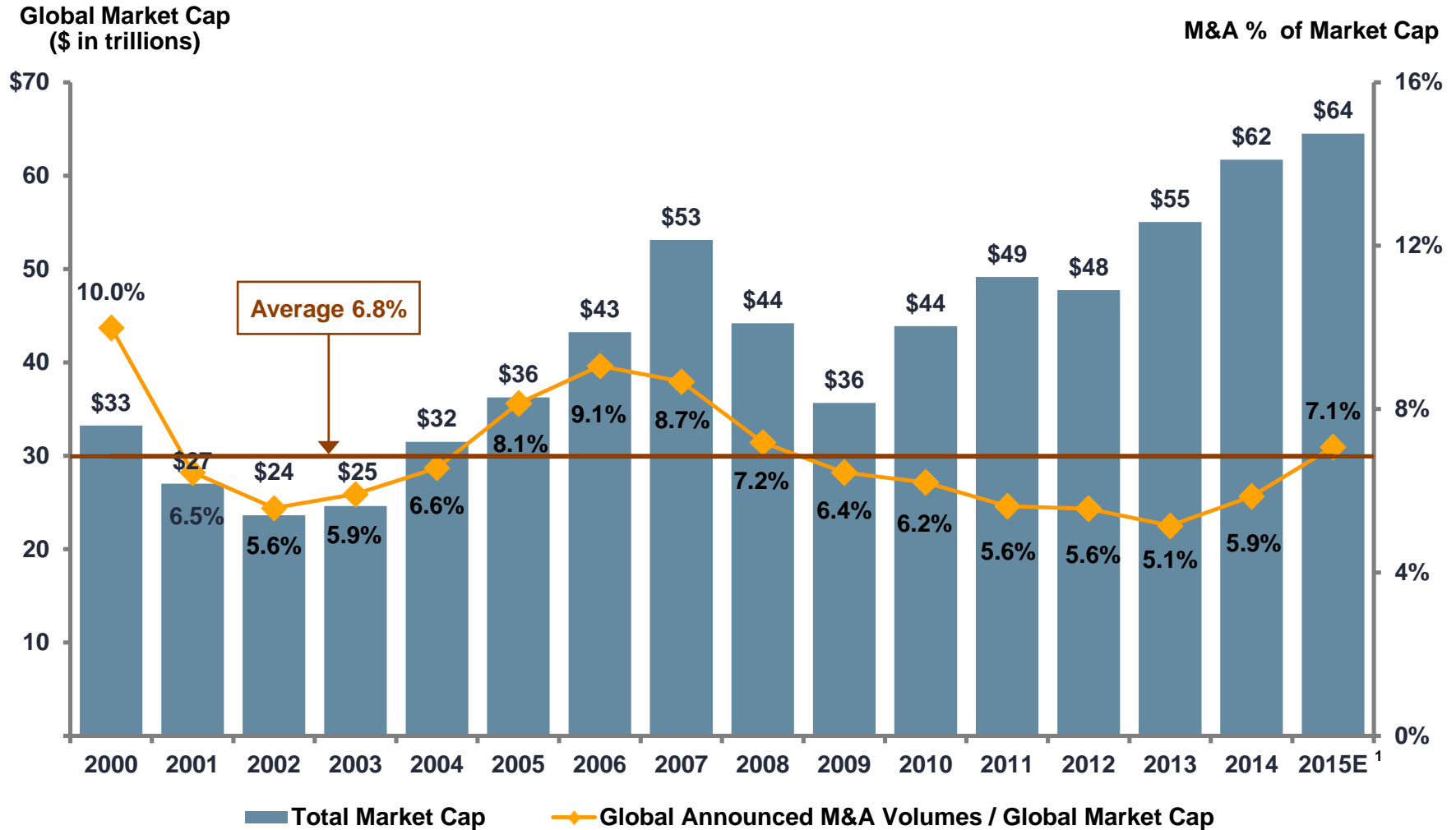
Relative Increase in Share	33%	35%	35%	66%	76%	132%	116%	188%
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Source: Press releases and public filings.

<sup>1</sup> Last twelve months ended September 30, 2015.



# Advisory Market Opportunity



# Breadth of Asset Management Platforms



**\$34 bn**

**\$ 58 bn**

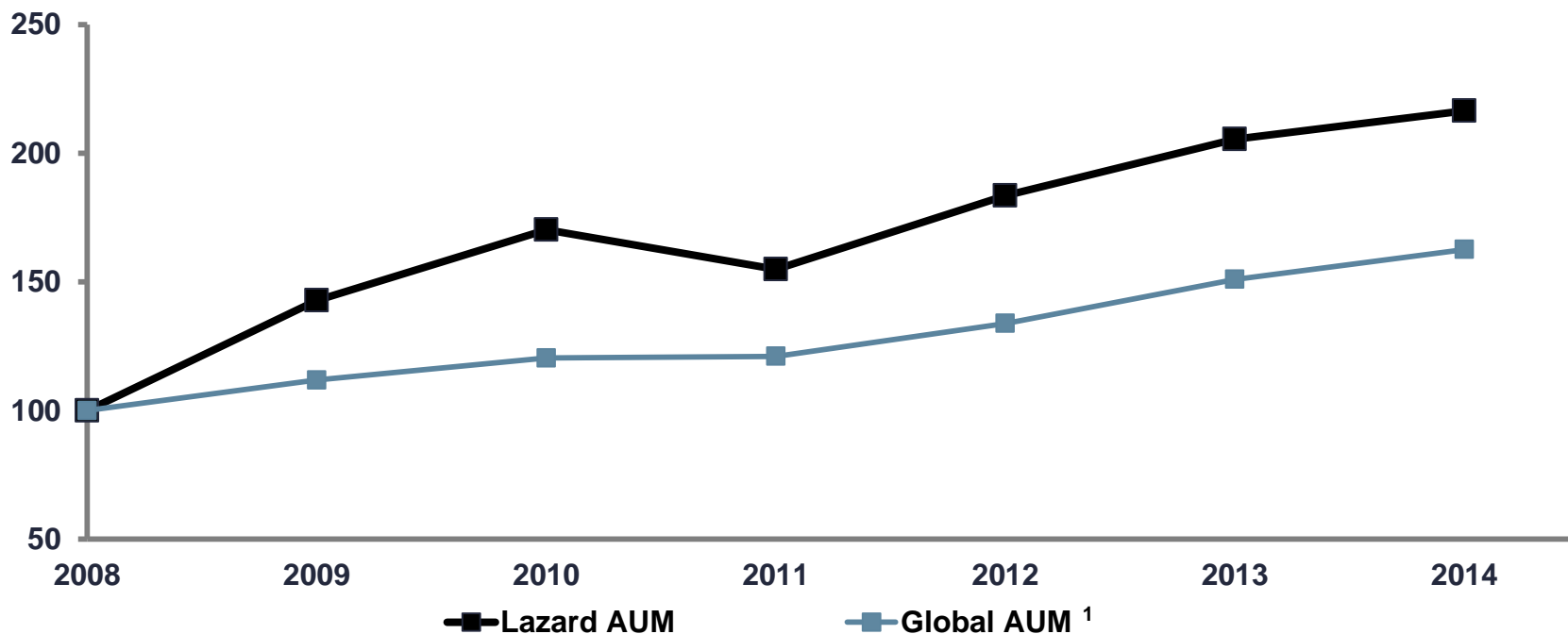
**\$ 53 bn**

**\$33 bn**

**Assets Under Management<sup>1</sup>**

# Asset Management's High Quality Growth

AUM Indexed





Lazard Avg. Fees (bps)	2008	2009	2010	2011	2012	2013	2014
	45	48	52	54	52	53	53

<sup>1</sup> Based on Global AUM data from BCG "Global Asset Management" reports.

# Financial Targets Achieved

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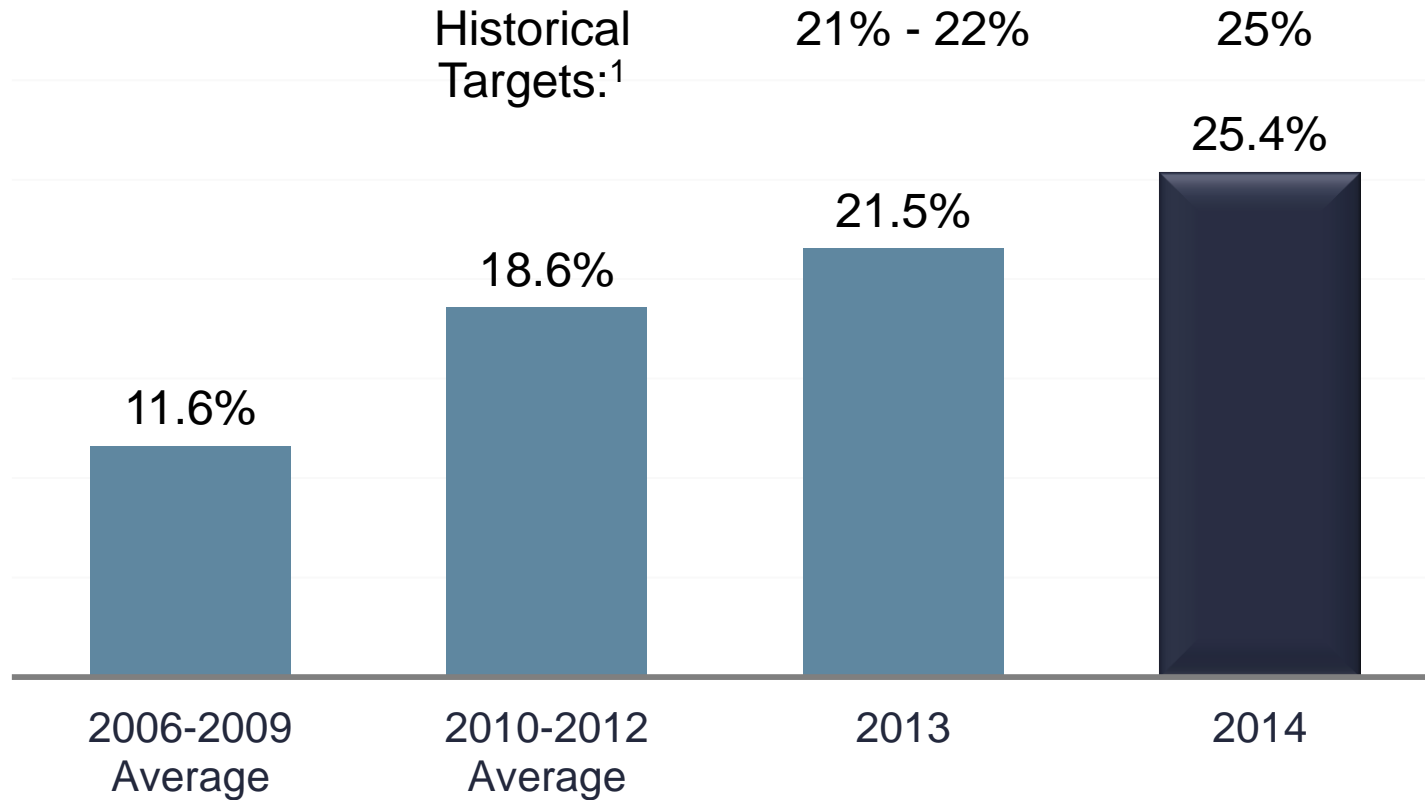
<b>Metrics</b>	<b>Target<sup>1</sup></b>	<b>2014</b>	
		<b>Adj. GAAP</b>	<b>Awarded</b>
 <b>Compensation Ratio</b>	<b>55% - 59%</b>	<b>55.6%</b>	<b>55.8%</b>
 <b>Non-Compensation Ratio</b>	<b>16% - 20%</b>	<b>18.8%</b>	<b>18.8%</b>

<sup>1</sup> Compensation and non-compensation ratio targets are to be achieved over the cycle. See page 27 for additional information.

# Strong Margin Growth

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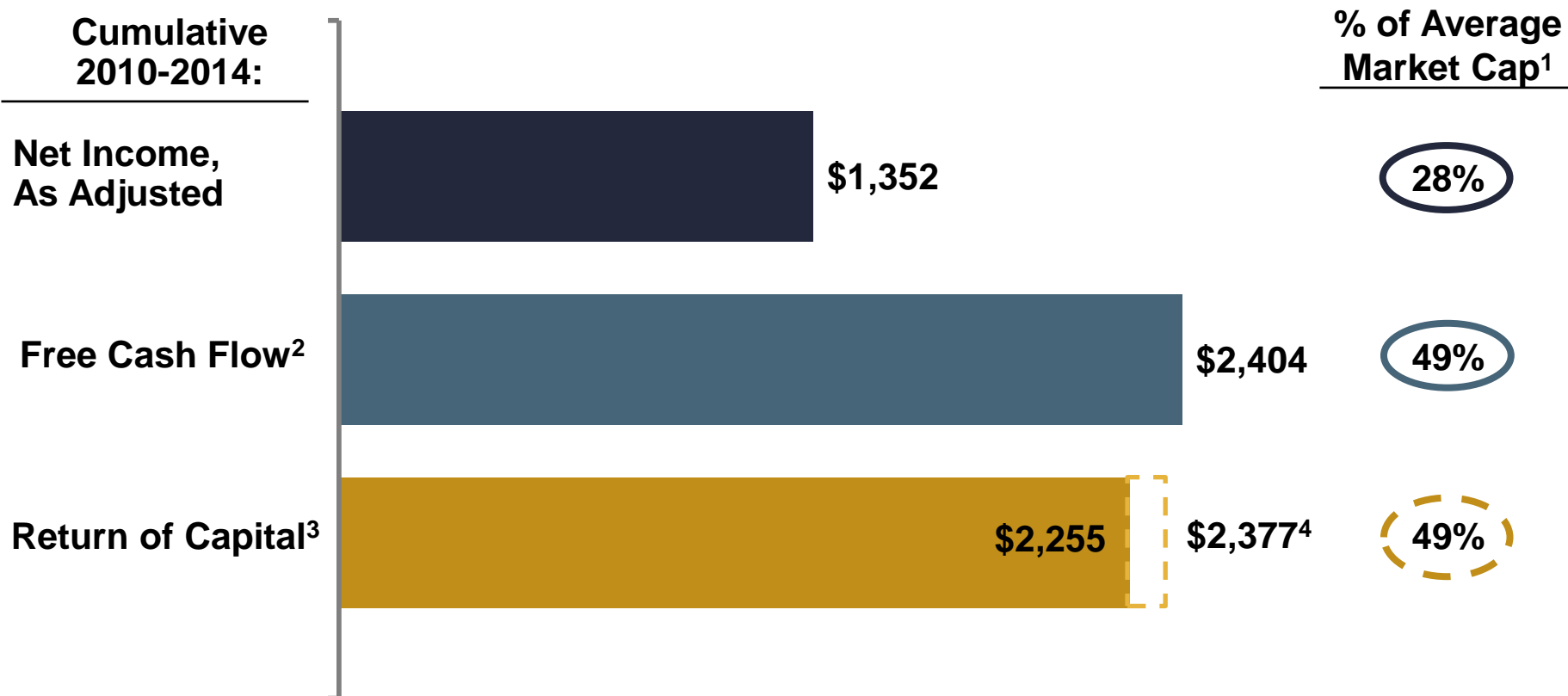
## Operating Margin on an Awarded Basis



<sup>1</sup> Financial targets established in April 2012.

# Significant Cash Generation

(\$ in millions)



<sup>1</sup> Based on average Lazard market capitalization at each quarter end from 2010 to 2014 of \$4.9 billion.

<sup>2</sup> Includes cash flow from operations, investing activities, FX and other adjustments.

<sup>3</sup> Includes dividends, share repurchases and debt management.

<sup>4</sup> Includes impact of special dividend of \$1.00 paid in Q1 2015.

# Why Invest in Lazard

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Premier brand

Global scale

Strong momentum

Solid foundation

Efficient model

Cost discipline

Margin growth

High cash generation

Substantial return of capital

World-Class  
Franchise

Profitable  
Growth

Shareholder  
Returns

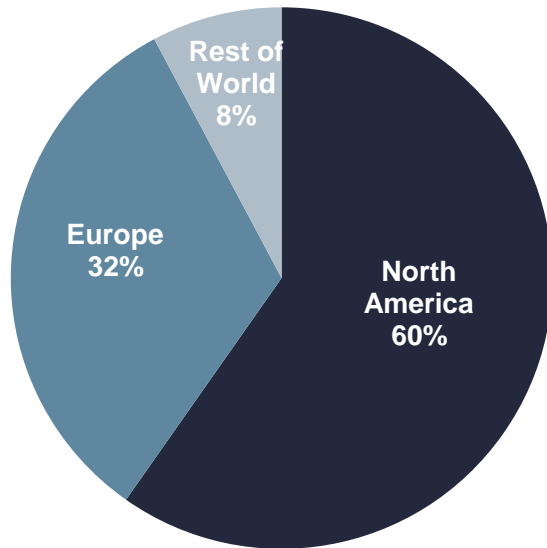
# Appendix



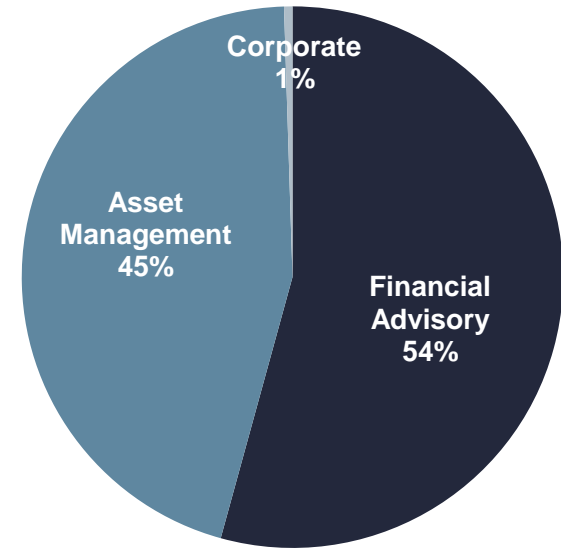
# **Business Segments**

# Revenue Balanced Across Geographies and Business Lines

**LTM<sup>1</sup> Operating Revenue  
by Geography**



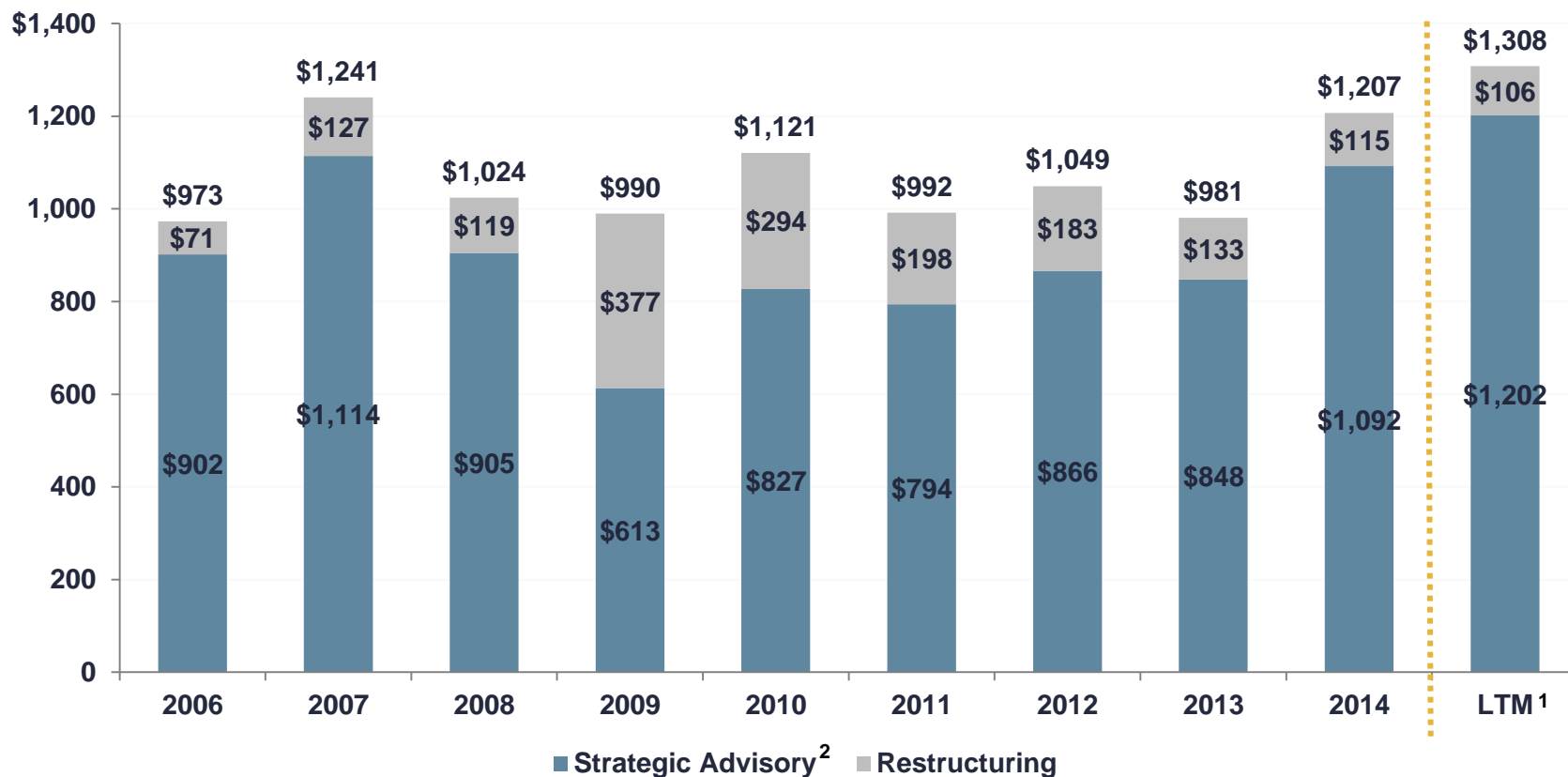
**LTM<sup>1</sup> Operating Revenue  
by Business Segment**



<sup>1</sup> Last twelve months ended September 30, 2015.

# Financial Advisory Operating Revenue

(\$ in millions)

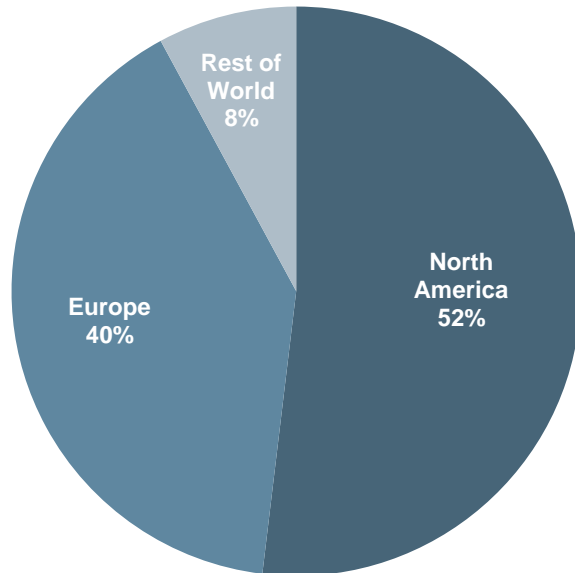


<sup>1</sup> Last twelve months ended September 30, 2015.

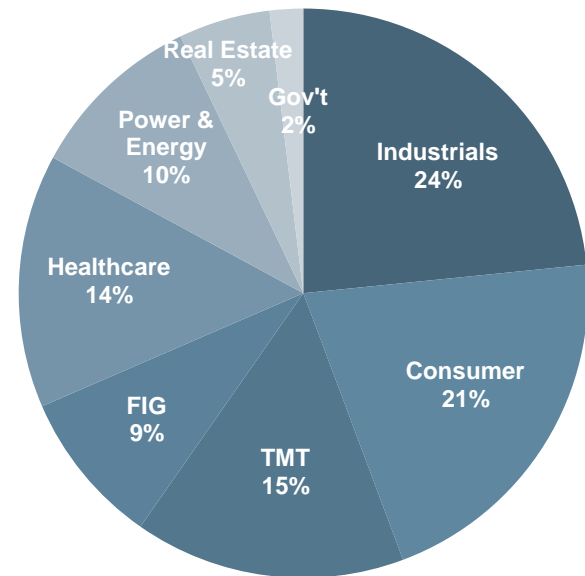
<sup>2</sup> Strategic Advisory is comprised of revenues from M&A and Other Advisory and Capital Raising activities.

# M&A and Other Advisory Revenue Diversified by Geography and Industry

**LTM<sup>1</sup> M&A and Other Advisory Revenue by Geography**



**LTM<sup>1</sup> M&A and Other Advisory Revenue by Industry**



<sup>1</sup> Last twelve months ended September 30, 2015.

# Selected Financial Advisory Assignments<sup>1</sup>

## M&A



## SOVEREIGN ADVISORY



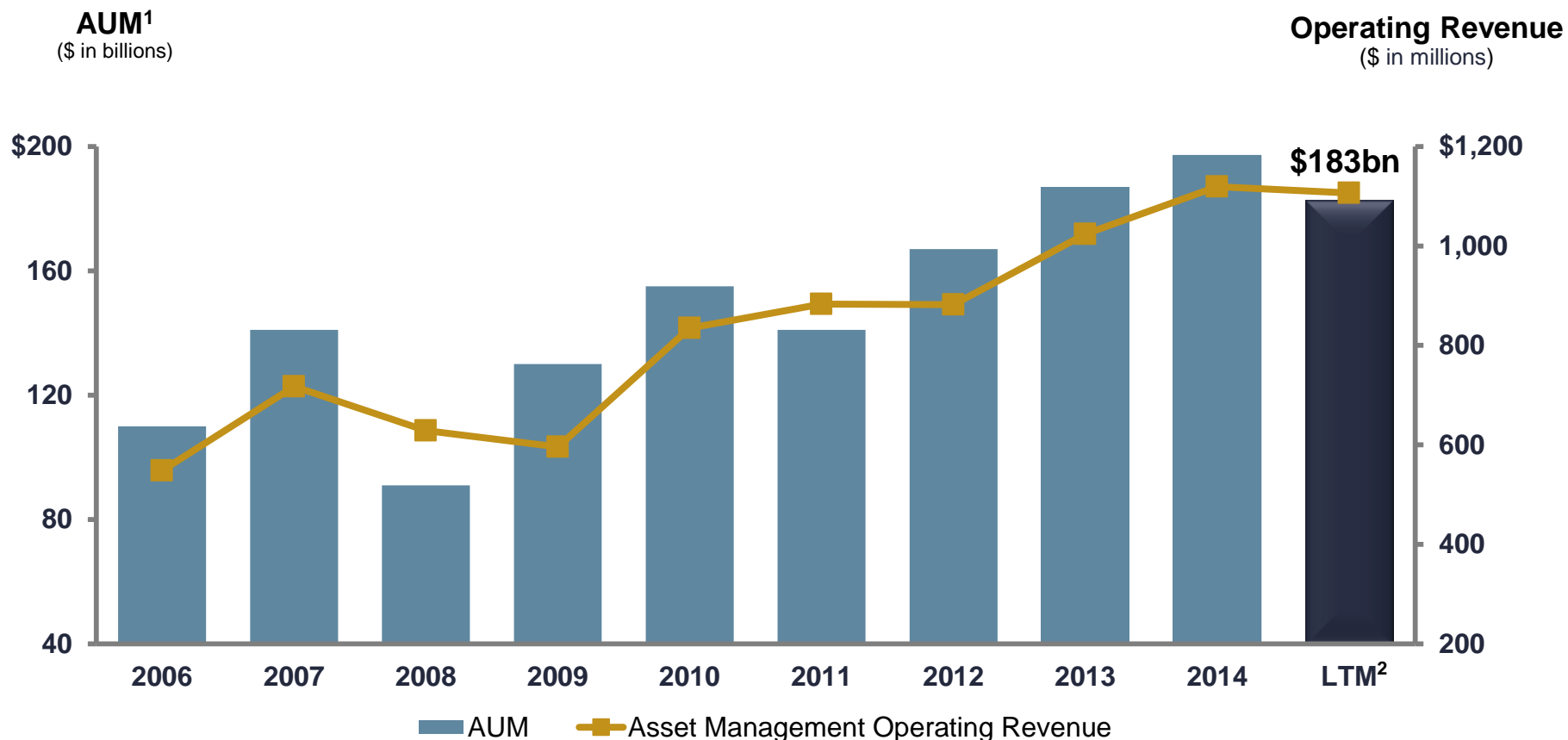
## CAPITAL ADVISORY



## RESTRUCTURING AND DEBT ADVISORY



# Asset Management Growth Over Cycles



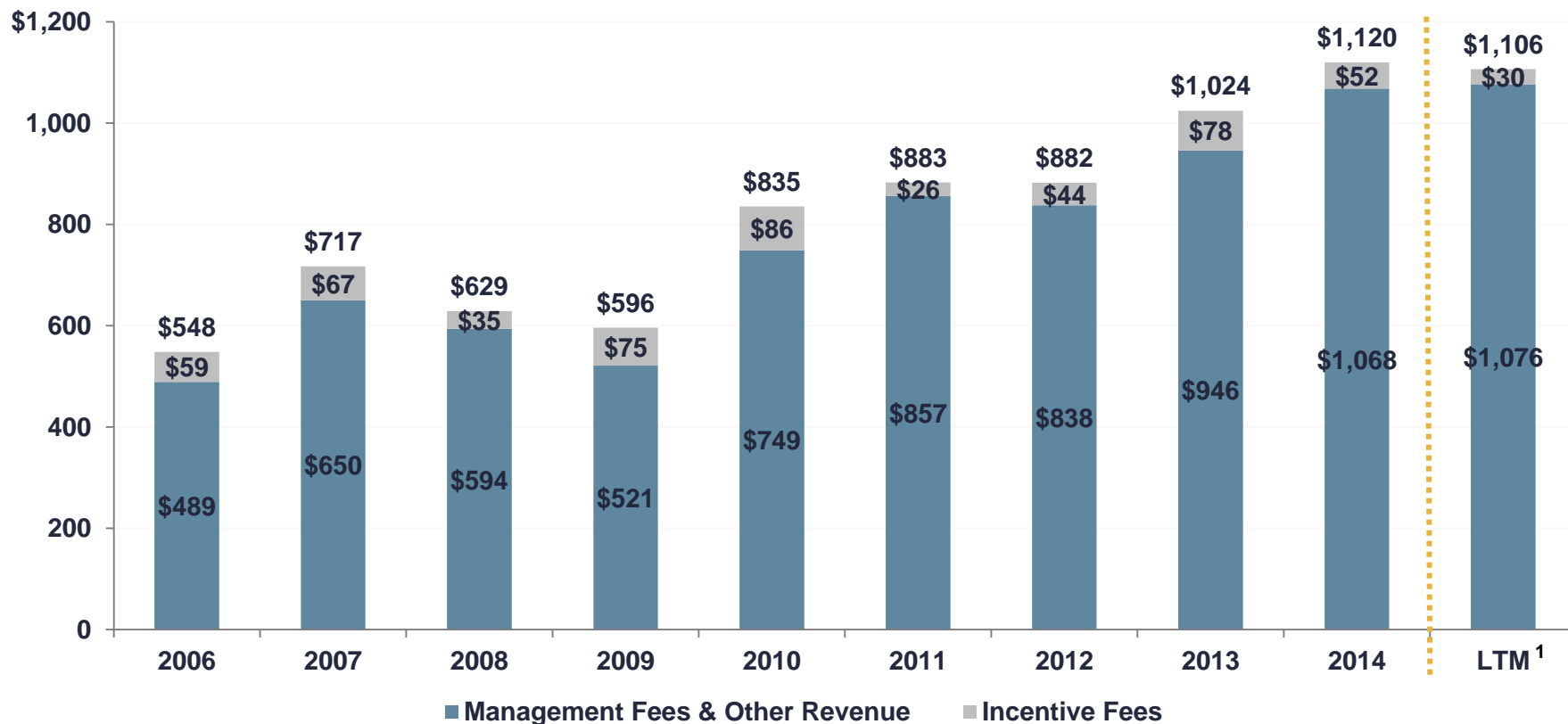
Avg. Fees (bps)	2006	2007	2008	2009	2010	2011	2012	2013	2014	LTM <sup>2</sup>
Avg. Fees (bps)	46	46	45	48	52	54	52	53	53	53

<sup>1</sup> Assets under management as of December 31 per year.

<sup>2</sup> AUM as of September 30, 2015. Operating revenue for last twelve months ended September 30, 2015.

# Asset Management Operating Revenue

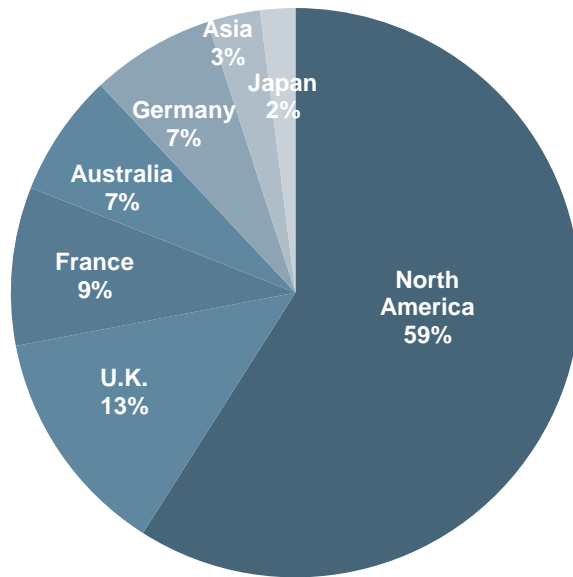
(\$ in millions)



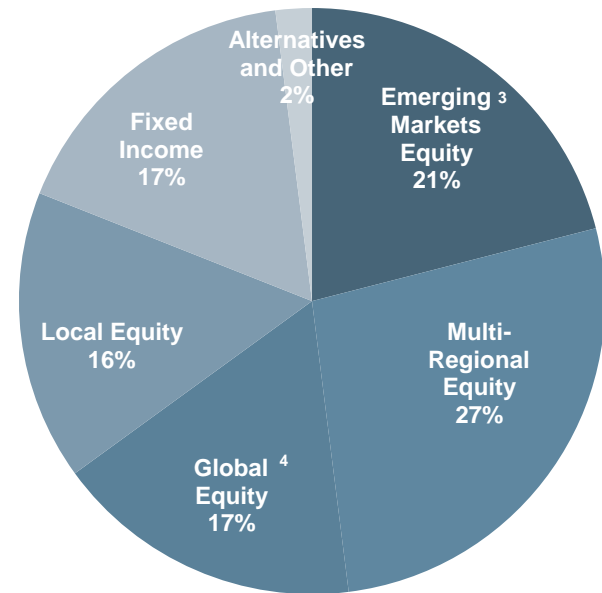
<sup>1</sup> Last twelve months ended September 30, 2015.

# AUM Diversified by Geographic and Product Mix

**AUM by Office Domicile** <sup>1,2</sup>



**AUM by Platform** <sup>2</sup>



<sup>1</sup> Domicile refers to location of client-servicing office.

<sup>2</sup> Breakdown as of September 30, 2015.

<sup>3</sup> Emerging Markets Equity strategy accounted for 84% of the Emerging Markets Equity platform.

<sup>4</sup> Global Thematic Equity strategy accounted for 37% of the Global Equity platform.



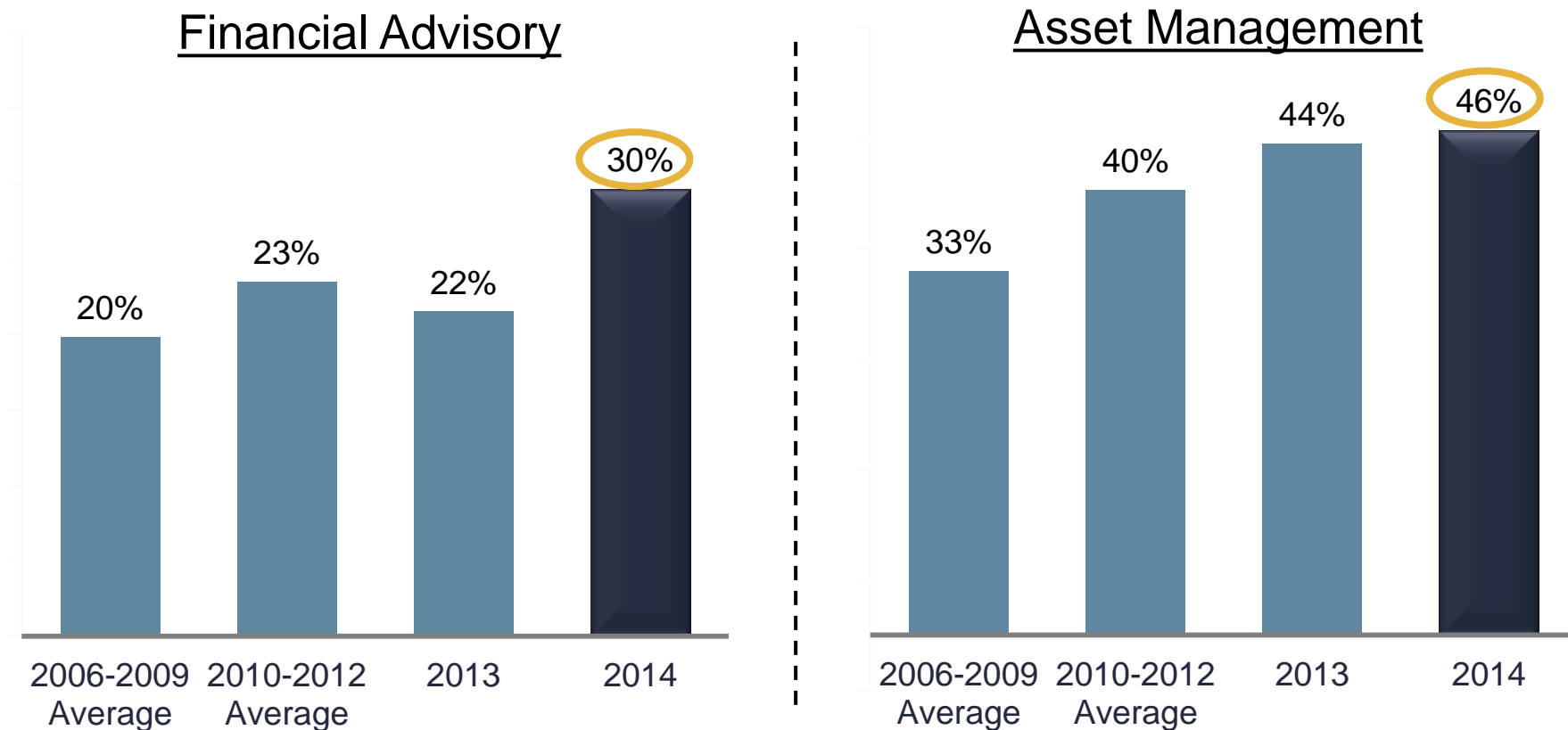
# Asset Flows Diversified By Region & Investment Strategy

## SELECTED NEW MANDATES

Client Type	Investment Strategy
Asian Multi Manager	Global Equity
European Corporate Pension	Emerging Markets Debt
European Corporate Pension	Global Fixed Income
French Healthcare Insurer	Multi-Asset
French Retirement Institution	Large-Cap European Equity
Sovereign Wealth	Emerging Markets Debt
UK Public Pension	Alternatives
US Corporate Pension	Emerging Markets Debt
US Public Pension	Emerging Markets Equity
US Public Pension	International Equity
US Public Pension	International Small Cap Equity
US Sub Advisory Relationship	International Equity

# Strong Margin Growth

## Operating Margin on an Awarded Basis



Note: Segment results are shown before direct and indirect overhead allocations. See the "Reconciliation of U.S. GAAP Operating Income to Earnings from Operations, Awarded Basis" slides for additional information regarding overhead allocations.

# **Supplemental Financial Information**

# Earnings from Operations - Awarded Basis

(\$ in millions, except per share data)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	Average <sup>1</sup>	
										2006-2010	2011-2014
<b>Operating Revenue</b>	\$1,571	\$2,015	\$1,675	\$1,618	\$1,979	\$1,884	\$1,971	\$2,034	\$2,340		
<i>% Growth</i>	16%	28%	(17%)	(3%)	22%	(5%)	5%	3%	15%	6%	7%
<b>Compensation and benefits, Awarded basis</b>	1,068	1,414	1,192	1,094	1,221	1,168	1,171	1,187	1,305		
<i>% of Operating Revenue</i>	68%	70%	71%	68%	62%	62%	59%	58%	56%	68%	59%
<b>Non-Compensation expense</b>	269	338	368	337	368	400	421	409	441		
<i>% of Operating Revenue</i>	17%	17%	22%	21%	19%	21%	21%	20%	19%	19%	20%
<b>Earnings from Operations, Awarded basis</b>	\$234	\$263	\$115	\$187	\$390	\$316	\$379	\$438	\$594	\$238	\$432
<i>Operating Margin</i>	15%	13%	7%	12%	20%	17%	19%	22%	25%	13%	21%
<b>Net Income per share, Awarded basis</b>	\$1.04	\$0.92	\$0.07	\$0.37	\$1.74	\$1.31	\$1.71	\$2.07	\$3.18	\$0.83	\$2.07
<b>Memo:</b>											
<b>Net Income per share, as adjusted</b>	\$2.24	\$2.77	\$1.72	\$0.09	\$2.06	\$1.31	\$1.44	\$2.01	\$3.20		

<sup>1</sup> Operating revenue growth is compound annual growth rate.

# Unaudited, Non-GAAP Supplemental Segment Information

(\$ in millions)

	Financial Advisory <sup>1</sup>			Asset Management <sup>1</sup>			Corporate <sup>2</sup>		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
<b>Operating Revenue</b>	\$1,049	\$981	\$1,207	\$882	\$1,024	\$1,120	\$1,971	\$2,034	\$2,340
<i>% Growth</i>	6%	(7%)	23%	-	16%	9%	5%	3%	15%
<b>Compensation and benefits, Awarded basis</b>	\$647	\$618	\$693	\$377	\$419	\$445	\$148	\$150	\$167
<i>% of Operating Revenue</i>	62%	63%	57%	43%	41%	40%	8%	7%	7%
<b>Non-Compensation expense</b>	\$164	\$152	\$157	\$142	\$150	\$164	\$115	\$107	\$120
<i>% of Operating Revenue</i>	16%	16%	13%	16%	15%	15%	6%	5%	5%
<b>Earnings from Operations, Awarded basis</b>	\$238	\$211	\$357	\$363	\$455	\$511			
<i>Operating Margin, Awarded basis</i>	23%	22%	30%	41%	44%	46%			

<sup>1</sup> Segment results are shown before direct and indirect overhead allocations. See the "Reconciliation of U.S. GAAP Operating Income to Earnings from Operations, Awarded Basis" slides for additional information regarding overhead allocations.

<sup>2</sup> Awarded compensation and non-compensation amounts recorded in the Corporate segment are measured as a percentage of total Lazard operating revenue.

# 2014 Compensation Bridge – U.S. GAAP to Awarded

(\$ in millions)

		% of Operating Revenue
<b>Compensation and benefits - U.S. GAAP Basis</b>	<b>\$1,314</b>	<b>56.2%</b>
<b>Adjustments</b>	<b>(12)</b>	
<b>Compensation and benefits, as adjusted</b>	<b>\$1,302</b>	<b>55.6%</b>
<b>Deferral Amortization (previous years)</b>	<b>(299)</b>	
<b>2014 Deferrals Awarded (including sign-on and special awards)</b>	<b>339</b>	
<b>FX Adjustments</b>	<b>(11)</b>	
<b>Estimated Forfeitures on Deferrals</b>	<b>(26)</b>	
<b>Compensation and benefits, Awarded Basis</b>	<b>\$1,305</b>	<b>55.8%</b>

Note: See the "Reconciliation of U.S. GAAP Compensation to Adjusted/Awarded Compensation" slide for additional information regarding adjustments.

# Estimated Future Amortization of Historical Deferrals<sup>1</sup>

(\$ in millions)

	2014A	2015E	2016E	2017E	2018E
<b>2010 Grants</b>	\$10	\$1	–	–	–
<b>2011 Grants</b>	54	9	–	–	–
<b>2012 Grants</b>	102	60	8	–	–
<b>2013 Grants</b>	122	101	58	8	–
<b>2014 Grants</b>	5	133	111	68	12
<b>2015 Grants</b>	–	9	TBD	TBD	TBD
<b>Other</b>	6	3	4	4	4
<b>Total</b>	\$299	\$316	TBD	TBD	TBD

<sup>1</sup> In accordance with U.S. GAAP, an estimate is made for future forfeitures of deferred compensation awards. This estimate is based on both historical experience and future expectations, and is subject to change. The result reflects the cost associated with awards that are expected to vest.

# Tax Considerations

(\$ in millions)

- Approximately \$0.6 billion of estimated future net tax benefits following a repurchase of a portion of the Tax Receivable Agreement (“TRA”) obligation<sup>1</sup>
- Cash taxes, inclusive of TRA accrual, expected to be in the high teens for 2016

	<u>2014</u>
<b>Pre-Tax Income, as Adjusted</b>	<b>\$531</b>
<b>Provision (Benefit) for Income Taxes, as Adjusted:</b>	
<b>Current Taxes</b>	<b>71</b>
<b>Deferred Taxes</b>	<b>15</b>
<b>TRA Provision</b>	<b>18</b>
<b>Provision (Benefit) for Income Taxes, as Adjusted:</b>	<b>104</b>
<i>Tax Rate</i>	<i>20%</i>
<b>Non-Cash Tax Expense</b>	<b>(20)</b>
<b>Cash Taxes<sup>2</sup></b>	<b>84</b>
<i>Tax Rate</i>	<i>16%</i>

<sup>1</sup> In July, Lazard repurchased from TRA holders approximately 47% of the outstanding TRA obligation for \$42 million in cash.

<sup>2</sup> “Cash Taxes” defined as taxes due to taxing authorities plus TRA accrued in the current year.



# Selected Quarterly Financial Data

(\$ in millions, per share data)

	Q3	Q2	Q3	% Change From	
	2015	2015	2014	Q2 2015	Q3 2014
<b><u>Operating Revenue</u></b>					
Strategic Advisory	\$305.0	\$290.4	\$259.1	5%	18%
Restructuring	25.8	26.0	32.0	(1%)	(19%)
<b>Financial Advisory</b>	<b>330.8</b>	<b>316.4</b>	<b>291.1</b>	<b>5%</b>	<b>14%</b>
Management fees and other	258.9	283.0	276.1	(9%)	(6%)
Incentive fees	2.7	7.0	11.8	(61%)	(77%)
<b>Asset Management</b>	<b>261.6</b>	<b>290.0</b>	<b>287.9</b>	<b>(10%)</b>	<b>(9%)</b>
<b>Corporate</b>	<b>1.9</b>	<b>0.2</b>	<b>4.1</b>		
<b>Total Operating Revenue</b>	<b>\$594.3</b>	<b>\$606.6</b>	<b>\$583.1</b>	<b>(2%)</b>	<b>2%</b>
<b><u>Expenses</u></b>					
Compensation and benefits, as adjusted	<b>\$330.6</b>	<b>\$337.4</b>	<b>\$343.0</b>	<b>(2%)</b>	<b>(4%)</b>
<i>% of Operating revenue</i>	<b>55.6%</b>	<b>55.6%</b>	<b>58.8%</b>		
Non-compensation	<b>\$102.3</b>	<b>\$109.6</b>	<b>\$109.5</b>	<b>(7%)</b>	<b>(7%)</b>
<i>% of Operating revenue</i>	<b>17.2%</b>	<b>18.1%</b>	<b>18.8%</b>		
<b><u>Earnings</u></b>					
<b>Earnings from Operations</b>	<b>\$161.4</b>	<b>\$159.6</b>	<b>\$130.6</b>	<b>1%</b>	<b>24%</b>
<i>Operating margin</i>	<b>27.2%</b>	<b>26.3%</b>	<b>22.4%</b>		
<b>Net Income, as adjusted</b>	<b>\$124.1</b>	<b>\$130.3</b>	<b>\$88.9</b>	<b>(5%)</b>	<b>40%</b>
<b>Net Income per share, as adjusted</b>	<b>\$0.93</b>	<b>\$0.98</b>	<b>\$0.67</b>	<b>(5%)</b>	<b>39%</b>
<b>Assets Under Management (in billions)</b>	<b>\$182.6</b>	<b>\$203.1</b>	<b>\$197.6</b>	<b>(10%)</b>	<b>(7%)</b>

# Selected Financial Data – 9M

(\$ in millions, per share data)

	9M		
	2015	2014	YoY
<b><u>Operating Revenue</u></b>			
Strategic Advisory	\$873.9	\$764.3	14%
Restructuring	74.9	83.0	(10%)
<b>Financial Advisory</b>	<b>948.8</b>	<b>847.3</b>	<b>12%</b>
Management fees and other	806.7	797.9	1%
Incentive fees	16.0	38.0	(58%)
<b>Asset Management</b>	<b>822.7</b>	<b>835.9</b>	<b>(2%)</b>
<b>Corporate</b>	<b>10.3</b>	<b>11.2</b>	
<b>Total Operating Revenue</b>	<b>\$1,781.8</b>	<b>\$1,694.4</b>	<b>5%</b>
<b><u>Expenses</u></b>			
Compensation and benefits	\$991.1	\$996.8	(1%)
<i>Ratio of compensation to operating revenue</i>	<b>55.6%</b>	<b>58.8%</b>	
Non-compensation	\$318.3	\$323.9	(2%)
<i>Ratio of non-compensation to operating revenue</i>	<b>17.9%</b>	<b>19.1%</b>	
<b><u>Earnings</u></b>			
<b>Earnings from Operations</b>	<b>\$472.4</b>	<b>\$373.7</b>	<b>26%</b>
<i>Operating margin</i>	<b>26.5%</b>	<b>22.1%</b>	
<b>Net Income</b>	<b>\$357.4</b>	<b>\$255.5</b>	<b>40%</b>
<b>Net Income per Share</b>	<b>\$2.68</b>	<b>\$1.91</b>	<b>40%</b>
<b>Assets Under Management (in billions)</b>	<b>\$182.6</b>	<b>\$197.6</b>	<b>(7%)</b>

# Condensed Balance Sheet

(\$ in millions)

	September 30, 2015	June 30, 2015	December 31, 2014
<b><u>ASSETS</u></b>			
Cash & cash equivalents	\$860	\$701	\$1,067
Deposits with banks and short-term investments	277	287	208
Cash deposited with clearing organizations and other segregated cash	35	34	43
Receivables	502	502	558
Investments	575	558	620
Deferred tax assets	1,113	1,255	59
Other assets	786	815	777
Total Assets	<b>\$4,148</b>	<b>\$4,152</b>	<b>\$3,332</b>
<b><u>LIABILITIES &amp; STOCKHOLDERS' EQUITY</u></b>			
Deposits and other payables	\$400	\$376	\$316
Accrued compensation and benefits	456	388	606
Senior debt	998	998	1,049
Tax receivable agreement obligations	524	988	20
Other liabilities	558	533	571
Total stockholders' equity <sup>1</sup>	1,212	869	770
Total liabilities and stockholders' equity	<b>\$4,148</b>	<b>\$4,152</b>	<b>\$3,332</b>

1 Attributable to Lazard Ltd: \$1,155 at September 30, 2015, \$810m at June 30, 2015 and \$707m at December 31, 2014.

# U.S. GAAP Selected Financial Information

(\$ in millions, except per share data)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
										Q3	9M
<b>Net revenue</b>	\$1,494	\$1,918	\$1,557	\$1,531	\$1,905	\$1,830	\$1,912	\$1,985	\$2,300	\$573	\$1,760
<i>% Growth</i>	15%	28%	(19%)	(2%)	24%	(4%)	5%	4%	16%		
<b>Operating Expenses:</b>											
<b>Compensation and benefits</b>	891	1,123	1,128	1,309	1,194	1,169	1,351	1,279	1,314	319	985
<b>Non-Compensation <sup>1</sup></b>	275	376	404	404	468	425	437	490	467	(317)	932
<b>Operating Income (loss)</b>	\$328	\$419	\$25	(\$182)	\$243	\$236	\$124	\$216	\$519	\$571	(\$156)
<i>% of Net revenue</i>	22%	22%	2%	(12%)	13%	13%	6%	11%	23%	99%	(9%)
<b>Net income (loss) per share, diluted</b>	\$2.31	\$2.79	\$0.06	(\$1.68)	\$1.36	\$1.36	\$0.65	\$1.21	\$3.20	\$2.99	\$6.22

<sup>1</sup> Includes provision pursuant to tax receivable agreement.

# Reconciliation of U.S. GAAP Net Revenue to Operating Revenue

(\$ in millions)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
										Q3	9M
Net revenue - U.S. GAAP Basis	\$1,494	\$1,918	\$1,557	\$1,531	\$1,905	\$1,830	\$1,912	\$1,985	\$2,300	\$573	\$1,760
<b>Adjustments:</b>											
Revenue related to noncontrolling interests <sup>1</sup>	(5)	(5)	13	(7)	(16)	(17)	(14)	(15)	(15)	(3)	(15)
(Gain) loss related to Lazard Fund Interests ("LFI") and other similar arrangements <sup>2</sup>	-	-	-	-	-	3	(7)	(14)	(7)	12	10
Interest Expense <sup>3</sup>	82	102	105	94	90	86	80	78	62	12	39
Gain on repurchase of subordinated debt <sup>4</sup>	-	-	-	-	-	(18)	-	-	-	-	-
Private Equity revenue adjustment <sup>5</sup>	-	-	-	-	-	-	-	-	-	-	(12)
<b>Operating revenue</b>	<b>\$1,571</b>	<b>\$2,015</b>	<b>\$1,675</b>	<b>\$1,618</b>	<b>\$1,979</b>	<b>\$1,884</b>	<b>\$1,971</b>	<b>\$2,034</b>	<b>\$2,340</b>	<b>\$594</b>	<b>\$1,782</b>

Operating Revenue is a non-GAAP measure which excludes:

<sup>1</sup> Revenue related to the consolidation of noncontrolling interests because the Company has no economic interest in such amount.

<sup>2</sup> Changes in the fair value of investments held in connection with LFI and other similar deferred compensation arrangements for which a corresponding equal amount is excluded from compensation and benefit expense.

<sup>3</sup> Interest expense related to corporate financing activities because such expense is not considered to be a cost directly related to the revenue of our business. For Q1'2015, includes excess interest expense of \$2.7 million due to the delay between the issuance of the 2025 senior notes and the settlement of the 2017 notes.

<sup>4</sup> Gain related to the repurchase of the then outstanding subordinated promissory note due to the non-operating nature of such transaction.

<sup>5</sup> Revenue relating to the Company's disposal of the Australian private equity business is adjusted for the recognition of an obligation, which was previously recognized for U.S. GAAP.

## Reconciliation of U.S. GAAP Compensation to Adjusted/Awarded Compensation

(\$ in millions)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
										Q3	9M
Compensation and benefits expense - U.S. GAAP basis	\$891	\$1,123	\$1,128	\$1,309	\$1,194	\$1,169	\$1,351	\$1,279	\$1,314	\$319	\$985
Adjustments:											
Charges pertaining to cost saving initiatives <sup>1</sup>	-	-	-	-	-	-	(100)	(52)	-	-	-
Charges pertaining to staff reductions <sup>2</sup>	-	-	-	-	-	-	(22)	-	-	-	-
Charges pertaining to LFI and other similar arrangements <sup>3</sup>	-	-	-	-	-	3	(7)	(14)	(7)	12	10
Private Equity incentive compensation <sup>4</sup>	-	-	-	-	-	-	-	(12)	-	-	-
Compensation related to noncontrolling interests <sup>5</sup>	-	-	-	(2)	(3)	(4)	(4)	(4)	(5)	(1)	(4)
2009 and 2010 adjustments <sup>6</sup>	-	-	-	(147)	(25)	-	-	-	-	-	-
LAM Equity Charge <sup>7</sup>	-	-	(197)	-	-	-	-	-	-	-	-
Compensation and benefits expense, as adjusted	891	1,123	931	1,160	1,166	1,168	1,218	1,197	1,302	330	991
Amortization of deferred incentive awards	(23)	(105)	(238)	(333)	(241)	(289)	(335)	(298)	(299)		
Total cash compensation, benefits and other <sup>8</sup>	868	1,018	693	827	925	879	883	899	1,003		
Deferred year-end incentive awards <sup>9</sup>	204	337	352	239	293	282	272	291	325		
Sign-on and other special deferred incentive awards <sup>10</sup>	13	88	180	39	27	40	42	22	14		
Adjustment for actual/estimated forfeitures <sup>11</sup>	(24)	(36)	(22)	(17)	(27)	(28)	(27)	(27)	(26)		
Year-end foreign exchange adjustment <sup>12</sup>	7	7	(11)	6	3	(5)	1	2	(11)		
Compensation and benefits expense - Awarded basis	\$1,068	\$1,414	\$1,192	\$1,094	\$1,221	\$1,168	\$1,171	\$1,187	\$1,305		
% of Operating revenue - Awarded basis	68%	70%	71%	68%	62%	62%	59%	58%	56%		
Memo: Operating Revenue	\$1,571	\$2,015	\$1,675	\$1,618	\$1,979	\$1,884	\$1,971	\$2,034	\$2,340		

## Reconciliation of U.S. GAAP Non-Compensation Expense to Non-Compensation, as adjusted

(\$ in millions)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
										Q3	9M
Non-Compensation expense - U.S. GAAP basis	\$275	\$376	\$404	\$404	\$468	\$425	\$437	\$490	\$467	(\$317)	\$932
Adjustments:											
Charges pertaining to Senior Debt refinancing <sup>13</sup>	-	-	-	-	-	-	-	(54)	-	-	(60)
Charges pertaining to cost saving initiatives <sup>1</sup>	-	-	-	-	-	-	(3)	(13)	-	-	-
Charges pertaining to staff reductions <sup>2</sup>	-	-	-	-	-	-	(3)	-	-	-	-
Amortization of intangible assets related to acquisitions <sup>14</sup>	-	(21)	(5)	(5)	(8)	(12)	(8)	(10)	(6)	(1)	(3)
Non-compensation related to noncontrolling interests <sup>5</sup>	-	-	-	-	(2)	(2)	(2)	(2)	(2)	-	(2)
Accrual of tax receivable agreement obligation ("TRA") <sup>15</sup>	(6)	(17)	(17)	1	(3)	-	-	(2)	(18)	421	(548)
Expense related to partial extinguishment of TRA obligation <sup>23</sup>	-	-	-	-	-	-	-	-	-	(1)	(1)
Write-off of Lazard Alternative Investment Holdings option prepayment <sup>16</sup>	-	-	-	-	-	(6)	-	-	-	-	-
Provision for a lease contract for U.K. facility <sup>16</sup>	-	-	-	-	-	(5)	-	-	-	-	-
Restructuring charges <sup>17</sup>	-	-	-	(63)	(87)	-	-	-	-	-	-
Provision for counterparty defaults <sup>7</sup>	-	-	(12)	-	-	-	-	-	-	-	-
LAM Equity Charge <sup>7</sup>	-	-	(2)	-	-	-	-	-	-	-	-
Non-compensation expense, as adjusted	<u>\$269</u>	<u>\$338</u>	<u>\$368</u>	<u>\$337</u>	<u>\$368</u>	<u>\$400</u>	<u>\$421</u>	<u>\$409</u>	<u>\$441</u>	<u>\$102</u>	<u>\$318</u>
% of Operating revenue	17%	17%	22%	21%	19%	21%	21%	20%	19%	17%	18%
Memo: Operating Revenue	\$1,571	\$2,015	\$1,675	\$1,618	\$1,979	\$1,884	\$1,971	\$2,034	\$2,340	\$594	\$1,782

# Reconciliation of Operating Income/(Loss) to Pre-Tax Income, as adjusted

(\$ in millions, except per share data)

	2010	2011	2012	2013	2014	2015	
						Q3	9M
<b>Operating Income (loss) - U.S. GAAP Basis</b>	<b>\$243</b>	<b>\$236</b>	<b>\$124</b>	<b>\$216</b>	<b>\$519</b>	<b>\$571</b>	<b>(\$156)</b>
<b>Adjustments:</b>							
2010 Adjustment <sup>6</sup>	25	-	-	-	-	-	-
Restructuring Charges <sup>17</sup>	87	-	-	-	-	-	-
Charges pertaining to cost saving initiatives <sup>1</sup>	-	-	103	65	-	-	-
Charges pertaining to Senior Debt refinancing <sup>13</sup>	-	-	-	54	-	-	63
Charges pertaining to staff reductions <sup>2</sup>	-	-	25	-	-	-	-
Private Equity incentive compensation <sup>4</sup>	-	-	-	12	-	-	-
Gain on repurchase of subordinated debt <sup>19</sup>	-	(18)	-	-	-	-	-
Write-off of Lazard Alternative Investment Holdings option prepayment <sup>16</sup>	-	6	-	-	-	-	-
Private Equity revenue adjustment <sup>21</sup>	-	-	-	-	-	-	(12)
Accrual of tax receivable agreement obligation ("TRA") <sup>15</sup>	3	-	-	1	18	-	968
Gain on partial extinguishment of TRA obligation	-	-	-	-	-	(421)	(421)
Expense related to partial extinguishment of TRA obligation <sup>23</sup>	-	-	-	-	-	1	1
Net Income related to noncontrolling interest	(7)	(4)	(3)	(4)	(6)	(1)	(9)
Provision for a lease contract for U.K. facility <sup>16</sup>	-	6	-	-	-	-	-
<b>Pre-tax Income, as adjusted</b>	<b>\$351</b>	<b>\$226</b>	<b>\$249</b>	<b>\$344</b>	<b>\$531</b>	<b>\$150</b>	<b>\$434</b>
<b>Weighted average shares outstanding:</b>							
As adjusted, diluted	138,470	137,630	135,117	133,737	133,813	133,115	133,219
<b>Diluted pre-tax income per share, as adjusted</b>	<b>\$2.54</b>	<b>\$1.63</b>	<b>\$1.84</b>	<b>\$2.58</b>	<b>\$3.97</b>	<b>\$1.12</b>	<b>\$3.26</b>



# Reconciliation of U.S. GAAP Net Income to Net Income, as adjusted

(\$ in millions, except per share data)

	2010	2011	2012	2013	2014	2015	
						Q3	9M
Net income attributable to Lazard Ltd - U.S. GAAP Basis	\$175	\$175	\$84	\$160	\$427	\$399	\$829
Adjustments:							
2010 Adjustment <sup>6</sup>	25	-	-	-	-	-	-
Restructuring Charges <sup>17</sup>	87	-	-	-	-	-	-
Charges pertaining to cost saving initiatives <sup>1</sup>	-	-	103	65	-	-	-
Charges pertaining to Senior Debt refinancing <sup>13</sup>	-	-	-	54	-	-	63
Charges pertaining to staff reductions <sup>2</sup>	-	-	25	-	-	-	-
Private Equity incentive compensation <sup>4</sup>	-	-	-	12	-	-	-
Gain on repurchase of subordinated debt <sup>19</sup>	-	(18)	-	-	-	-	-
Write-off of Lazard Alternative Investment Holdings option prepayment <sup>16</sup>	-	6	-	-	-	-	-
Private Equity revenue adjustment <sup>21</sup>	-	-	-	-	-	-	(12)
Gain on partial extinguishment of TRA obligation (net of tax) <sup>23</sup>	-	-	-	-	-	(259)	(259)
Recognition of deferred tax assets (net of TRA accrual) <sup>22</sup>	-	-	-	-	-	(18)	(255)
Provision for a lease contract for U.K. facility <sup>16</sup>	-	6	-	-	-	-	-
Tax (benefits) allocated to adjustments <sup>18</sup>	(16)	-	(21)	(23)	-	2	(8)
Amount attributable to LAZ-MD Holdings <sup>18</sup>	(24)	-	(2)	(1)	-	-	-
Adjustment for full exchange of exchangeable interests <sup>20</sup> :							
Tax adjustment for full exchange	(3)	(1)	(1)	-	-	-	-
Amount attributable to LAZ-MD Holdings	37	11	7	2	1	-	-
Net Income, as adjusted	\$281	\$179	\$195	\$269	\$428	\$124	\$358
Weighted average shares outstanding:							
U.S. GAAP, diluted	138,470	137,630	129,326	133,737	133,813	133,115	133,219
As adjusted, diluted	138,470	137,630	135,117	133,737	133,813	133,115	133,219
Diluted Net Income per share:							
U.S. GAAP Basis	\$1.36	\$1.36	\$0.65	\$1.21	\$3.20	\$2.99	\$6.22
As adjusted	\$2.06	\$1.31	\$1.44	\$2.01	\$3.20	\$0.93	\$2.68

## Reconciliation of U.S. GAAP Operating Income to Earnings from Operations, Awarded Basis

(\$ in millions)

	Financial Advisory			Asset Management			Corporate			Total		
	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014
<b>Net Revenue - U.S. GAAP Basis</b>	<b>\$1,049</b>	<b>\$981</b>	<b>\$1,207</b>	<b>\$896</b>	<b>\$1,039</b>	<b>\$1,135</b>	<b>(\$33)</b>	<b>(\$35)</b>	<b>(\$42)</b>	<b>\$1,912</b>	<b>\$1,985</b>	<b>\$2,300</b>
<b>Adjustments <sup>(a)</sup>:</b>												
Revenue related to noncontrolling interests	-	-	-	(14)	(15)	(15)	-	-	-	(14)	(15)	(15)
(Gain) loss related to LFI and other similar arrangements	-	-	-	-	-	-	(7)	(14)	(7)	(7)	(14)	(7)
Interest expense	-	-	-	-	-	-	80	78	62	80	78	62
Gain on repurchase of subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-
<b>Operating revenue</b>	<b>\$1,049</b>	<b>\$981</b>	<b>\$1,207</b>	<b>\$882</b>	<b>\$1,024</b>	<b>\$1,120</b>	<b>\$40</b>	<b>\$29</b>	<b>\$13</b>	<b>\$1,971</b>	<b>\$2,034</b>	<b>\$2,340</b>
<b>Operating Income - U.S. GAAP Basis</b>	<b>(\$9)</b>	<b>\$21</b>	<b>\$229</b>	<b>\$237</b>	<b>\$335</b>	<b>\$385</b>	<b>(\$104)</b>	<b>(\$140)</b>	<b>(\$95)</b>	<b>\$124</b>	<b>\$216</b>	<b>\$519</b>
<b>Adjustments:</b>												
Sum of Adjustments - Revenue - U.S. GAAP vs. Operating revenue (from above)	-	-	-	(14)	(15)	(15)	73	64	55	59	49	40
Sum of Adjustments - Compensation and benefits expense, as adjusted to awarded basis <sup>(b)</sup>	35	17	-	4	(15)	(2)	8	8	(2)	47	10	(4)
Charges pertaining to cost saving initiatives <sup>1</sup>	77	48	-	13	-	-	13	17	-	103	65	-
Charges pertaining to staff reductions <sup>2</sup>	-	-	-	-	-	-	25	-	-	25	-	-
Charges pertaining to LFI and other similar arrangements <sup>3</sup>	-	-	-	-	-	-	7	14	7	7	14	7
Private Equity incentive compensation <sup>4</sup>	-	-	-	-	12	-	-	-	-	-	12	-
Operating expenses related to noncontrolling interests <sup>5</sup>	-	-	-	6	6	7	-	-	-	6	6	7
Charges pertaining to Senior Debt refinancing <sup>13</sup>	-	-	-	-	-	-	-	54	-	-	54	-
Amortization of intangible assets related to acquisitions <sup>14</sup>	-	-	-	8	10	6	-	-	-	8	10	6
Provision pursuant to the tax receivable agreement <sup>15</sup>	-	-	-	-	-	-	-	2	19	-	2	19
Write-off of Lazard Alternative Investment Holdings option prepayment <sup>16</sup>	-	-	-	-	-	-	-	-	-	-	-	-
Provision for a lease contract for U.K. facility <sup>16</sup>	-	-	-	-	-	-	-	-	-	-	-	-
Corporate support group allocations to business segments	135	125	128	109	122	130	(244)	(247)	(258)	-	-	-
Total adjustments	247	190	128	126	120	126	(118)	(88)	(179)	255	222	75
<b>Earnings from Operations, Awarded basis</b>	<b>\$238</b>	<b>\$211</b>	<b>\$357</b>	<b>\$363</b>	<b>\$455</b>	<b>\$511</b>	<b>(\$222)</b>	<b>(\$228)</b>	<b>(\$274)</b>	<b>\$379</b>	<b>\$438</b>	<b>\$594</b>
<i>Operating Margin, Awarded basis</i>	<i>23%</i>	<i>22%</i>	<i>30%</i>	<i>41%</i>	<i>44%</i>	<i>46%</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>	<i>19%</i>	<i>22%</i>	<i>25%</i>

Notes: (a) See Reconciliation of U.S. GAAP Net Revenue to Operating Revenue.

(b) See Reconciliation of U.S. GAAP Compensation to Adjusted/Awarded Compensation.

## Reconciliation of U.S. GAAP Operating Income to Earnings from Operations, Awarded Basis

(\$ in millions)

	Financial Advisory				Asset Management			
	2006	2007	2008	2009	2006	2007	2008	2009
<b>Net Revenue - U.S. GAAP Basis</b>	<b>\$973</b>	<b>\$1,240</b>	<b>\$1,023</b>	<b>\$987</b>	<b>\$553</b>	<b>\$725</b>	<b>\$615</b>	<b>\$602</b>
<b>Adjustments <sup>(a)</sup>:</b>								
Revenue related to noncontrolling interests	-	-	-	-	(5)	(8)	13	(7)
Interest expense	-	1	1	4	1	-	1	1
<b>Operating revenue</b>	<b>\$973</b>	<b>\$1,241</b>	<b>\$1,024</b>	<b>\$991</b>	<b>\$549</b>	<b>\$717</b>	<b>\$629</b>	<b>\$596</b>
<b>Operating Income - U.S. GAAP Basis</b>	<b>\$251</b>	<b>\$319</b>	<b>\$226</b>	<b>(\$12)</b>	<b>\$135</b>	<b>\$185</b>	<b>(\$63)</b>	<b>\$97</b>
<b>Adjustments:</b>								
Sum of Adjustments - Revenue - U.S. GAAP vs. Operating revenue (from above)	-	1	1	4	(4)	(8)	14	(6)
Sum of Adjustments - Compensation and benefits expense, as adjusted to awarded basis <sup>(b)</sup>	(130)	(193)	(171)	86	(25)	(57)	(18)	13
Operating expenses related to noncontrolling interests <sup>5</sup>	-	-	-	-	-	-	-	2
Amortization of intangible assets related to acquisitions <sup>14</sup>	-	22	4	-	-	-	1	5
LAM Equity Charge <sup>7</sup>	-	-	-	-	-	-	197	-
Corporate support group allocations to business segments	93	107	120	114	77	88	92	89
Total adjustments	(37)	(63)	(46)	204	48	23	286	103
<b>Earnings from Operations, Awarded basis</b>	<b>\$214</b>	<b>\$256</b>	<b>\$180</b>	<b>\$192</b>	<b>\$183</b>	<b>\$208</b>	<b>\$223</b>	<b>\$200</b>
<b>Operating Margin, Awarded basis</b>	<b>22%</b>	<b>21%</b>	<b>18%</b>	<b>19%</b>	<b>33%</b>	<b>29%</b>	<b>35%</b>	<b>34%</b>
<b>2006-2009 Average Operating Margin, Awarded basis</b>				<b>20%</b>				<b>33%</b>

Notes: (a) See Reconciliation of U.S. GAAP Net Revenue to Operating Revenue.

(b) See Reconciliation of U.S. GAAP Compensation to Adjusted/Awarded Compensation.

## Reconciliation of U.S. GAAP Operating Income to Earnings from Operations, Awarded Basis

(\$ in millions)

	Financial Advisory			Asset Management		
	2010	2011	2012	2010	2011	2012
<b>Net Revenue - U.S. GAAP Basis</b>	<b>\$1,120</b>	<b>\$992</b>	<b>\$1,049</b>	<b>\$850</b>	<b>\$897</b>	<b>\$896</b>
<b>Adjustments <sup>(a)</sup>:</b>						
Revenue related to noncontrolling interests	-	-	-	(15)	(14)	(14)
Interest expense	1	-	-	-	-	-
<b>Operating revenue</b>	<b>\$1,121</b>	<b>\$992</b>	<b>\$1,049</b>	<b>\$835</b>	<b>\$883</b>	<b>\$882</b>
<b>Operating Income - U.S. GAAP Basis</b>	<b>\$169</b>	<b>\$62</b>	<b>(\$9)</b>	<b>\$265</b>	<b>\$268</b>	<b>\$237</b>
<b>Adjustments:</b>						
Sum of Adjustments - Revenue - U.S. GAAP vs. Operating revenue (from above)	1	-	-	(15)	(14)	(14)
Sum of Adjustments - Compensation and benefits expense, as adjusted to awarded basis <sup>(b)</sup>	(10)	32	35	(34)	(17)	4
Charges pertaining to cost saving initiatives <sup>1</sup>	-	-	77	-	-	13
2010 adjustments <sup>6</sup>	20	-	-	3	-	-
Operating expenses related to noncontrolling interests <sup>5</sup>	-	-	-	5	6	6
Amortization of intangible assets related to acquisitions <sup>14</sup>	-	-	-	8	12	8
Corporate support group allocations to business segments	121	113	135	95	103	109
Total adjustments	132	145	247	62	90	126
<b>Earnings from Operations, Awarded basis</b>	<b>\$301</b>	<b>\$207</b>	<b>\$238</b>	<b>\$327</b>	<b>\$358</b>	<b>\$363</b>
<b>Operating Margin, Awarded basis</b>	<b>27%</b>	<b>21%</b>	<b>23%</b>	<b>39%</b>	<b>41%</b>	<b>41%</b>
<b>2010-2012 Average Operating Margin, Awarded basis</b>			<b>23%</b>			<b>40%</b>

Notes: (a) See Reconciliation of U.S. GAAP Net Revenue to Operating Revenue.

(b) See Reconciliation of U.S. GAAP Compensation to Adjusted/Awarded Compensation.

# Reconciliation of Free Cash Flow and Return of Capital

(\$ in millions)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Cash Flow from Operations - U.S. GAAP Basis</b>	<b>\$169</b>	<b>\$398</b>	<b>\$482</b>	<b>\$527</b>	<b>\$737</b>
<b>Investing Activities</b>	<b>412</b>	<b>(45)</b>	<b>(85)</b>	<b>(55)</b>	<b>(20)</b>
<b>FX Adjustment</b>	<b>(10)</b>	<b>(6)</b>	<b>13</b>	<b>6</b>	<b>(55)</b>
<b>Adjustments:</b>					
Reclass of Forward Purchase from Operating to Return of Capital	-	-	-	29	-
Reclass of distributions to noncontrolling interests to operating cash flow	(38)	(34)	(28)	(14)	(13)
Reclass of dividends/common membership to LAZ-MD to operating cash flow	17	5	5	-	-
Reclass of capital lease obligations to operating cash flow	(2)	(2)	(3)	(3)	(2)
Gain on repurchase of subordinated debt	-	(18)	-	-	-
All other	29	2	2	-	4
<b>Free Cash Flow</b>	<b><u>\$577</u></b>	<b><u>\$300</u></b>	<b><u>\$386</u></b>	<b><u>\$490</u></b>	<b><u>\$651</u></b>
<b>Return of Capital:</b>					
Class A common stock dividends	\$51	\$71	\$135	\$122	\$146
LAZ-MD dividends/repurchase of common membership interest	17	4	5	-	1
Purchase of Class A common stock	150	205	355	132	193
Settlement of forward purchase	-	-	-	29	-
Settlement of vested share-based incentive compensation	57	94	45	133	85
Net reduction of subordinated/ senior debt	10	150	-	29	-
Debt refinancing expense (gain on repurchase of subordinated debt)	-	(18)	-	54	-
All Other	-	-	-	-	-
<b>Total Return of Capital</b>	<b><u>\$285</u></b>	<b><u>\$506</u></b>	<b><u>\$540</u></b>	<b><u>\$499</u></b>	<b><u>\$425</u></b>
Change in Cash	\$292	(\$206)	(\$154)	(\$9)	\$226

# Endnotes related to non-GAAP adjustments

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- 1 For the years ended December 31, 2013 and 2012, represents charges pertaining to cost saving initiatives including severance and benefit payments, acceleration of unrecognized amortization of deferred incentive compensation previously granted to individuals terminated, settlement of certain contractual obligations, occupancy cost reduction and other non-compensation related costs, and for purposes of net income, net of applicable tax benefits.
- 2 For the year ended December 31, 2012 represents charges pertaining to staff reductions including severance and benefit payments, acceleration of unrecognized amortization of deferred incentive compensation previously granted to individuals terminated, and other non-compensation related costs, and for purposes of net income, net of applicable tax benefits.
- 3 Represents changes in the fair value of the compensation liability recorded in connection with Lazard Fund Interests (“LFI”) and other similar deferred compensation arrangements for which a corresponding equal amount related to changes in the fair value of the underlying investments is also excluded from operating revenue.
- 4 Represents an adjustment to match the timing of the recognition of carried interest revenue subject to clawback to the recognition of the related incentive compensation expense, which is not aligned under U.S. GAAP. Such adjustment will reduce compensation expense prior to the recording of revenue and increase compensation expense in periods when revenue is recognized, generally at the end of the life of a fund.
- 5 Expenses related to the consolidation of noncontrolling interests are excluded because the Company has no economic interest in such amounts.
- 6 For the year ended December 31, 2009, represents expenses in connection with the acceleration of unamortized restricted stock units granted to our former Chairman and Chief Executive Officer and the accelerated vesting of deferred cash awards previously granted; for the year ended December 31, 2010, represents expenses related to the accelerated vesting of restricted stock units in connection with the Company’s change in retirement policy.
- 7 For the year ended December 31, 2008 excludes (i) compensation and benefits and non-compensation charges in connection with the Company’s repurchase of all outstanding Lazard Asset Management (“LAM”) Equity units held by certain current and former MDs and employees of LAM and (ii) a provision for losses from counterparty defaults related to the bankruptcy filing of one of our prime brokers.
- 8 Includes base salaries and benefits of \$570 million, \$530 million, \$516 million, \$507 million, \$453 million, \$422 million, \$468 million, \$456 million and \$398 million for 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007 and 2006, respectively, and cash incentive compensation of \$433 million, \$369 million, \$367 million, \$372 million, \$473 million, \$405 million, \$225 million, \$562 million and \$470 million for the respective years.
- 9 Grant date fair value of deferred incentive compensation awards granted applicable to the relevant year-end compensation process (i.e. grant date fair value of deferred incentive awards granted in 2014, 2013, 2012, 2011, 2010, 2009, 2008 and 2007 related to the 2013, 2012, 2011, 2010, 2009, 2008, 2007 and 2006 year-end compensation processes, respectively).

# Endnotes related to non-GAAP adjustments (continued)

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- 10 Represents deferred incentive compensation awards that are granted outside the year-end compensation process, and includes grants to new hires (i.e. “sign-on” bonuses).
- 11 An adjustment based on both historical experience and future expectations, for future forfeitures of the deferred portion of such awards in order to present awarded compensation and benefits expense on a similar basis to that under U.S. GAAP, which also considers estimated forfeitures. Amounts for 2006-2011 represent actual forfeiture experience. The 2012-2014 amounts represent estimated forfeitures.
- 12 Represents an adjustment to the year-end foreign exchange spot rate from the full year average rate for year-end incentive compensation awards.
- 13 For the year ended December 31, 2013, represents charges related to the refinancing of the Company’s 7.125% Senior Notes maturing on May 15, 2015 and the issuance of \$500 million of 4.25% Senior Notes maturing on November 14, 2020. For the period ended March 31, 2015, represents charges related to the extinguishment of \$450 million of the 6.85% Senior Notes maturing in June 2017 and the issuance of \$400 million of 3.75% notes maturing in February 2025.
- 14 Represents amortization of intangible assets related to acquisitions.
- 15 Represents amounts the Company may be required to pay LTBP Trust under the TRA based on the expected utilization of deferred tax assets that are subject to the TRA.
- 16 Represents (i) a charge related to the write-off of a partial prepayment of the Company’s option to acquire the fund management activities of Lazard Alternative Investment Holdings and (ii) a provision for a lease contract for the Company’s leased facility in the U.K.
- 17 For the years ended December 31, 2009 and 2010, represents severance and benefit payments, acceleration of unrecognized amortization of deferred incentive compensation previously granted to individuals terminated and other charges in connection with the reduction and realignment of staff.
- 18 Represents the tax benefit applicable to adjustments described above and the portion of adjustments described above attributable to LAZ-MD Holdings.
- 19 Gain related to the repurchase of an outstanding subordinated promissory note due to the non-operating nature of such transaction.
- 20 Represents a reversal of noncontrolling interests related to LAZ-MD Holdings ownership of Lazard Group common membership interests and an adjustment for Lazard Ltd entity-level taxes to effect a full exchange of interests.
- 21 Revenue relating to the Company’s disposal of the Australian private equity business is adjusted for the recognition of an obligation, which was previously recognized for U.S. GAAP.
- 22 Represents the recognition of deferred tax assets of \$1,199 million, net of the accrual of \$962 million for the tax receivable agreement.
- 23 In July of 2015 the Company extinguished approximately 47% of the outstanding TRA obligation. Accordingly, for the three and nine month periods ended September 30, 2015, the Company recorded a pre-tax gain of \$420 million and a related tax expense of \$161 million.