
LAZARD

Investor Presentation

February 2014

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,” “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 revenue, 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.

Advice-Driven Model with Minimal Capital Needs

FINANCIAL ADVISORY

- The leading global independent advisor
- World leader in Restructuring and Sovereign Advisory
- Capital Advisory reinforces M&A franchise

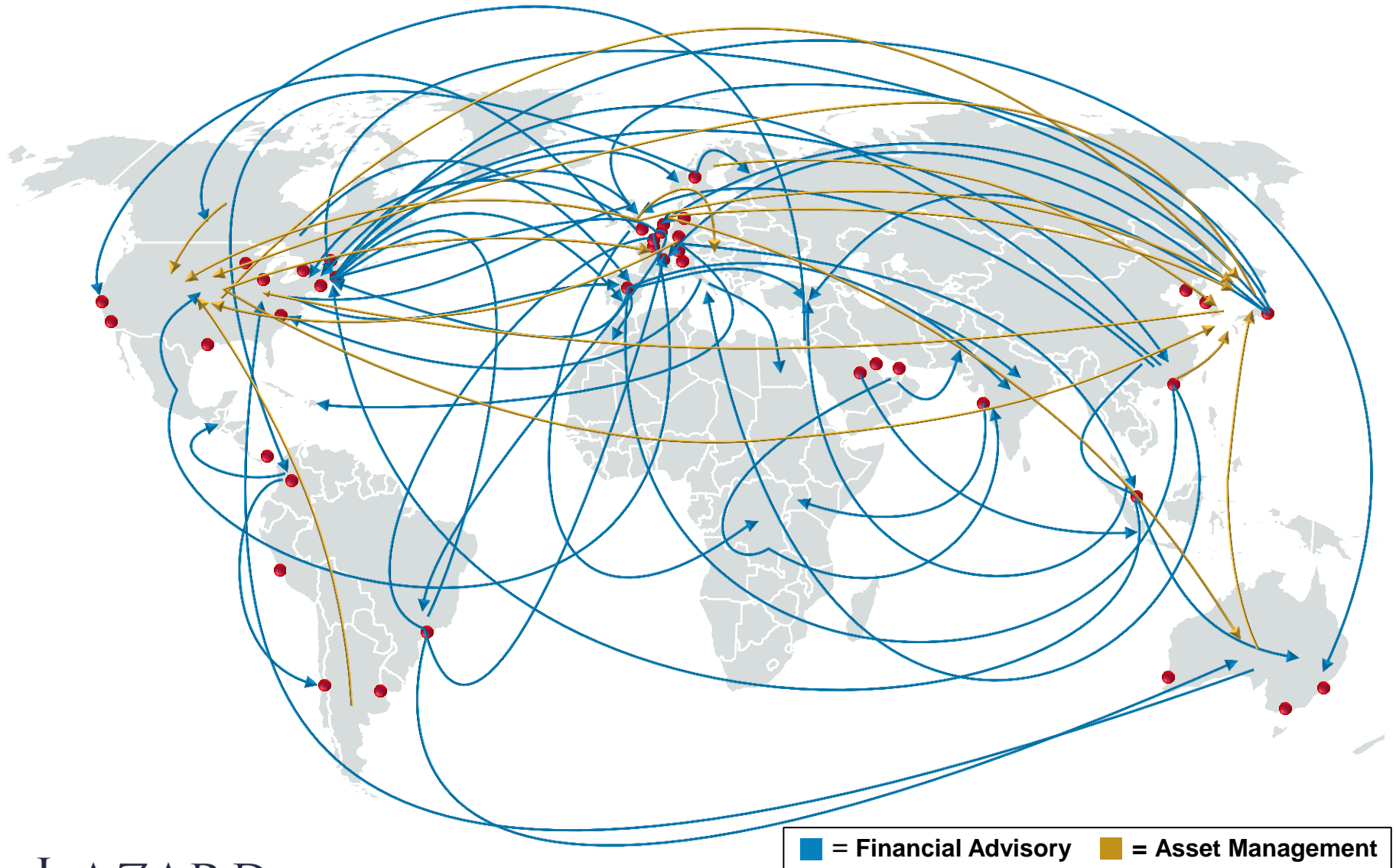
2013 Operating Revenue²
\$981 million

ASSET MANAGEMENT

- World class global asset manager: \$187bn in AUM¹
- Predominantly institutional
- Diversified by investment platform, client type and geography

2013 Operating Revenue²
\$1,024 million

Global Network: Greater Opportunities for Clients



Competitive Advantage

GLOBAL SCALE

- Broadly diversified and growing revenue base
- Invested in key growth areas, including developing markets

NETWORK OF RELATIONSHIPS

- Relationships with key decision makers in companies and governments around the world
- Unique insight with global perspective

PEOPLE AND PERFORMANCE

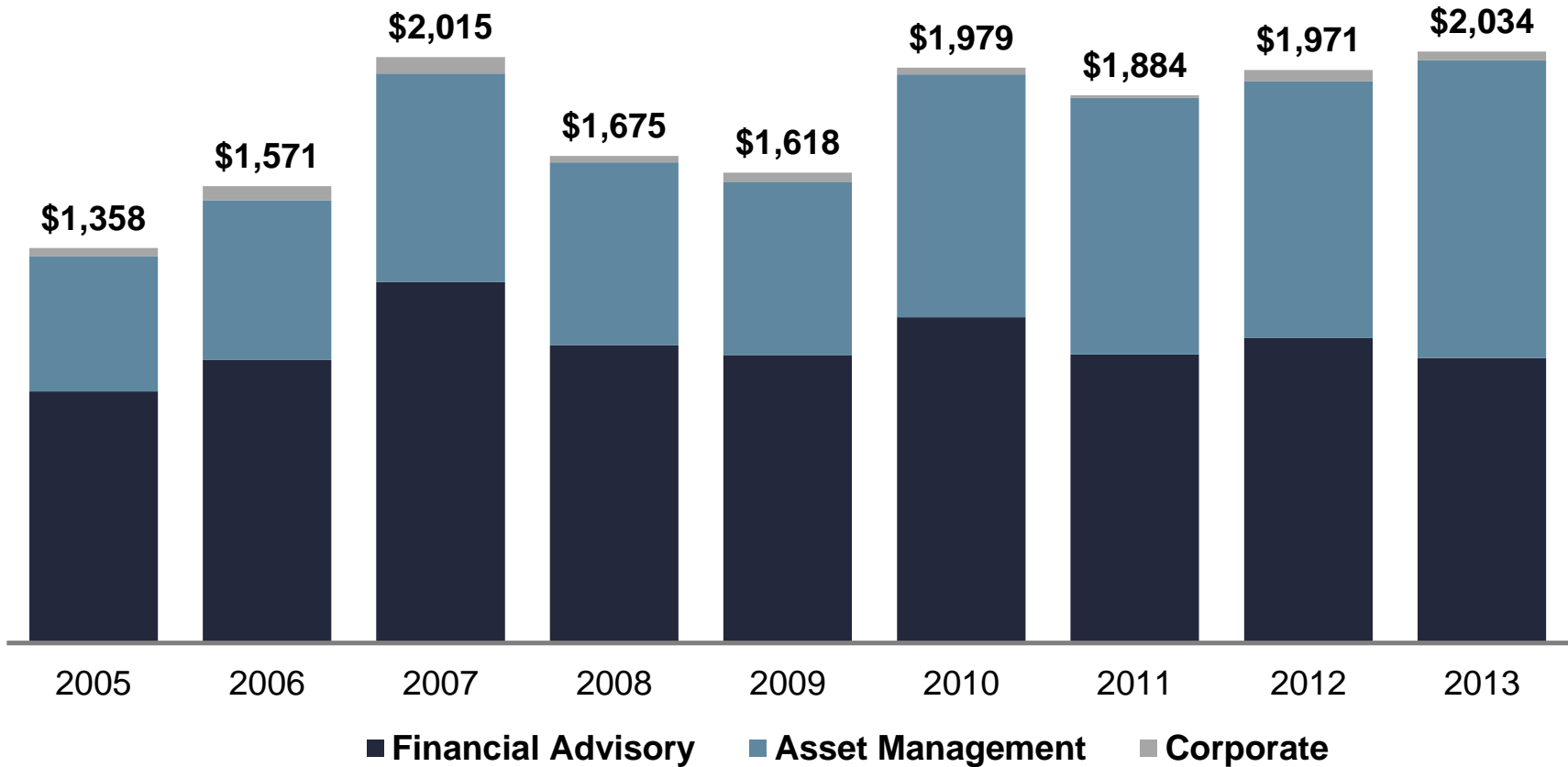
- Consistently involved in largest global transactions
- Strong pattern of investment performance

Driving Shareholder Value

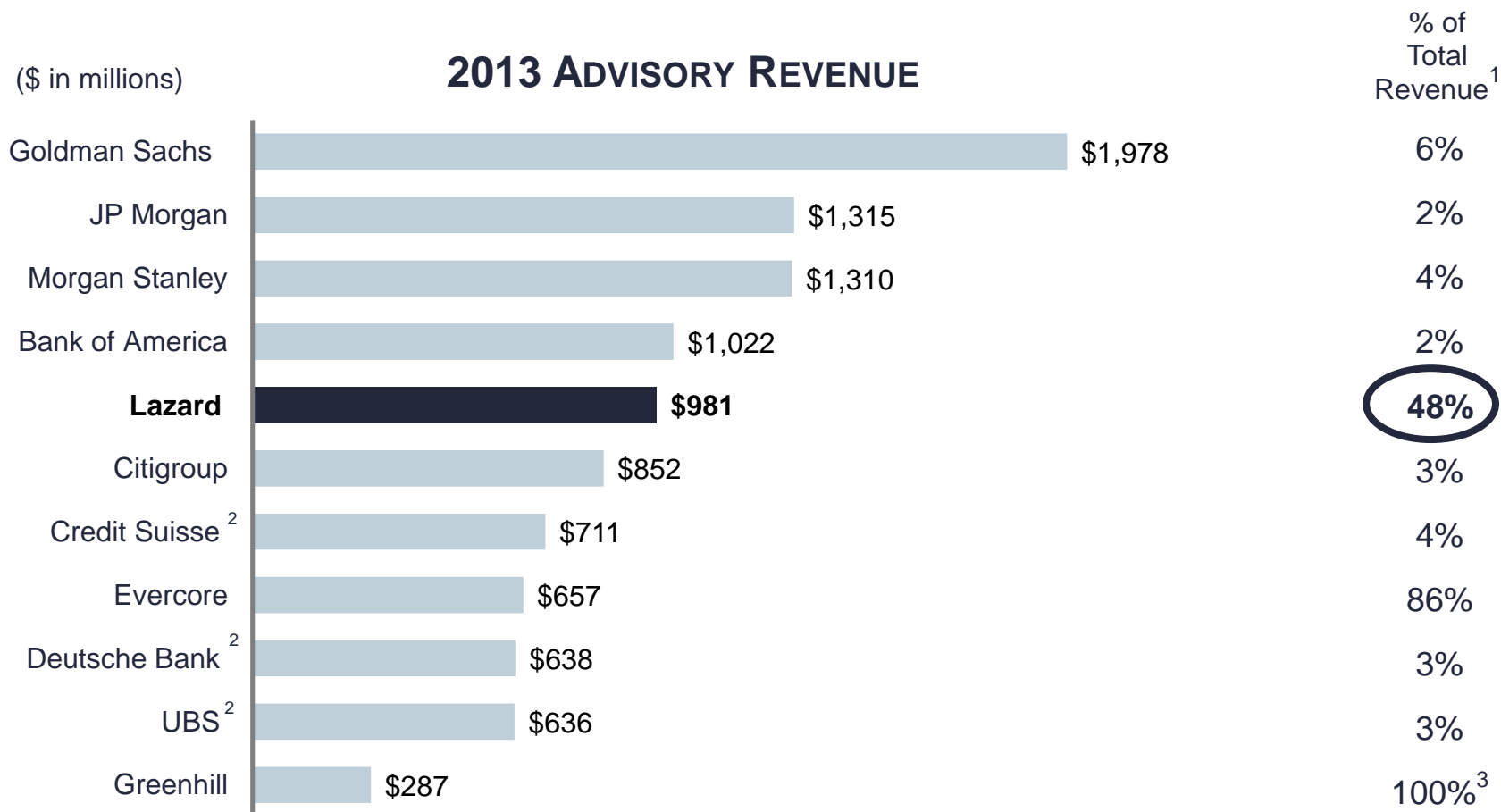


Operating Revenue at Record Level

(\$ in millions)



Advisory Operating Revenue in Global Top Tier



Source: Press releases and public filings.

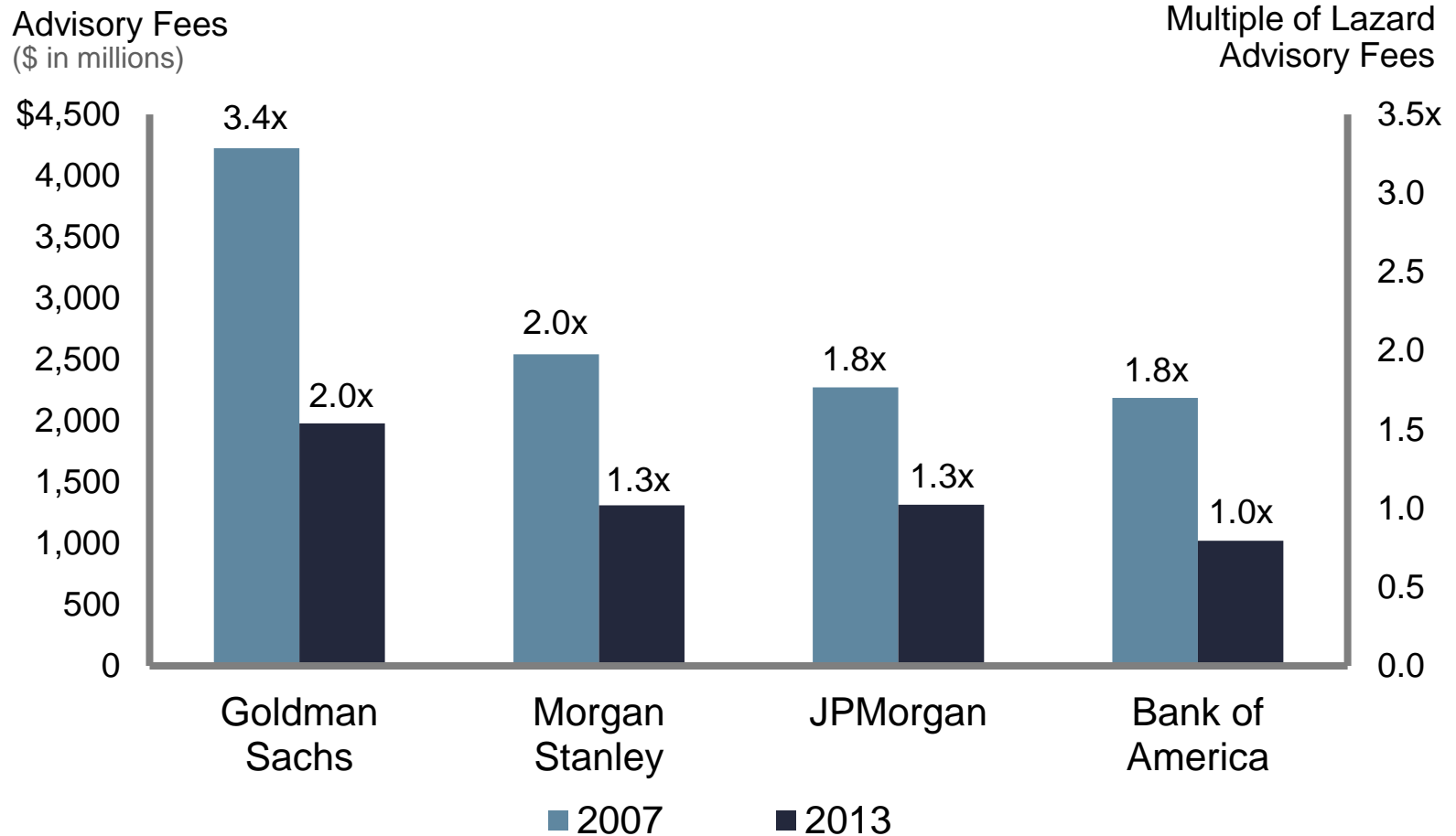
¹ Advisory revenue as percentage of non-interest revenue (operating revenue for Lazard).

² Converted to US Dollars by using average exchange rate by quarter.

³ Excludes loss on merchant banking portfolio.

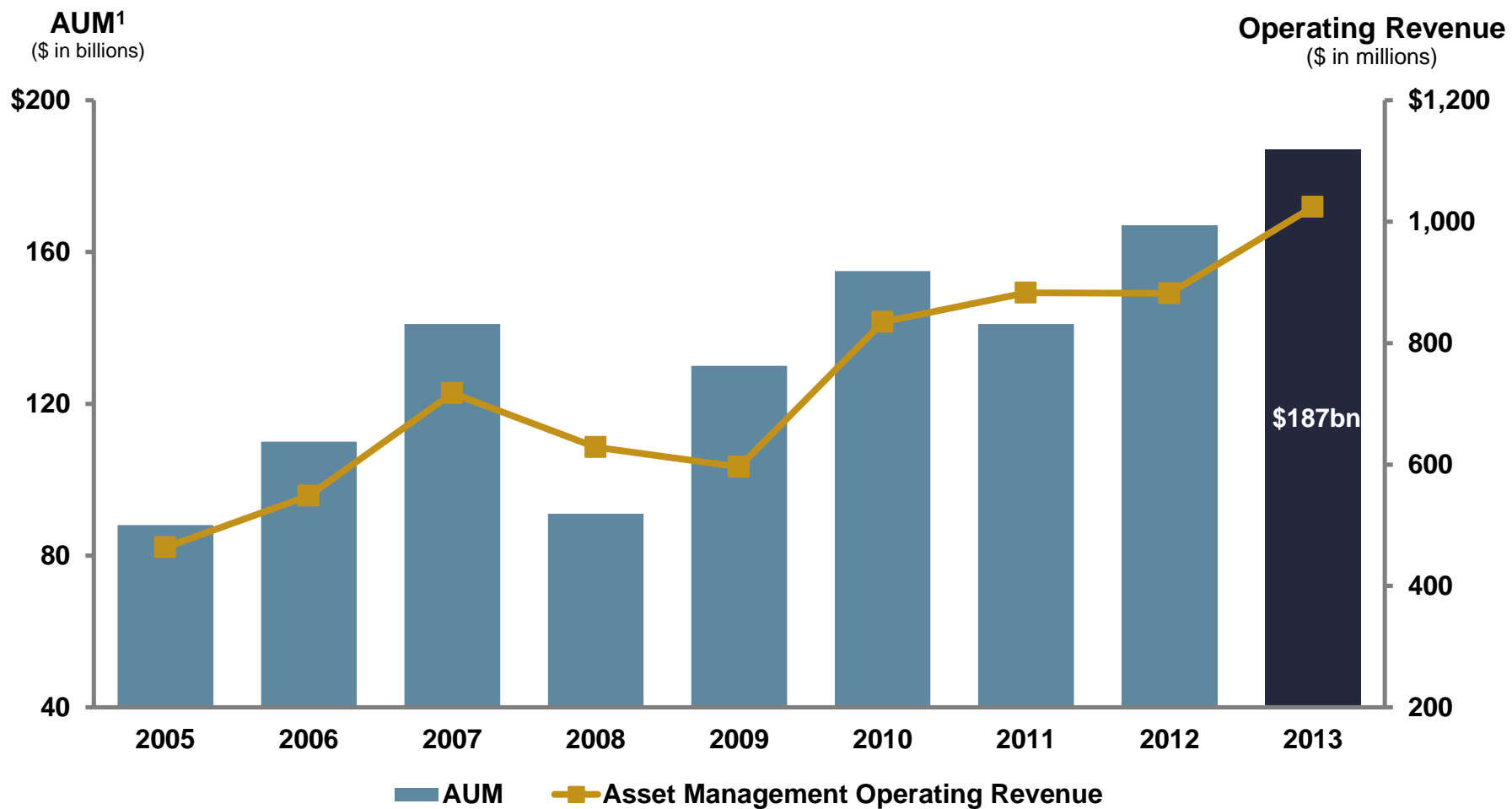
Gaining Share of Advisory Revenue

Peak vs. Current Fee Levels



Source: Press releases and public filings.

Asset Management: AUM and Operating Revenue at Record Highs



¹ Assets under management as of year ended December 31, 2013.

Asset Management Extension of Existing Platforms

PLATFORMS	STRATEGIES
Global Equity	Global Multi-Asset Global Controlled Volatility Global Real Estate Securities Global Strategic Equity
Emerging Markets Equity	Multi-Asset Small Cap Equity Managed Volatility / Quant Core Equity Latin America
Local Equity	U.S. Multi-Asset Australian Diversified Income
Multi-Regional Equity	Asia Ex-Japan Equity Asia Ex-Japan Strategic
Fixed Income	Emerging Markets Debt-Total Return Convertible Credit Opportunities Emerging Markets Corporate Debt

Well Positioned for Revenue Growth

FINANCIAL ADVISORY

- Global infrastructure already built out
- A leader in cross-border M&A
- Sovereign and capital advisory
- Poised to capture developing market growth

ASSET MANAGEMENT

- Strength in local, emerging, and international markets
- Pattern of performance across investment platforms
- Potential growth in multi-asset and solutions businesses
- Significant capacity for organic growth

Levered to an Increase in M&A Activity

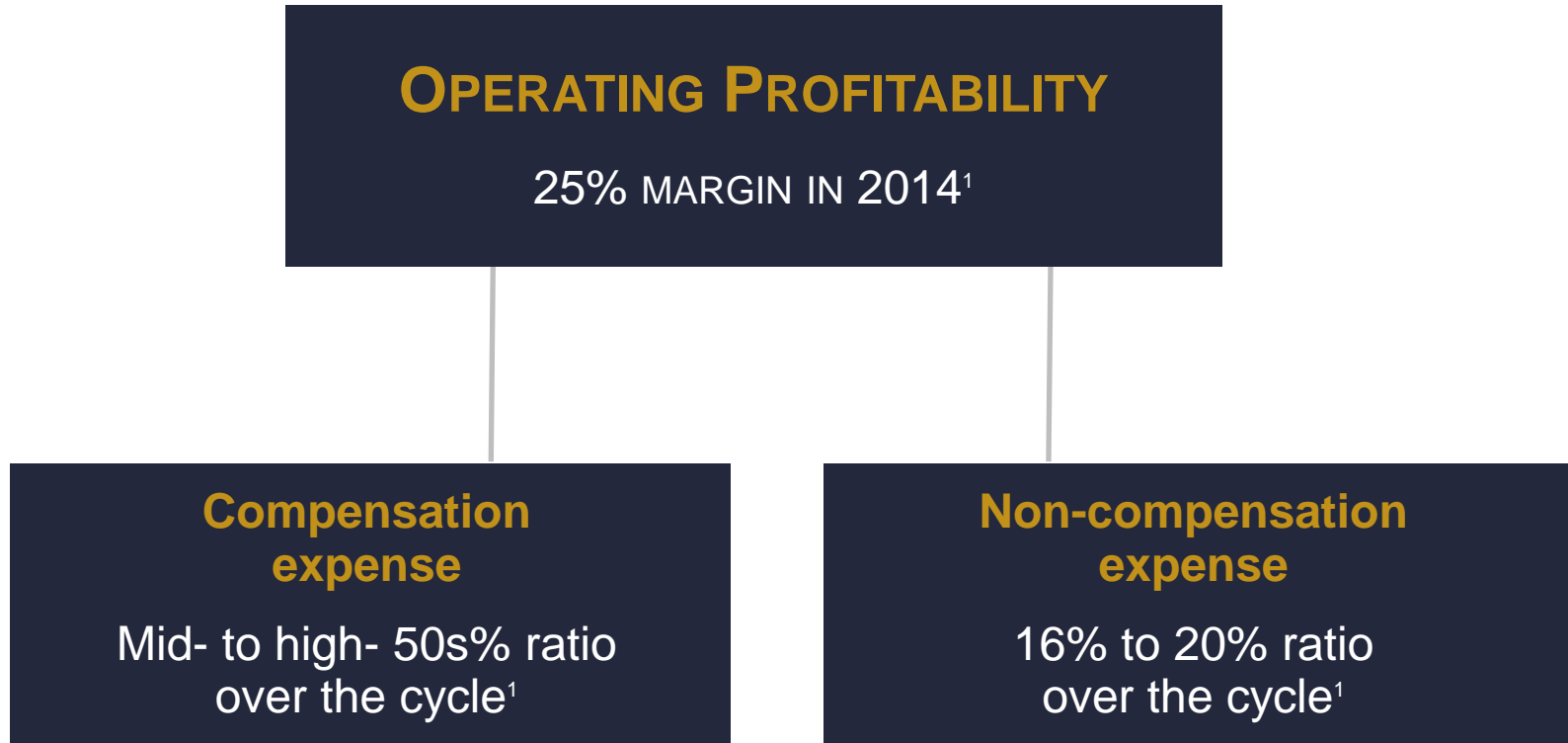
YEAR	CHANGE IN M&A AS % OF GDP ¹	CHANGE IN LAZARD MD PRODUCTIVITY ²
2005	+32%	+64%
2006	+23%	+46%
2007	+3%	+20%

¹ Year-over-year percent change in global M&A announcement volume as a percentage of global GDP.

² Year-over-year percent change in Financial Advisory MD productivity. MD Productivity is calculated using annual total Financial Advisory revenue divided by the average Managing Director headcount.

Source: Thomson Reuters, Factset

Enhancing Profitability: Targets

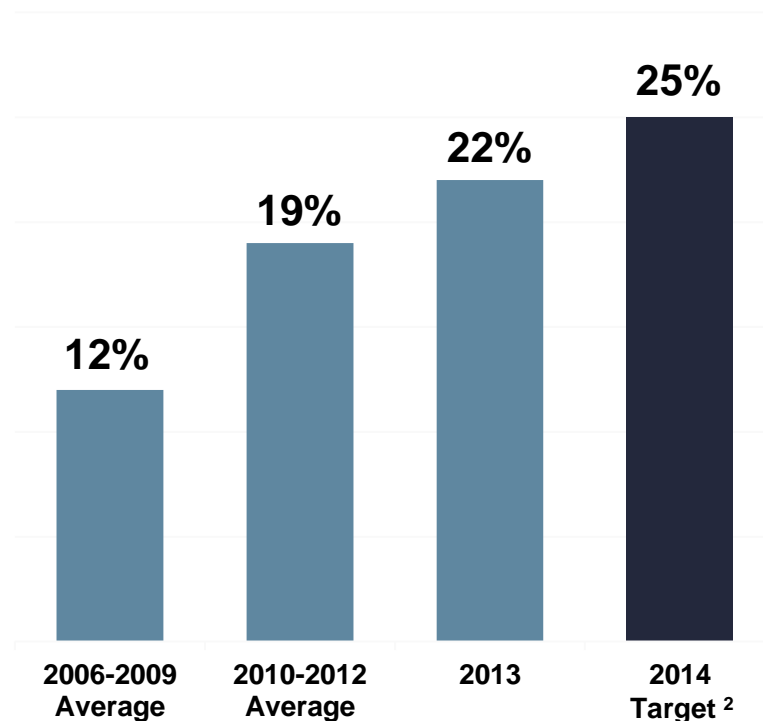


¹ Targets on either an Awarded or Adjusted GAAP basis and assume a similar level of activity in both our businesses as in 2012. Factors that could cause us to fall short of our goals include, but are not limited to, those described on page 1 of this presentation.

Building Greater Flexibility

- **Cost saving initiatives completed: expect \$160M annual savings, partially offset by investment in the business**
- **Increasing flexibility to retain and attract best people and to drive growth**
- **Continued cost discipline to build greater profitability**

Awarded Operating Margin¹

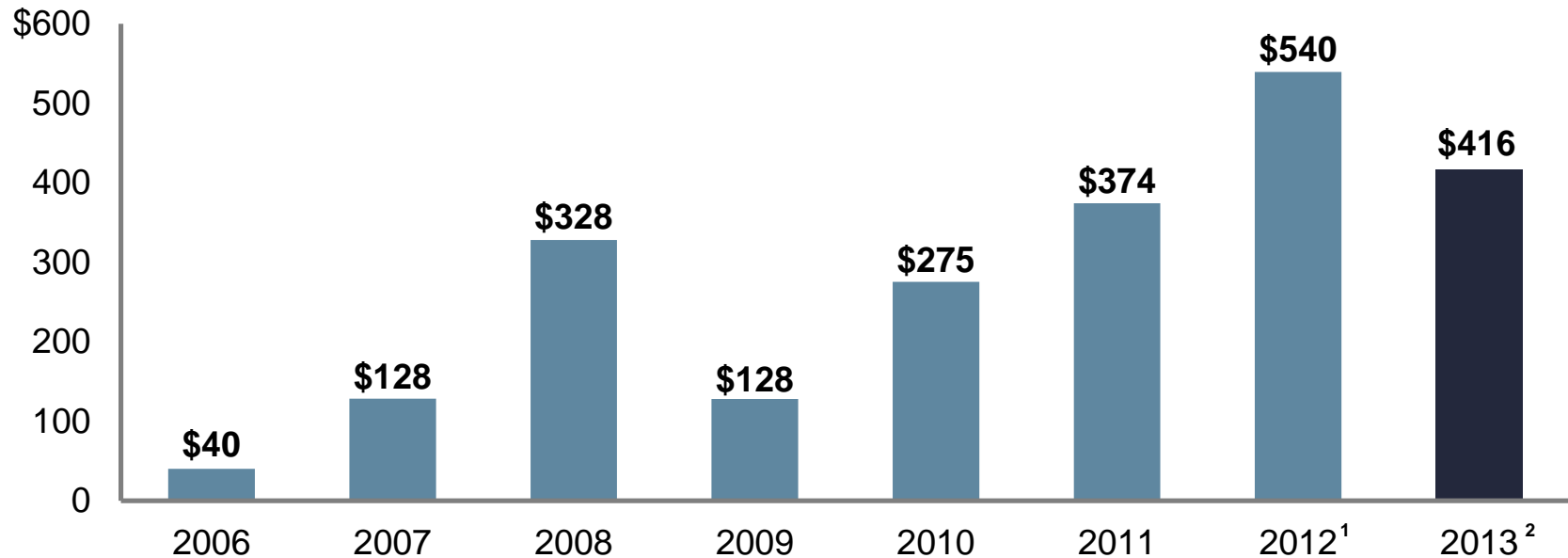


¹ See Appendix page 28 for a reconciliation of awarded operating margin and historical average awarded operating margin performance.

² Operating margin goal assumes a similar level of activity in both our businesses as in 2012. Factors that could cause us to fall short of our goals include, but are not limited to, those described on page 1 of this presentation.

Return of Capital to Shareholders

(\$ in millions)



¹ In 2012, comprised of: (i) \$140 million for dividends to shareholders declared during the full year of 2012, including both a special and an accelerated dividend in December, (ii) \$355 million for 12.8 million repurchased shares of Class A common stock, at an average price of \$27.66 per share and (iii) \$45 million to satisfy employee tax obligations in lieu of share issuance upon vesting of equity grants.

² In 2013, comprised of: (i) \$123 million in dividends to shareholders, including a special dividend in December, (ii) \$161 million for 4.5 million repurchased shares of Class A common stock, at an average price of \$36.23 per share, and (iii) \$132 million in satisfaction of employee tax obligations in lieu of share issuances upon vesting of equity grants.

Annual Progress

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
■ Mid- to high- 50s compensation ratio ¹	68%	62%	62%	59%	58%
■ Discipline on rate of deferred compensation	–	✓	✓	✓	✓
■ Non-compensation ratio of 16% - 20% ²	21%	19%	21%	21%	20%
■ Operating margin of 25% in 2014 ³	12%	20%	17%	19%	22%
■ Offset potential dilution from RSU grants	–	✓	✓	✓	✓

¹ See “Reconciliation of U.S. GAAP Compensation to Adjusted/Awarded Compensation” and related notes on pages 38 and 39. Our compensation ratio target is based on awarded compensation. Our goals assume a similar level of activity in both our businesses as in 2012. Factors that could cause us to fall short of our goals include, but are not limited to, those described on page 1 of this presentation.

² See “Reconciliation of U.S. GAAP Non-Compensation to Adjusted Non-Compensation” on page 41. Our non-compensation ratio target is based on an adjusted GAAP basis.

³ See “Operating Income Based on Awarded Compensation” on page 28. Actual results shown on an awarded basis. Our operating margin targets are based on either an awarded or adjusted GAAP basis. Our goals assume a similar level of activity in both our businesses as in 2012. Factors that could cause us to fall short of our goals include, but are not limited to, those described on page 1 of this presentation.

Conclusion

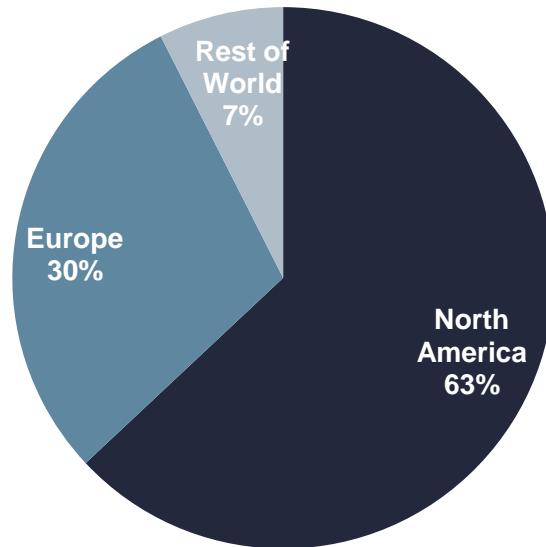
- **Well positioned for long-term growth**
- **Enhancing operating profitability**
- **Generating strong cash flow**
- **Returning capital to shareholders**
- **Creating value for clients and shareholders**

Appendix

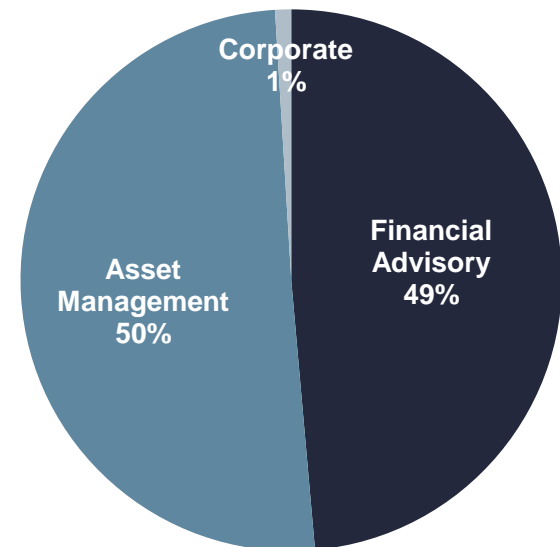
Business Segments

Revenue Balanced Across Geographies and Business Lines

**2013 OPERATING REVENUE
BY GEOGRAPHY**

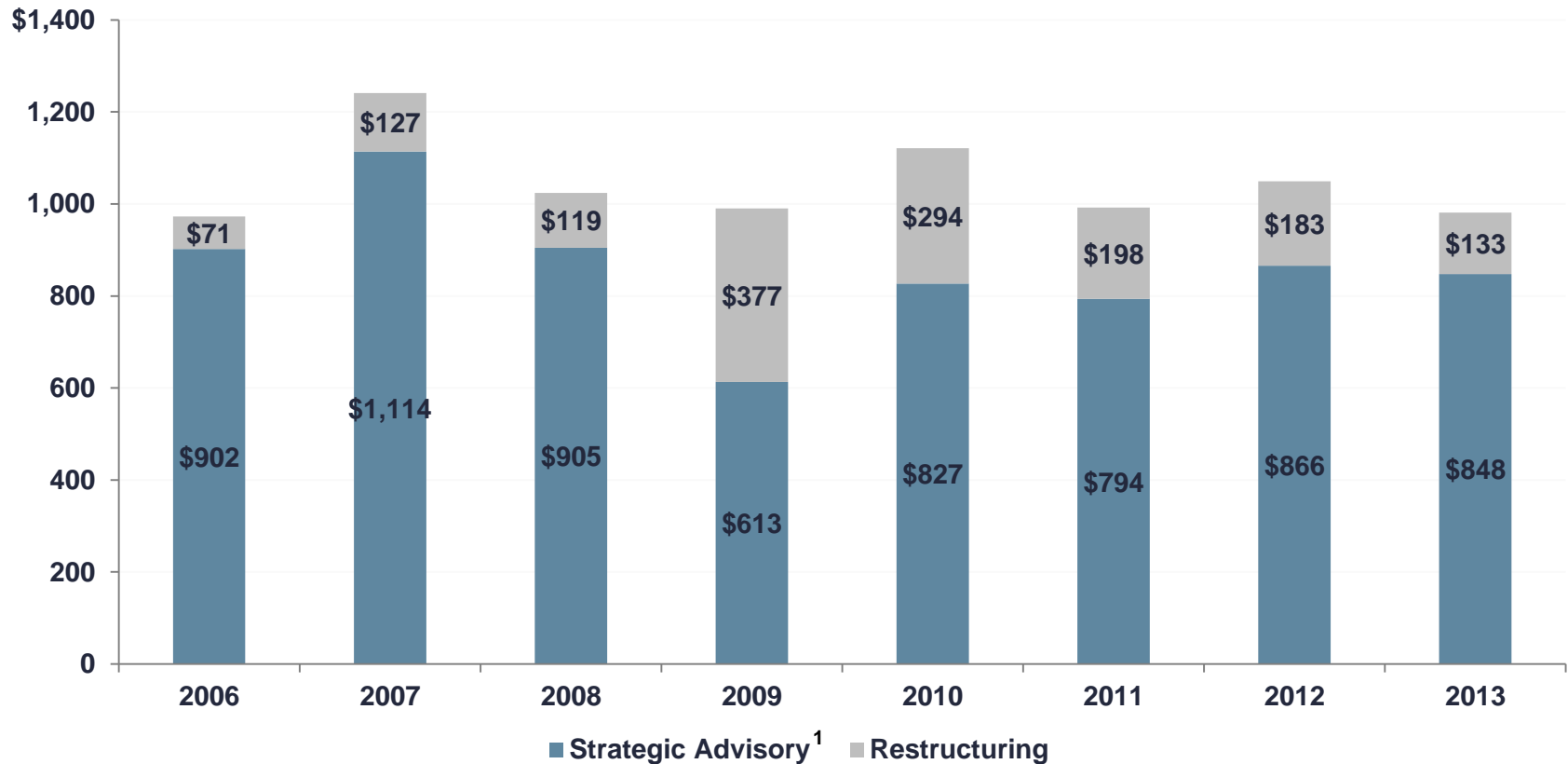


**2013 OPERATING REVENUE
BY BUSINESS SEGMENT**



Financial Advisory Operating Revenue

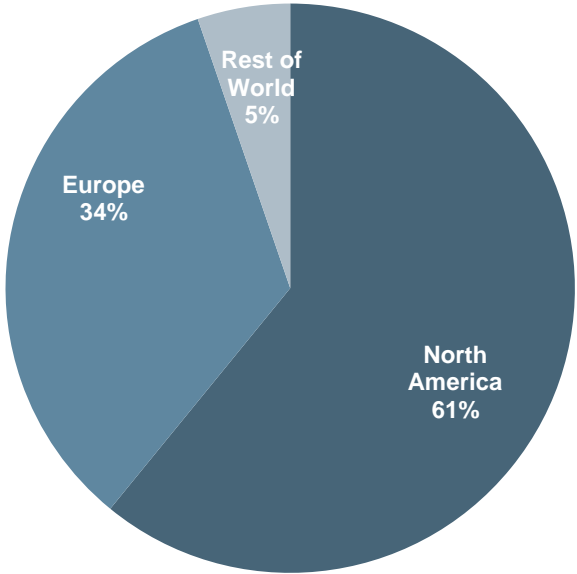
ANNUAL FINANCIAL ADVISORY OPERATING REVENUE
(\$ in millions)



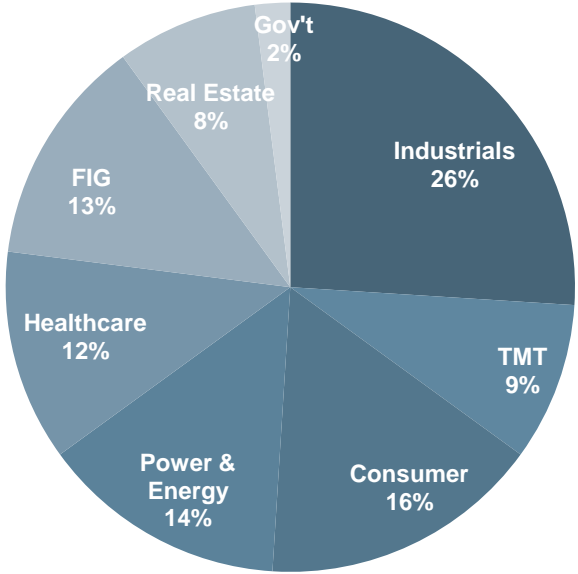
¹ Strategic Advisory is comprised of revenues from M&A and Other Advisory and Capital Raising activities.

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

2013 M&A AND OTHER ADVISORY REVENUE BY GEOGRAPHY


















2013 M&A AND OTHER ADVISORY REVENUE BY INDUSTRY



Selected Financial Advisory Transactions

M&A¹

 Health Management Associates	Community Health Systems	 ABInBev	Oriental Brewing	 AMGEN	Onyx Pharmaceuticals	 NVEnergy	MidAmerican Energy	 FIAT	Chrysler
 Shire	ViroPharma	 Google	Nest Labs	 Tenet	Vanguard Health Systems	 LEAP [®]	AT&T	 UNS UNS Energy Corporation	Fortis
Independent Committee of Independent Non Executive Directors of  ENRC	Eurasian Resources Group	 vivendi	Maroc Telecom	 Carrefour	Klepierre	Independent Directors of  KKR	KKR Financial Holdings	 MacDermid	Platform Acquisition Holdings

RESTRUCTURING¹

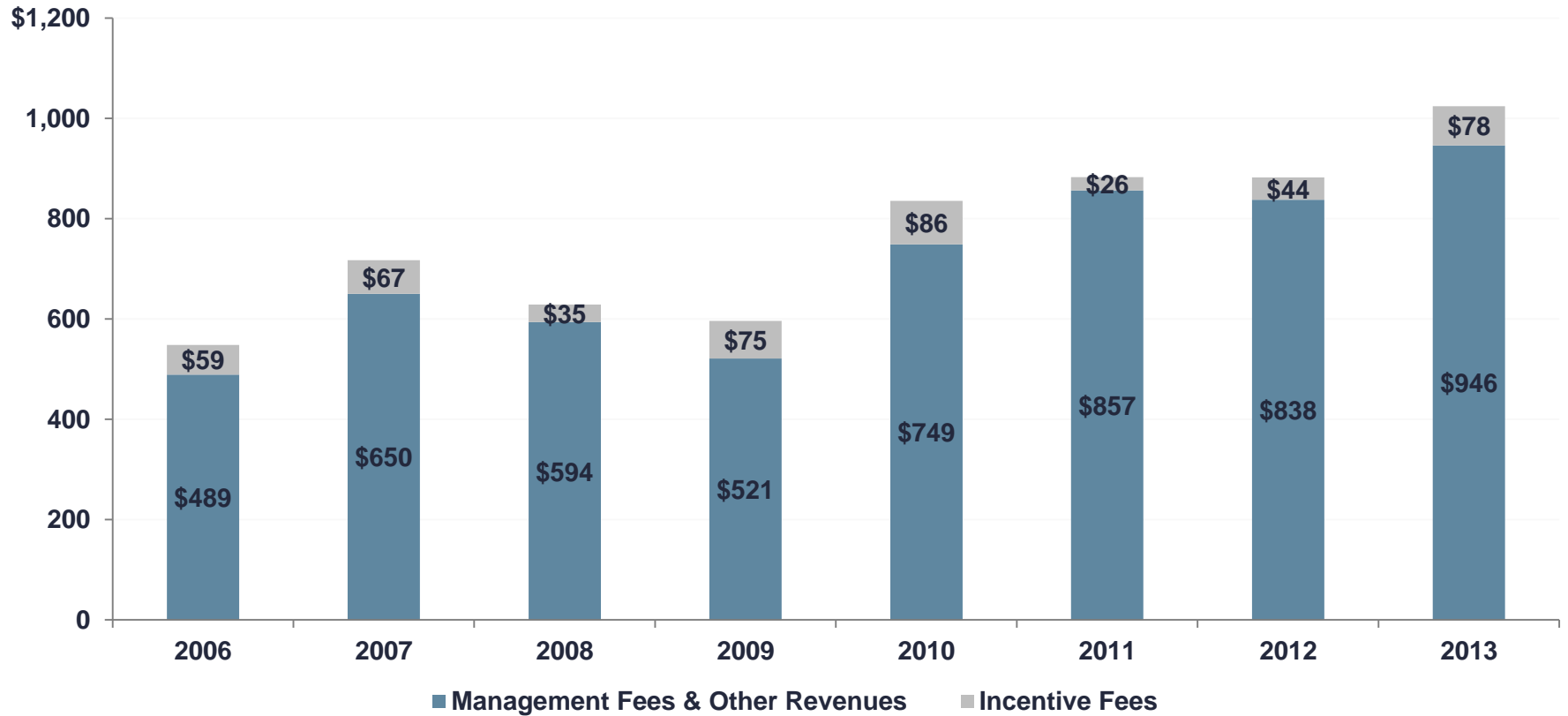
<i>Retirees of Detroit</i>	 SAVIENT PHARMACEUTICALS, INC.	 LIGHTSQUARED	 LONGVIEW POWER	 EXIDE TECHNOLOGIES
 Rural/Metro Ambulance	 Cinven	 CENGAGE Learning [™]	 U.S. CHAMBER OF COMMERCE	 APA

Note: Logo or boldfaced name represents Lazard client separated from transaction counterparty by a “y”.

¹ Includes announced transactions as well as transactions completed during or after the fourth quarter ended December 31, 2013.

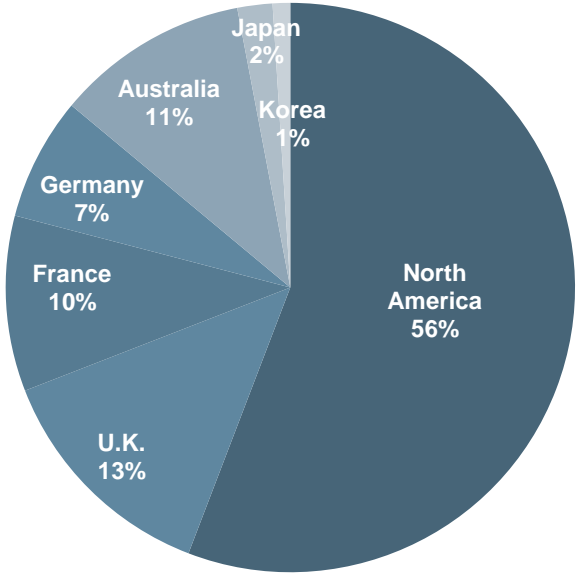
Asset Management Operating Revenue

ANNUAL ASSET MANAGEMENT OPERATING REVENUE
(\$ in millions)

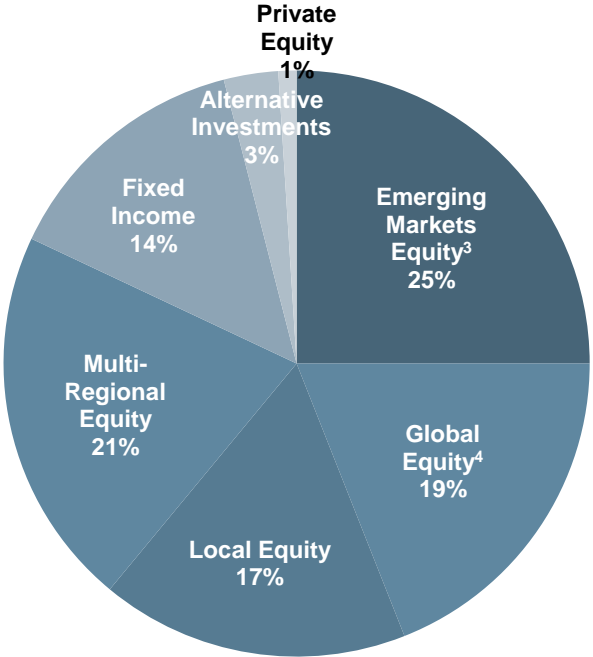


AUM Diversified by Geographic and Product Mix

AUM by Office Domicile ^{1,2}



AUM by Platform²



¹ Domicile refers to location of client servicing office.
² Breakdown as of December 31, 2013.
³ Emerging Markets Equity strategy accounted for 89% of the Emerging Markets Equity platform.
⁴ Global Thematic Equity strategy accounted for 57% of the Global Equity platform.

Flows Diversified By Region and Investment Strategy

SELECTED NEW MANDATES

Client Type	Investment Strategy
Asian Sovereign Wealth Fund	Developing Markets Equity
UK Corporate Pension	Emerging Markets Debt
German Public Pension	European Fixed Income
European Corporate Pension	Global Equity
US Public Pension	Global Listed Infrastructure
US Public Pension	International Equity
European Corporate Pension	Japanese Equity
German Corporate Pension	Quantitative Equity
US Corporate Pension	US Equity
US Corporate Pension	US Fixed Income

Supplemental Financial Information

Operating Income Based on Awarded Compensation

(\$ in millions, except per share data)

									Average ¹	
	2006	2007	2008	2009	2010	2011	2012	2013	2006-2009	2010-2013
Operating Revenue ²	\$1,571	\$2,015	\$1,675	\$1,618	\$1,979	\$1,884	\$1,971	\$2,034		
% Growth	16%	28%	(17%)	(3%)	22%	(5%)	5%	3%	1%	1%
Awarded Compensation ³	1,068	1,414	1,192	1,094	1,221	1,168	1,171	1,187		
% of Operating Revenue	68%	70%	71%	68%	62%	62%	59%	58%	69%	60%
Adjusted Non-Compensation ⁴	269	338	368	337	368	400	421	409		
% of Operating Revenue	17%	17%	22%	21%	19%	21%	21%	20%	19%	20%
Awarded Operating Income	\$234	\$263	\$115	\$187	\$390	\$316	\$379	\$438	\$200	\$381
% of Operating Revenue	15%	13%	7%	12%	20%	17%	19%	22%	12%	19%
Awarded EPS ⁵	\$1.04	\$0.92	\$0.07	\$0.37	\$1.74	\$1.31	\$1.71	\$2.07	\$0.60	\$1.71
Memo:										
Reported EPS as Adjusted ⁶	\$2.24	\$2.77	\$1.72	\$0.09	\$2.06	\$1.31	\$1.44	\$2.01		

¹ Operating revenue growth is compound annual growth rate.

² See "Reconciliation of U.S. GAAP Net Revenue to Operating Revenue" on page 37.

³ See "Reconciliation of U.S. GAAP Compensation to Adjusted/Awarded Compensation" and related notes on page 38 and 39.

⁴ See "Reconciliation of U.S. GAAP Non-Compensation to Adjusted Non-Compensation" on page 41.

⁵ Calculated using the same methodology as "Reported EPS as Adjusted", but substitutes awarded compensation for adjusted GAAP compensation and benefits expense. Uses the same tax rate as "Reported EPS as Adjusted".

⁶ "Reported EPS as Adjusted" uses adjusted GAAP compensation and benefits expense and non-compensation expense as defined above.

Unaudited, Non-GAAP Supplemental Segment Information

(\$ in millions)

	Financial Advisory			Asset Management			Corporate ¹		
	2011	2012 ²	2013	2011	2012 ²	2013	2011	2012	2013
Operating Revenue³	\$992	\$1,049	\$981	\$883	\$882	\$1,024	\$1,884	\$1,971	\$2,034
% Growth	(11%)	6%	(7%)	6%	-	16%	(5%)	5%	3%
Awarded Compensation⁴	\$635	\$646	\$617	\$381	\$375	\$418	\$152	\$151	\$152
% of Operating Revenue	64%	62%	63%	43%	43%	41%	8%	8%	7%
Non-Compensation⁵	\$152	\$164	\$152	\$145	\$142	\$150	\$102	\$115	\$107
% of Operating Revenue	15%	16%	16%	16%	16%	15%	5%	6%	5%
Awarded Operating Income	\$205	\$239	\$212	\$357	\$365	\$456			
% of Operating Revenue	21%	23%	22%	40%	41%	45%			

¹ Awarded compensation and non-compensation amounts recorded in the Corporate segment are measured as a percentage of total Lazard operating revenue.

² 2012 financial results include, among others, the impact of the Brazil acquisition in Financial Advisory and the consolidation of Wealth Management in Asset Management.

³ See "Reconciliation of U.S. GAAP Net Revenue to Operating Revenue" on page 37. Operating Revenue data represents overall results and does not represent Corporate results; it is included for reference only.

⁴ See "Reconciliation of U.S. GAAP Compensation to Adjusted/Awarded Compensation" and related notes on pages 38 and 39.

⁵ Segment results are shown before direct and indirect overhead allocations.

2013 Compensation Bridge – U.S. GAAP to Awarded¹

(\$ in millions)

		<i>% of Operating Revenue</i>
Compensation – U.S. GAAP Basis	\$1,279	62.9%
Adjustments	(82)	
Compensation – Adjusted U.S. GAAP Basis	\$1,197	58.8%
Deferral Amortization (previous years)	(298)	
2013 Deferrals Awarded (including sign-on and special awards)	313	
FX Adjustment	2	
Estimated Forfeitures on Deferrals	(27)	
Awarded Compensation	\$1,187	58.3%

¹ See “Reconciliation of U.S. GAAP Compensation to Adjusted/Awarded Compensation” and related notes on pages 38 and 39.

Estimated Future Amortization of Historical Deferrals¹

(\$ in millions)

	2013A ²	2014E	2015E	2016E
2008 Grants	\$4	\$ –	\$ –	\$ –
2009 Grants	8	–	–	–
2010 Grants	54	10	1	–
2011 Grants	92	57	10	–
2012 Grants	122	101	62	9
2013 Grants	13	124	122	76
2014 Grants	–	11	TBD	TBD
2015 Grants	–	–	TBD	TBD
Other	5	5	5	5
Total	\$298	\$308	TBD	TBD

¹ 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.

² Excludes \$15 million pertaining to 2013 cost saving initiatives.

Selected Quarterly Financial Data

(\$ in millions, except per share data)

	Q4	Q4	%
	2013	2012	Change
<u>Operating Revenue</u>¹			
Strategic advisory	\$280.5	\$261.2	7%
Restructuring	34.5	48.1	(28%)
Financial Advisory	315.0	309.3	2%
Management fees and other	249.6	218.4	14%
Incentive fees	43.6	26.8	63%
Asset Management	293.2	245.2	20%
Total Operating Revenue	\$620.5	\$573.6	8%
<u>Expenses</u>			
Compensation and benefits ²	\$348.4	\$341.8	2%
<i>Ratio of compensation to operating revenue</i>	56.1%	59.6%	
Non-compensation ³	\$108.6	\$114.9	(5%)
<i>Ratio of non-compensation to operating revenue</i>	17.5%	20.0%	
<u>Earnings</u>			
Earnings from Operations	\$163.5	\$116.9	40%
<i>Operating margin</i>	26.4%	20.4%	
Net Income	\$109.8	\$81.6	35%
Net Income per Share	\$0.81	\$0.61	33%
Assets Under Management (in billions)	\$186.9	\$167.1	12%

¹ See "Reconciliation of U.S. GAAP Net Revenue to Operating Revenue" on page 37.

² See "Reconciliation of U.S. GAAP Compensation to Adjusted/Awarded Compensation" and related notes on pages 38 and 39.

³ See "Reconciliation of U.S. GAAP Non-Compensation to Adjusted Non-Compensation" on page 41.

Selected Financial Data – Full Year

(\$ in millions, except per share data)

	Full Year		YoY
	2013	2012	
<u>Operating Revenue</u>¹			
Strategic advisory	\$847.7	\$866.3	(2%)
Restructuring	132.9	182.8	(27%)
Financial Advisory	980.6	1,049.1	(7%)
Management fees and other	945.7	838.5	13%
Incentive fees	78.3	43.7	79%
Asset Management	1,024.0	882.2	16%
Total Operating Revenue	\$2,034.3	\$1,970.8	3%
<u>Expenses</u>			
Compensation and benefits ²	\$1,196.6	\$1,217.8	(2%)
<i>Ratio of compensation to operating revenue</i>	58.8%	61.8%	
Non-compensation ³	\$409.3	\$421.0	(3%)
<i>Ratio of non-compensation to operating revenue</i>	20.1%	21.4%	
<u>Earnings</u>			
Earnings from Operations	\$428.4	\$332.0	29%
<i>Operating margin</i>	21.1%	16.8%	
Net Income	\$268.6	\$194.9	38%
Net Income per Share	\$2.01	\$1.44	40%
Assets Under Management (in billions)	\$186.9	\$167.1	12%

¹ See "Reconciliation of U.S. GAAP Net Revenue to Operating Revenue" on page 37.

² See "Reconciliation of U.S. GAAP Compensation to Adjusted/Awarded Compensation" and related notes on pages 38 and 39.

³ See "Reconciliation of U.S. GAAP Non-Compensation to Adjusted Non-Compensation" on page 41.

Condensed Balance Sheet

(\$ in millions)

	As of December 31, 2013	2012
<u>ASSETS</u>		
Cash & Cash Equivalents	\$841	\$850
Deposits with banks	245	293
Cash deposited with clearing organizations and other segregated cash	62	65
Receivables	513	478
Investments	478	415
Other Assets	872	886
Total Assets	\$3,011	\$2,987
<u>LIABILITIES & STOCKHOLDERS' EQUITY</u>		
Deposits and Other Payables	\$276	\$270
Accrued Compensation	523	467
Other Liabilities	534	521
Senior Debt	1,048	1,077
Total Stockholders' Equity¹	630	652
Total Liabilities and Stockholders' Equity	\$3,011	\$2,987

¹ Attributable to Lazard Ltd: \$560m at December 31, 2013 and \$570m at December 31, 2012.

2013 Summary Cash Flow from Operations

(\$ in millions)

Operating Revenue	\$2,034
Earnings from Operations	\$428
Interest and Other	(79)
Provision for Income Taxes	(76)
Non-controlling Interests	(4)
Net Income, as Adjusted	269
Amortization of Deferred Compensation	298
Other Amortization/Depreciation	43
Non-Cash Taxes	28
Lazard Fund Interests	(72)
Cost Saving Initiatives Payments	(80)
Change in Receivables & Accrued Compensation	1
Change in Other Assets / Liabilities	40
Cash Flow from Operations	<u>\$526</u>

U.S. GAAP Selected Financial Information

(\$ in millions, except per share data)

	2006	2007	2008	2009	2010	2011	2012	2013
Net revenue	\$1,494	\$1,918	\$1,557	\$1,531	\$1,905	\$1,830	\$1,912	\$1,985
<i>% Growth</i>	<i>15%</i>	<i>28%</i>	<i>(19%)</i>	<i>(2%)</i>	<i>24%</i>	<i>(4%)</i>	<i>5%</i>	<i>4%</i>
Compensation	891	1,123	1,128	1,309	1,194	1,169	1,351	1,279
<i>% of Net revenue</i>	<i>60%</i>	<i>59%</i>	<i>72%</i>	<i>85%</i>	<i>63%</i>	<i>64%</i>	<i>71%</i>	<i>64%</i>
Non-Compensation	275	376	404	404	468	425	437	490
<i>% of Net revenue</i>	<i>18%</i>	<i>20%</i>	<i>26%</i>	<i>26%</i>	<i>25%</i>	<i>23%</i>	<i>23%</i>	<i>25%</i>
Operating Income	\$328	\$419	\$25	(\$182)	\$243	\$236	\$124	\$216
<i>% of Net revenue</i>	<i>22%</i>	<i>22%</i>	<i>2%</i>	<i>(12%)</i>	<i>13%</i>	<i>13%</i>	<i>6%</i>	<i>11%</i>
GAAP Diluted EPS	\$2.31	\$2.79	\$0.06	(\$1.68)	\$1.36	\$1.36	\$0.65	\$1.21

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

(\$ in millions)

	2006	2007	2008	2009	2010	2011	2012	2013
Net Revenue - U.S. GAAP Basis	\$1,494	\$1,918	\$1,557	\$1,531	\$1,905	\$1,830	\$1,912	\$1,985
Adjustments:								
Gain on repurchase of subordinated debt	-	-	-	-	-	(18)	-	
Noncontrolling interests¹	(5)	(5)	13	(7)	(16)	(17)	(14)	(15)
(Gains)/losses in connection with Lazard Fund Interests²	-	-	-	-	-	3	(7)	(14)
Interest expense on financing³	82	102	105	94	90	86	80	78
Operating revenue, as adjusted	\$1,571	\$2,015	\$1,675	\$1,618	\$1,979	\$1,884	\$1,971	\$2,034

¹ Revenue/(loss) related to the consolidation of noncontrolling interests is excluded from operating revenue because the Company has no economic interest in such amount.

² (Gains)/losses related to changes in the fair value of investments held in connection with Lazard Fund Interests and other similar deferred compensation arrangements that correspond to changes in the value of the related compensation liability, which is recorded within compensation and benefit expense, are excluded.

³ Interest expense related to financing activities is added back in determining operating revenue because such expense is not considered to be a cost directly related to the revenue of our business.

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

(\$ in millions)

	2006	2007	2008	2009	2010	2011	2012	2013
U.S. GAAP compensation and benefits expense	\$891	\$1,123	\$1,128	\$1,309	\$1,194	\$1,169	\$1,351	\$1,279
Deduct:								
Cost saving initiatives	-	-	-	-	-	-	(100)	(52)
Staff reductions	-	-	-	-	-	-	(22)	
2009 and 2010 adjustments ¹	-	-	-	(147)	(25)	-	-	
Noncontrolling interests ²	-	-	-	(2)	(3)	(4)	(4)	(4)
LAM Merger	-	-	(197)	-	-	-	-	
Private Equity incentive compensation ³	-	-	-	-	-	-	-	(12)
Amounts related to Lazard Fund Interests ⁴	-	-	-	-	-	3	(7)	(14)
Adjusted compensation and benefits expense	891	1,123	931	1,160	1,166	1,168	1,218	1,197
Deduct - Amortization of incentive compensation awards	(23)	(105)	(238)	(333)	(241)	(289)	(335)	(298)
Total cash compensation and benefits expense ⁵	868	1,018	693	827	925	879	883	899
Add:								
Year-end deferred incentive compensation awards ⁶	204	337	352	239	293	282	272	291
Sign-on and other special incentive awards ⁷	13	88	180	39	27	40	42	22
Deduct - Adjustment for estimated forfeitures ⁸	(24)	(36)	(22)	(17)	(27)	(28)	(27)	(27)
Other adjustments ⁹	7	7	(11)	6	3	(5)	1	2
Awarded compensation and benefits expense	\$1,068	\$1,414	\$1,192	\$1,094	\$1,221	\$1,168	\$1,171	\$1,187
% of Operating Revenue	68%	70%	71%	68%	62%	62%	59%	58%
Memo: Operating Revenue	\$1,571	\$2,015	\$1,675	\$1,618	\$1,979	\$1,884	\$1,971	\$2,034

Note: Numerical footnote disclosure provided on the following page.

Notes for U.S. GAAP Compensation to Adjusted/Awarded Compensation

- 1 In 2009, includes expenses related to the accelerated vesting of unamortized deferred cash awards and the accelerated vesting of share-based incentive awards previously granted to our former Chairman and Chief Executive Officer; in 2010, includes expenses related to the acceleration of share-based incentive awards in connection with the Company's change in retirement policy.
- 2 Expenses related to the consolidation of noncontrolling interests are excluded because, as is the case with operating revenue, the Company has no economic interest in such amounts.
- 3 Represents incentive compensation pertaining to private equity transactions for which revenue may be recognized in future years. Amounts are excluded in order to more closely align the timing of the recognition of such expense to the timing of the recognition of the related revenue.
- 4 Amounts related to the changes in fair value of the derivative compensation liability recorded in connection with Lazard Fund Interests and other similar deferred compensation arrangements are excluded from compensation and benefits expense because such amounts correspond to the changes in the fair value of the underlying investments which are excluded from operating revenue.
- 5 Includes base salaries and benefits of \$530 million, \$516 million, \$506 million, \$453 million, \$423 million, \$468 million, \$456 million and \$398 million for 2013, 2012, 2011, 2010, 2009, 2008, 2007 and 2006, respectively, and cash incentive compensation of \$368 million, \$367 million, \$372 million, \$472million, \$405 million, \$225 million, \$562 million and \$470 million for the respective years.
- 6 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 and 2010 related to the 2013, 2012, 2011, 2010 and 2009 year-end compensation processes, respectively).
- 7 Represents deferred incentive compensation awards that are granted outside the year-end compensation process, and includes investments in people (i.e. "sign-on" bonuses).
- 8 An estimate, 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 2006-2010 represent actual forfeiture experience. The 2011-2013 amounts represent estimated forfeitures.
- 9 Represents an adjustment to the year-end foreign exchange "spot" rate from the full year average rate for year-end incentive compensation awards.

Definitions

- U.S. GAAP Compensation – Current-year cash compensation and benefits and the current period amortization expense at cost of deferrals awarded in previous years
- Amortization Expense – Expense associated with a historical deferral award, expensed over the requisite service period
- 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
- Awarded Compensation – Total cash compensation and benefits plus deferrals with respect to the applicable year less expected future forfeitures on deferrals using similar methodology as and for comparability to U.S. GAAP

Reconciliation of U.S. GAAP Non-Compensation to Adjusted Non-Compensation

(\$ in millions)

	2006	2007	2008	2009	2010	2011	2012	2013
U.S. GAAP other operating expenses	\$275	\$376	\$404	\$404	\$468	\$425	\$437	\$490
Deduct:								
Senior Debt refinancing	-	-	-	-	-	-	-	(54)
Cost saving initiatives	-	-	-	-	-	-	(3)	(13)
Staff reductions	-	-	-	-	-	-	(3)	-
Write-off of Lazard Alternative Investment Holdings option prepayment	-	-	-	-	-	(6)	-	-
Provision for lease of U.K. facility	-	-	-	-	-	(5)	-	-
Provision for counterparty defaults	-	-	(12)	-	-	-	-	-
LAM merger	-	-	(2)	-	-	-	-	-
Restructuring charges	-	-	-	(63)	(87)	-	-	-
Provision pursuant to tax receivable agreement	(6)	(17)	(17)	1	(3)	-	-	(2)
Amortization of intangible assets	-	(21)	(5)	(5)	(8)	(12)	(8)	(10)
Noncontrolling interests	-	-	-	-	(2)	(2)	(2)	(2)
Non-compensation expense as adjusted	\$269	\$338	\$368	\$337	\$368	\$400	\$421	\$409
% of Operating Revenue	17%	17%	22%	21%	19%	21%	21%	20%
Memo: Operating Revenue	\$1,571	\$2,015	\$1,675	\$1,618	\$1,979	\$1,884	\$1,971	\$2,034