

LAZARD

Investor Presentation

February 2019

Safe Harbor

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, business plans and anticipated trends in our business. These forward-looking 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 discussed 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 or regional 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. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. We are under no duty to update any of these forward-looking statements to conform our prior statements to actual results or revised expectations and we do not intend to do so.

This presentation uses 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, as adjusted (j) operating margin, awarded basis (k) net income, as adjusted, (l) net income per share, as adjusted, (m) awarded EPS, and (n) free cash flow. 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 for a detailed explanation of applicable adjustments to corresponding U.S. GAAP measures.

Unless otherwise indicated, all information in this presentation relates to Lazard Ltd and its direct and indirect subsidiaries on a consolidated basis as of December 31, 2018.



Overview

Preeminent strategic and investment advisory firm

\$2.75bn

FY Operating Revenue

\$215bn

Assets Under Management

2,900+

Employees

170

Years Serving Clients

LAZARD

ESTABLISHED PRESENCE AROUND THE WORLD



New York
since 1851



Paris
since 1854



London
since 1870

NORTH AMERICA		CENTRAL & SOUTH AMERICA		EUROPE		ASIA & AUSTRALIA	
Boston	2007	Bogotá	2010	Amsterdam	2004	Beijing	2006
Charlotte	2007	Buenos Aires	2004	Bordeaux	1998	Dubai	2007
Chicago	1988	Lima	2008	Brussels	2004	Hong Kong	2001
Houston	2003	Panama City	2007	Dublin	2014	Melbourne	2007
Los Angeles	2003	Santiago	2006	Frankfurt	1988	Mumbai	1984
Mexico City	2017	São Paulo	2004	Geneva	2016	Perth	2010
Minneapolis	2007			Hamburg	1999	Riyadh	2011
Montreal	2006			Lyon	1999	Seoul	1999
San Francisco	1850			Madrid	1999	Singapore	1995
Toronto	2016			Milan	1991	Sydney	1994
				Nantes	2009	Tokyo	1987
				Stockholm	1998		
				Zürich	2007		

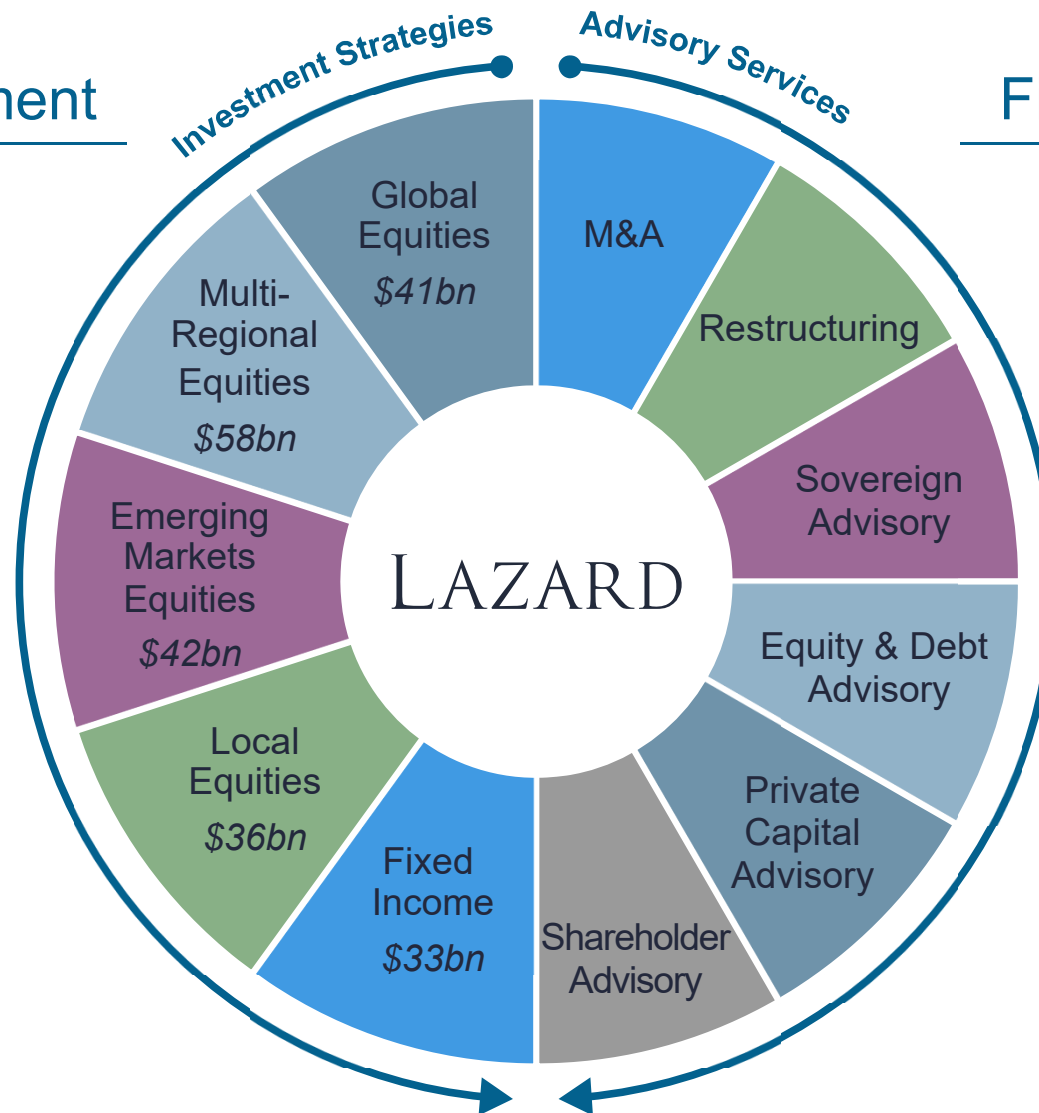
Note: As of December 31, 2018.

Built for Performance

Anticipating and meeting the evolving needs of clients

Asset Management

- Locally established teams with global perspective
- Investment platforms across asset classes and regions
- Investment-led manager; ~35% of staff are investment professionals
- Serving a primarily institutional client base globally



Financial Advisory

- Global platform built over decades of commitment to local markets
- Built-out advisory teams across sectors
- Unrivaled network of senior-level advisory bankers
- Serving leaders of business and government globally

Investor Highlights

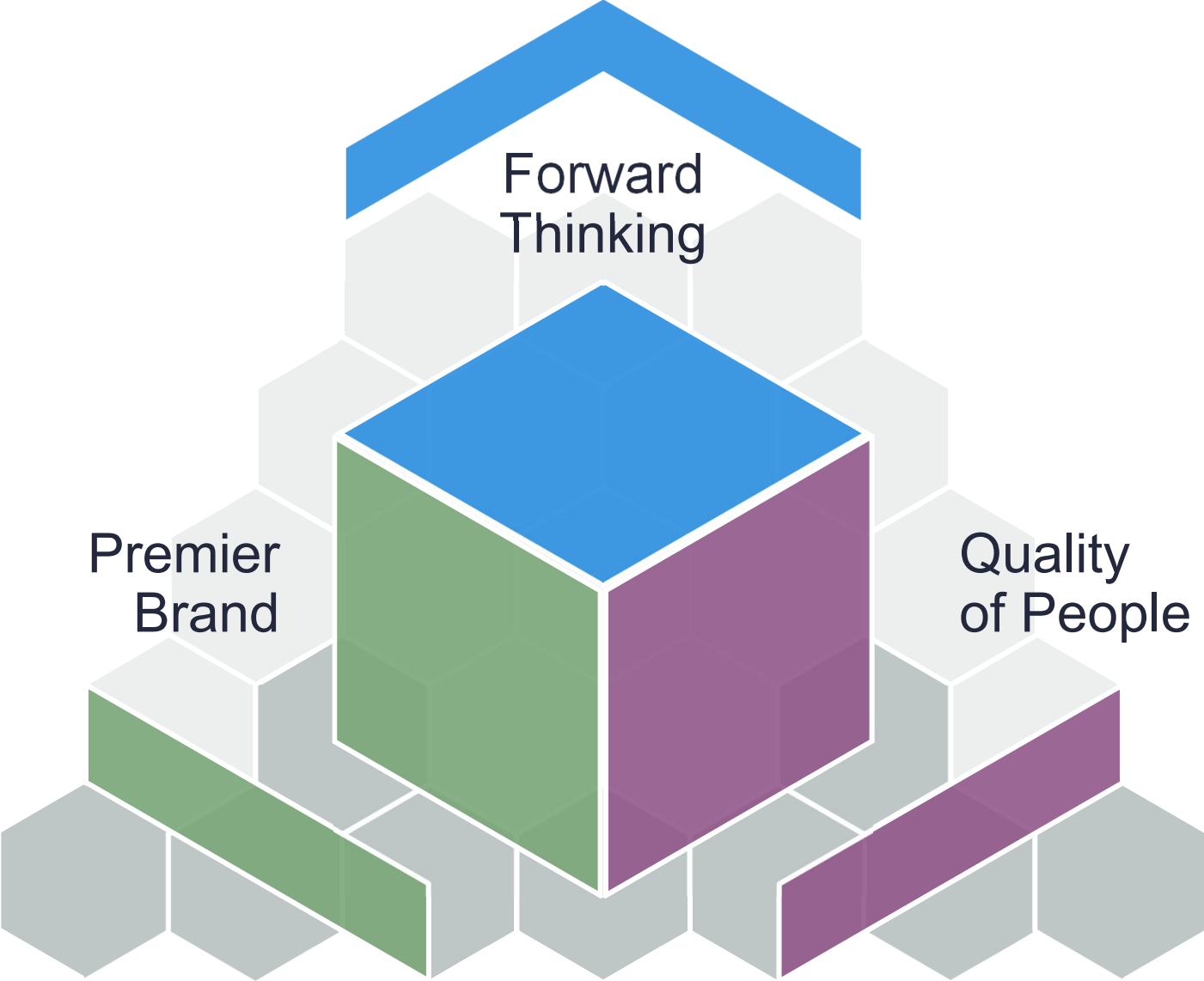
The Lazard Difference

Investment Highlights

Financial Strategy

The Lazard Difference

A firm built across centuries, structured around the needs of our clients



Premier Brand

Lazard is known globally for excellence, discretion, integrity and results

“ One of the most influential financial institutions in the world”

THE  TIMES
OF LONDON

“ Showing bigger Wall Street rivals the power of simplicity”

BREAKINGVIEWS

“ Lazard’s top-tier brand allows it to punch above its weight class”

BARRON’S

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

The
Economist

“ The bank stands apart in the landscape of finance”

LesEchos

“ A formidable reputation in the world’s boardrooms”

FINANCIAL NEWS

“ Lazard can tackle the most seemingly insurmountable crises”

EUROMONEY

Quality of People

Unique assemblage of experience, expertise, interests and characteristics

70+

Nationalities

25+

Average years of experience (MDs)

13

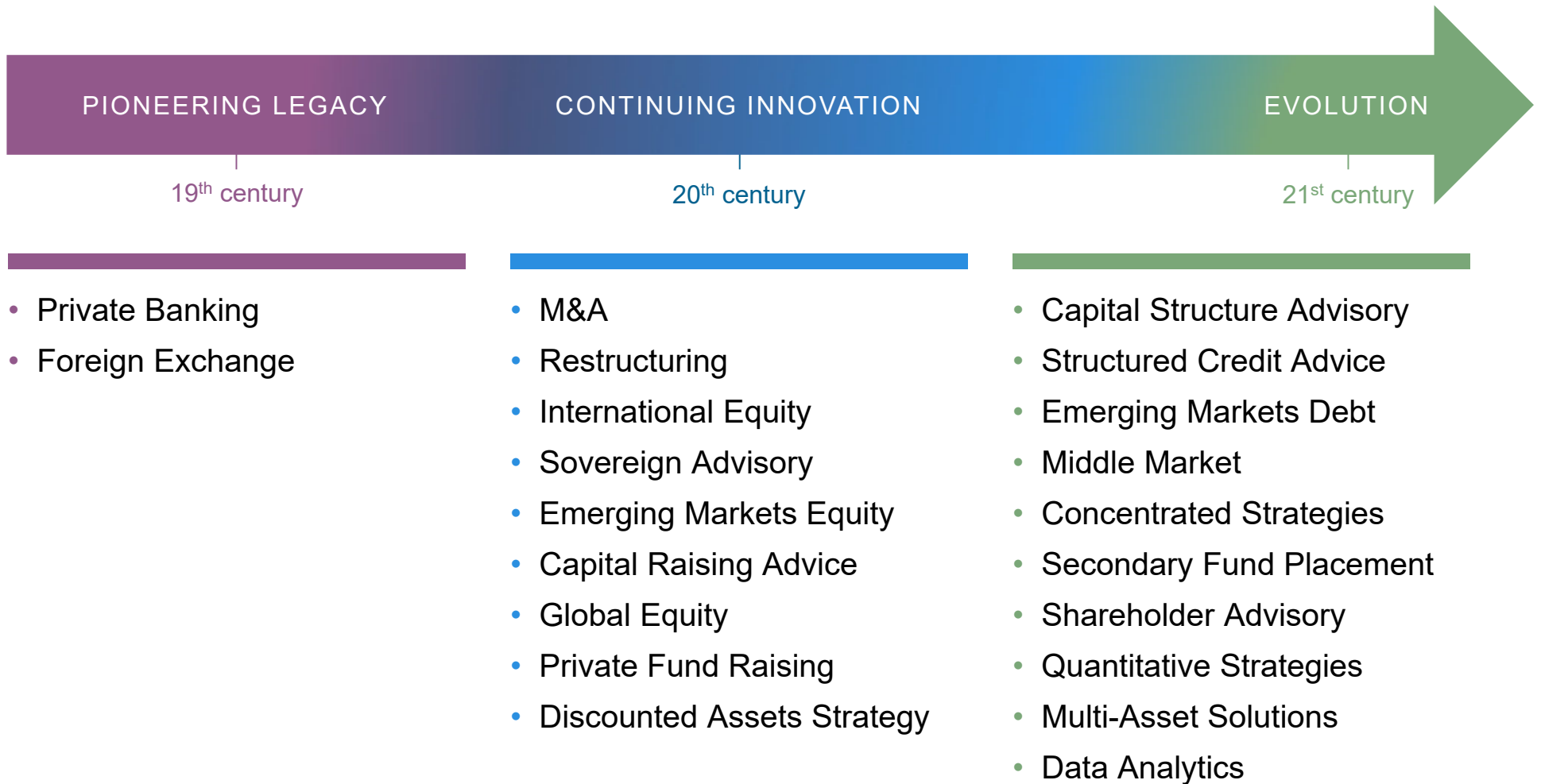
Average years of tenure (MDs)

Note: As of December 31, 2018.



Forward Thinking

Culture of innovation



Proven Stability

The Lazard Difference

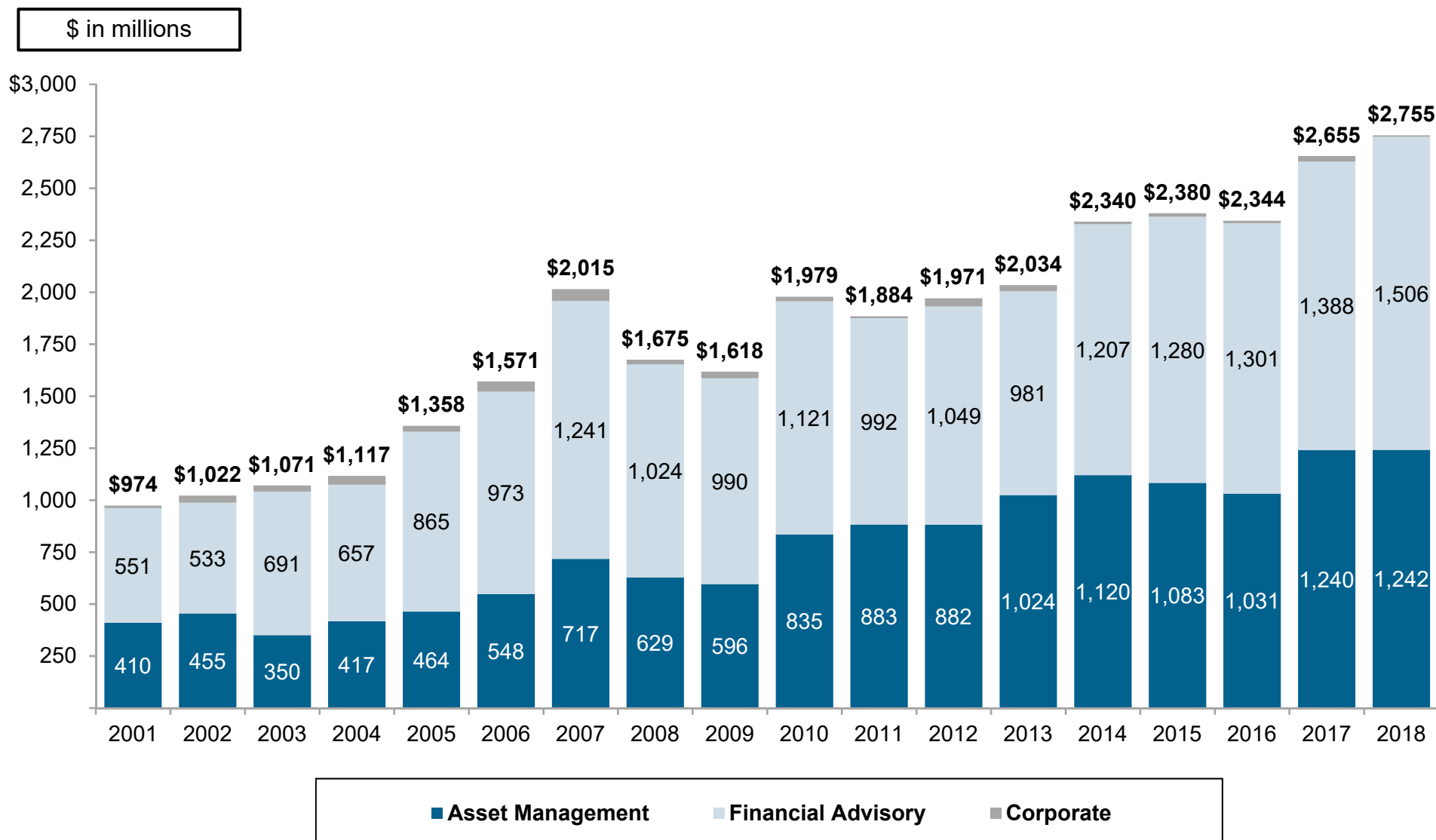
Investment Highlights

- Proven Stability
- High Performance
- Significant Opportunities for Growth

Financial Strategy

Strong Operating Revenue Generation

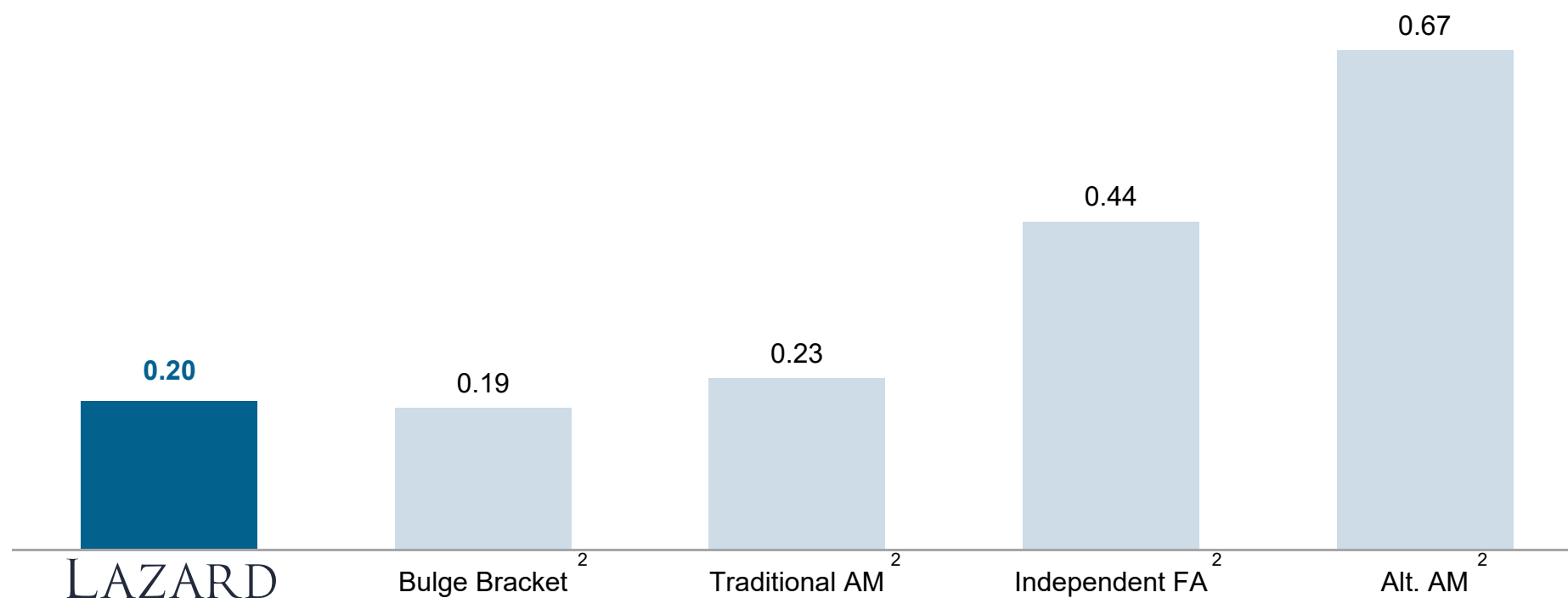
Significant scale provides stable platform through cycle



Lower Revenue Volatility than Peers

Unique combination of stable businesses minimizes volatility over time

OPERATING REVENUE VOLATILITY (2005-2018)¹



Peer samples do not include firms that no longer exist, which, if included, could have resulted in higher volatility.

Source: IMF WEO Database, FactSet, company filings.

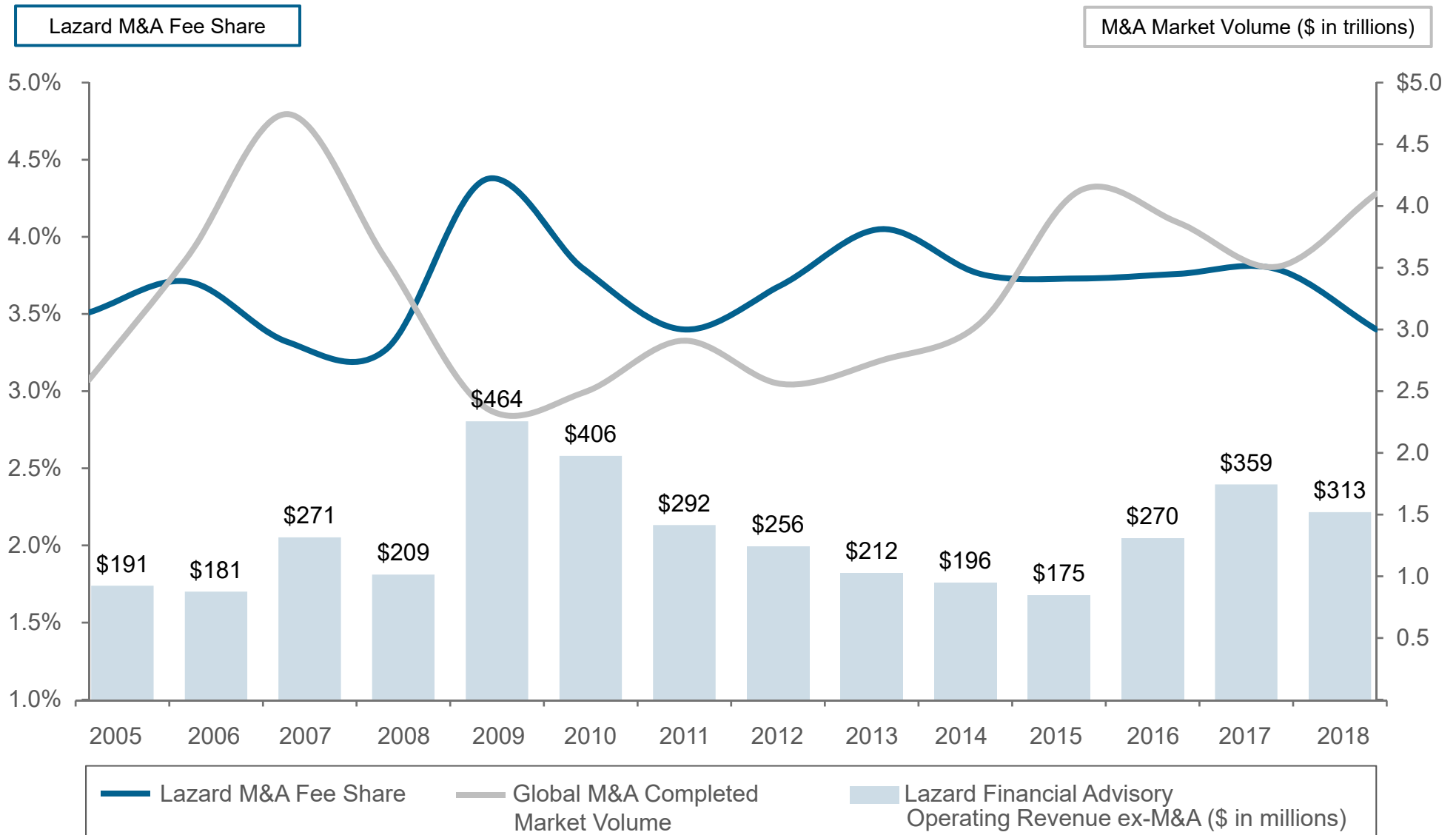
1 Volatility for each firm calculated as one standard deviation of annual revenue over the period divided by average revenue.

2 Bulge Bracket includes Bank of America, Citi, Credit Suisse, Deutsche Bank, Goldman Sachs, JPMorgan, Morgan Stanley and UBS. Traditional Asset Management includes Alliance Bernstein, Blackrock, Eaton Vance, Franklin Resources, Invesco, Legg Mason and T. Rowe Price. Independent Financial Advisory includes Evercore, Greenhill and Moelis. Alternative Asset Management includes Apollo, Blackstone, KKR and Och-Ziff.



Stable Financial Advisory Business

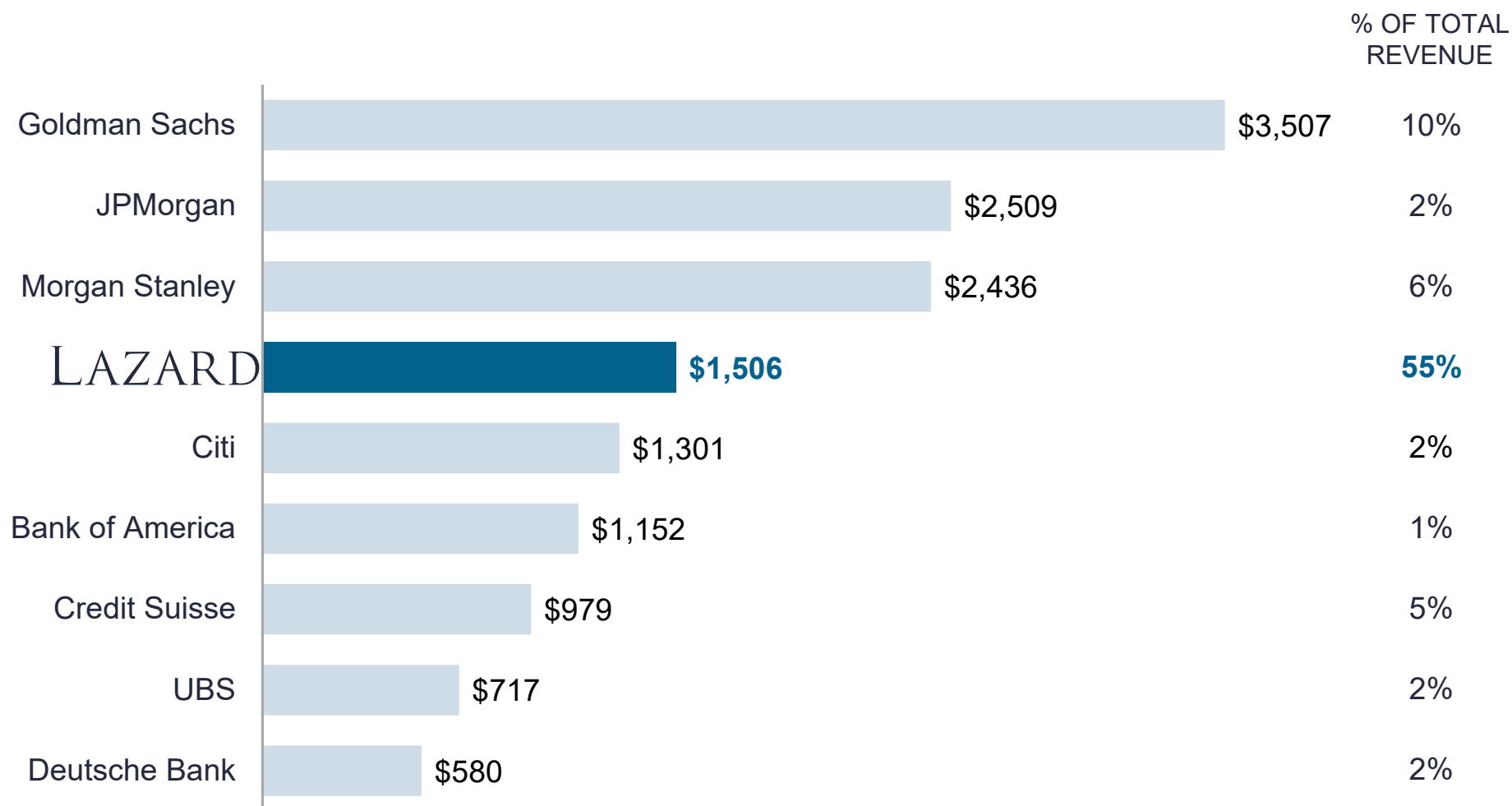
Lower cycle exposure: M&A share gains in downturns, augmented by non-M&A revenue



Advisory Business in Global Top Tier

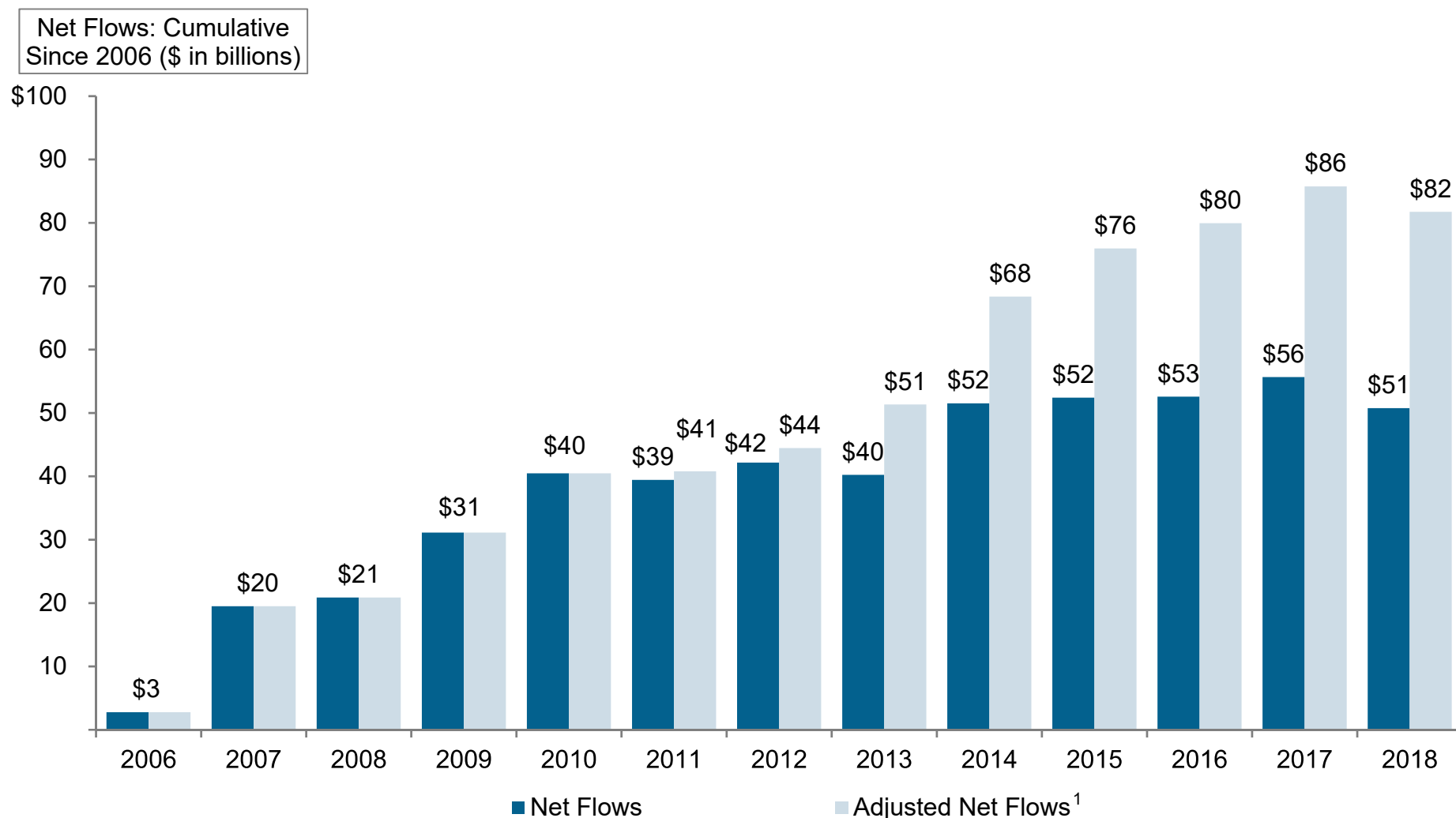
Lazard competes with the largest global banks

2018 ADVISORY REVENUE (\$ IN MILLIONS)



Stable Asset Management Business

Cumulative net inflows of more than \$50 billion in highly volatile period



High Performance

The Lazard Difference

Investment Highlights

- Proven Stability
- High Performance
- Significant Opportunities for Growth

Financial Strategy

High Performance

Performance across businesses leads to strong results

\$2.75bn

Operating revenue FY

\$1.5bn

Record Financial Advisory FY
operating revenue

\$1.2bn

Record Asset Management
FY operating revenue

\$1.0bn

Return of capital to
shareholders FY

5 of 10

Advisor on largest global M&A
announcements in 2018

\$215bn

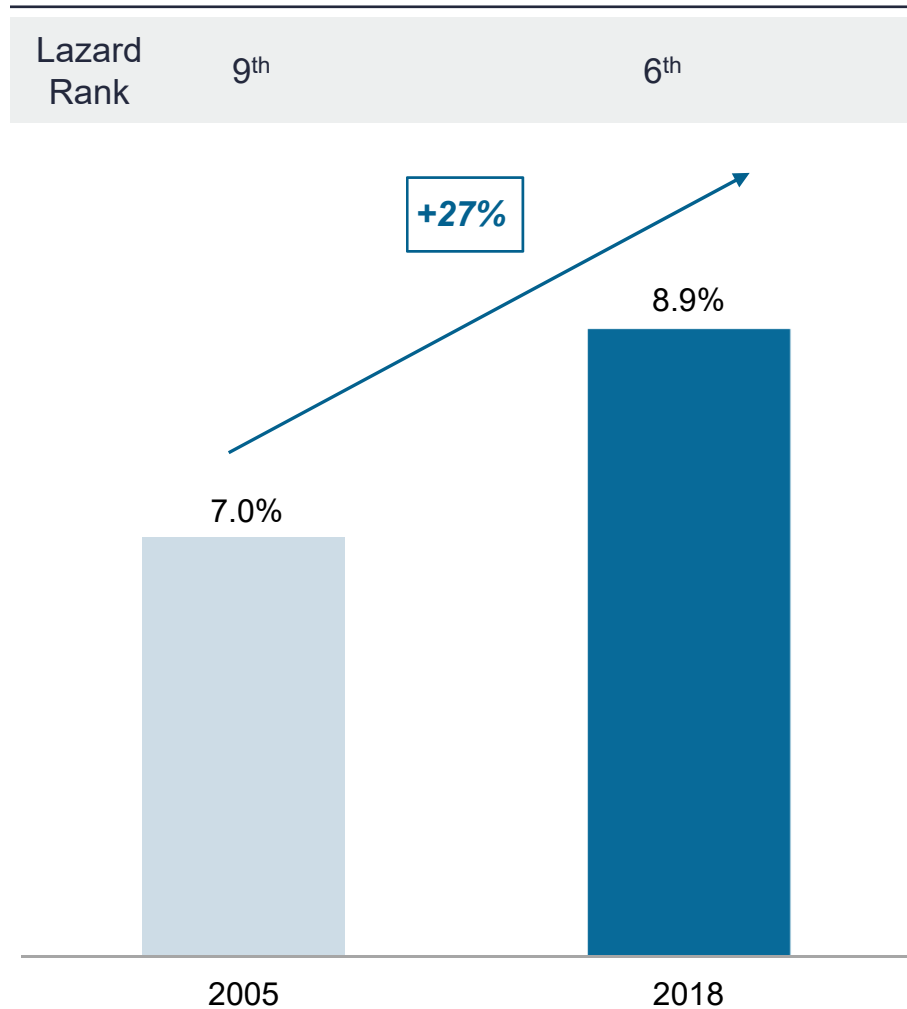
Assets under management
as of year-end 2018



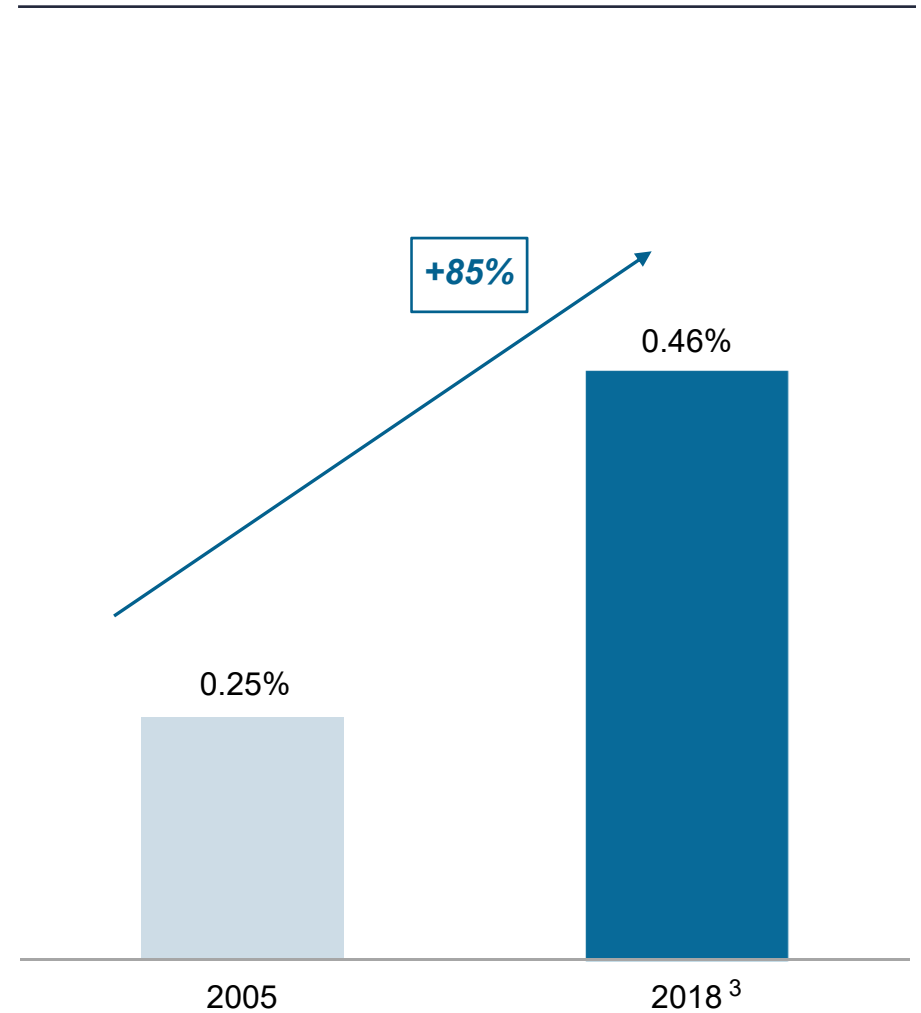
Increasing Market Share

Market share has grown significantly since Lazard's IPO

FINANCIAL ADVISORY MARKET SHARE¹



ACTIVE AUM MARKET SHARE²

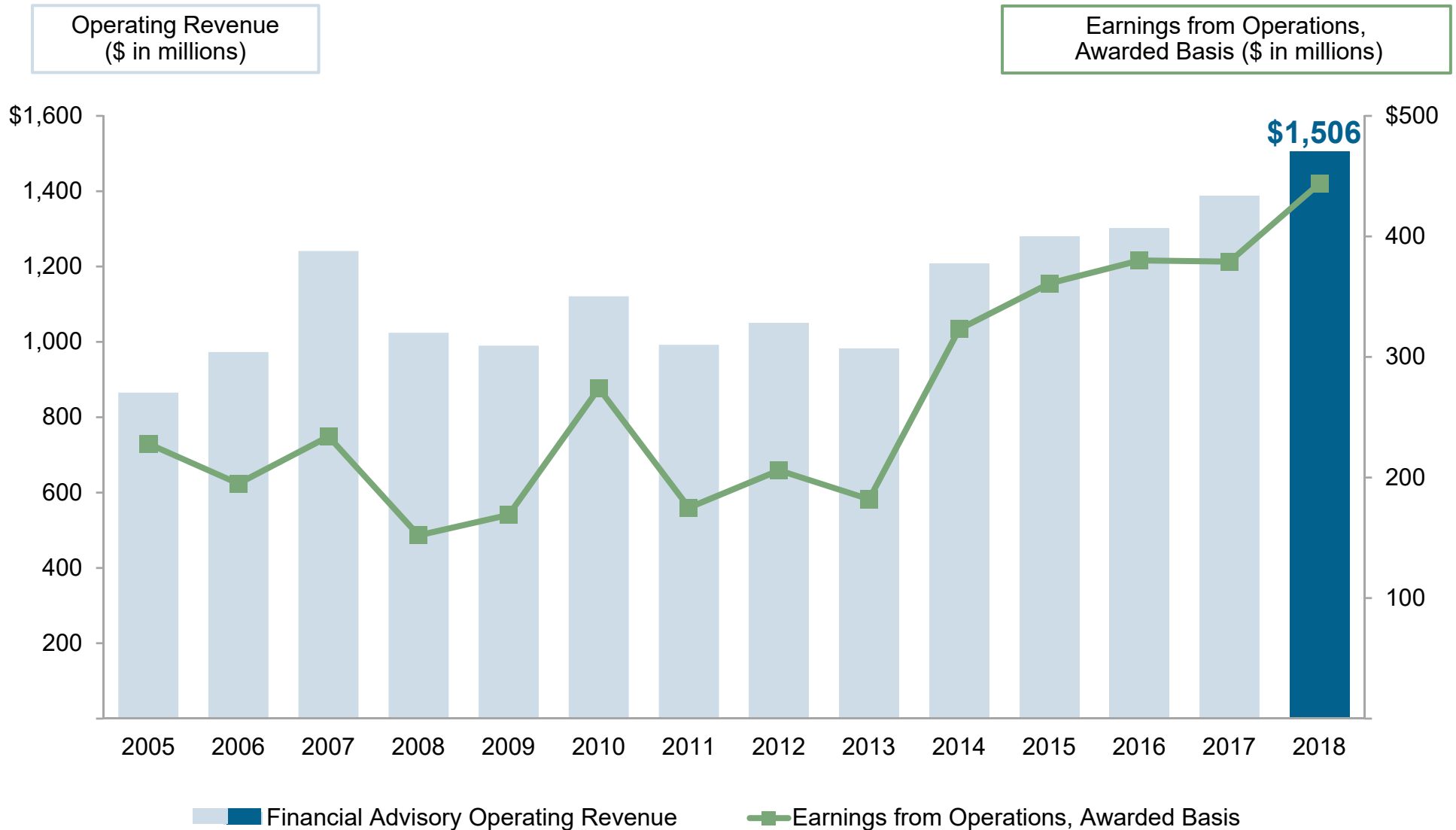


Source: Company filings, BCG reports.

- 1 Calculated as a percentage of the top ten financial advisory firms by revenue.
- 2 Active AUM estimated based on annual BCG asset management reports and excludes alternatives.
- 3 Global assets under management estimated based on 2018 assets.

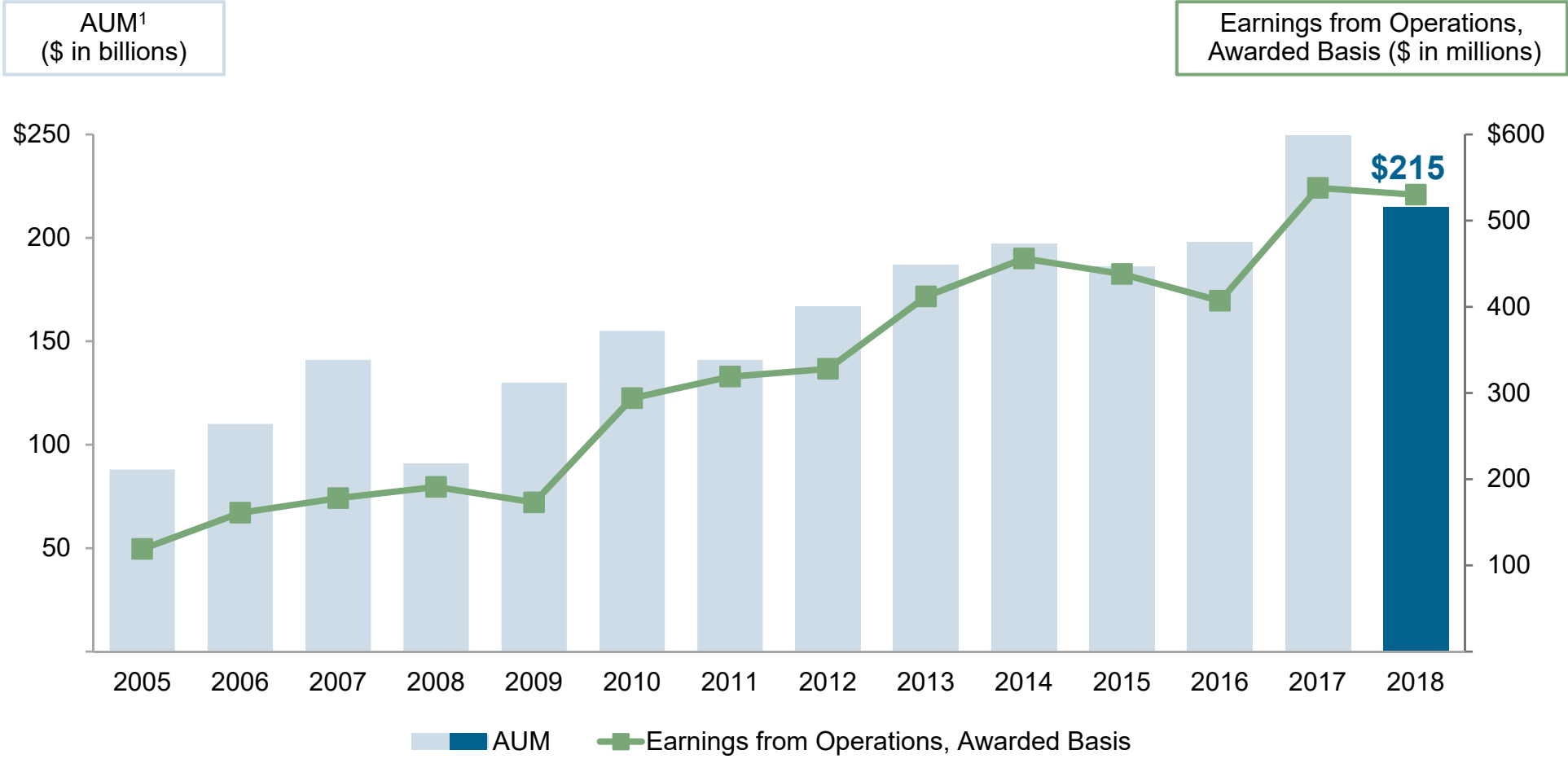
Financial Advisory Performance

Significant growth in earnings from operations



Asset Management Performance

Doubling of AUM since financial crisis and stable fees drive earnings



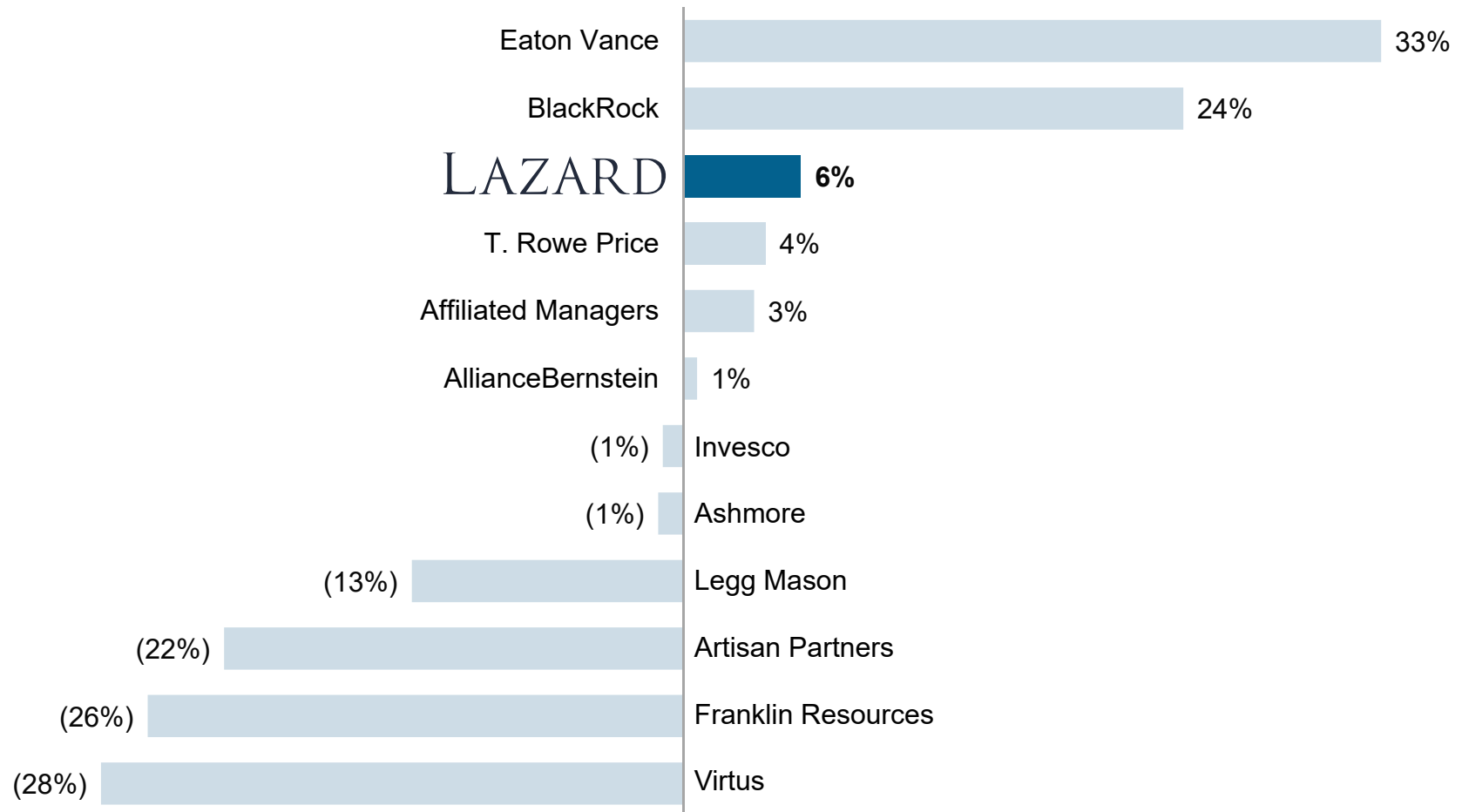
Avg. Fees (bps)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Avg. Fees (bps)	45	46	46	45	48	52	54	52	53	53	52	50	51	49



Strong Net Flows in Volatile Environment

Lazard among top peers with positive net flows in past several years

NET FLOWS AS % OF AUM (2014 – 2018) ¹



Significant Opportunities for Growth

The Lazard Difference

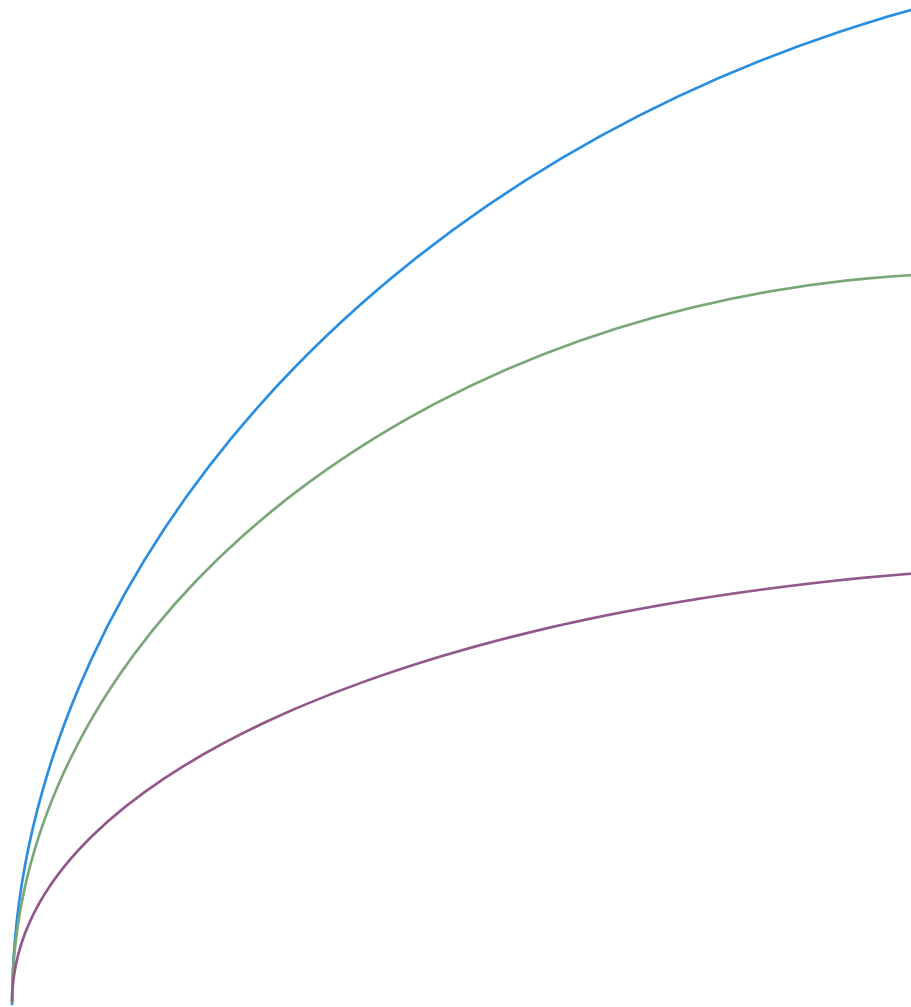
Investment Highlights

- Proven Stability
- High Performance
- Significant Opportunities for Growth

Financial Strategy

Growth Framework

Stable foundation and high performance create multiple growth opportunities



Inorganic growth

- Team lift-outs
- Acquisitions

Ongoing investments

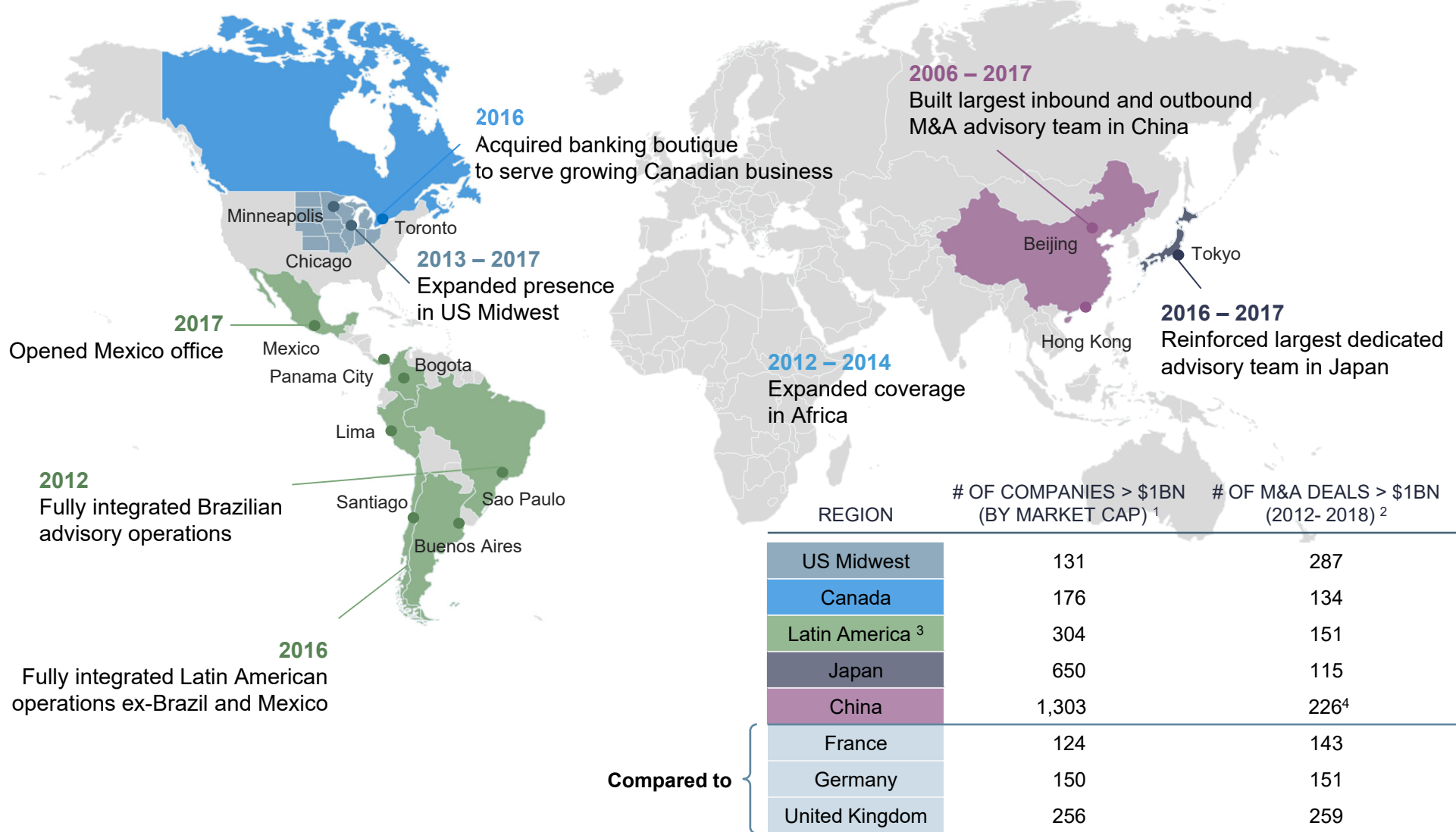
- Geographic expansion
- Selective hiring
- Seeding new strategies

Organic growth

- Investment platform extensions
- New advisory services

Investing in Financial Advisory Growth

Increasing our total addressable market by scaling the franchise



Source: Dealogic, Capital IQ.

¹ Companies with market cap > \$1bn as of December 31, 2018.

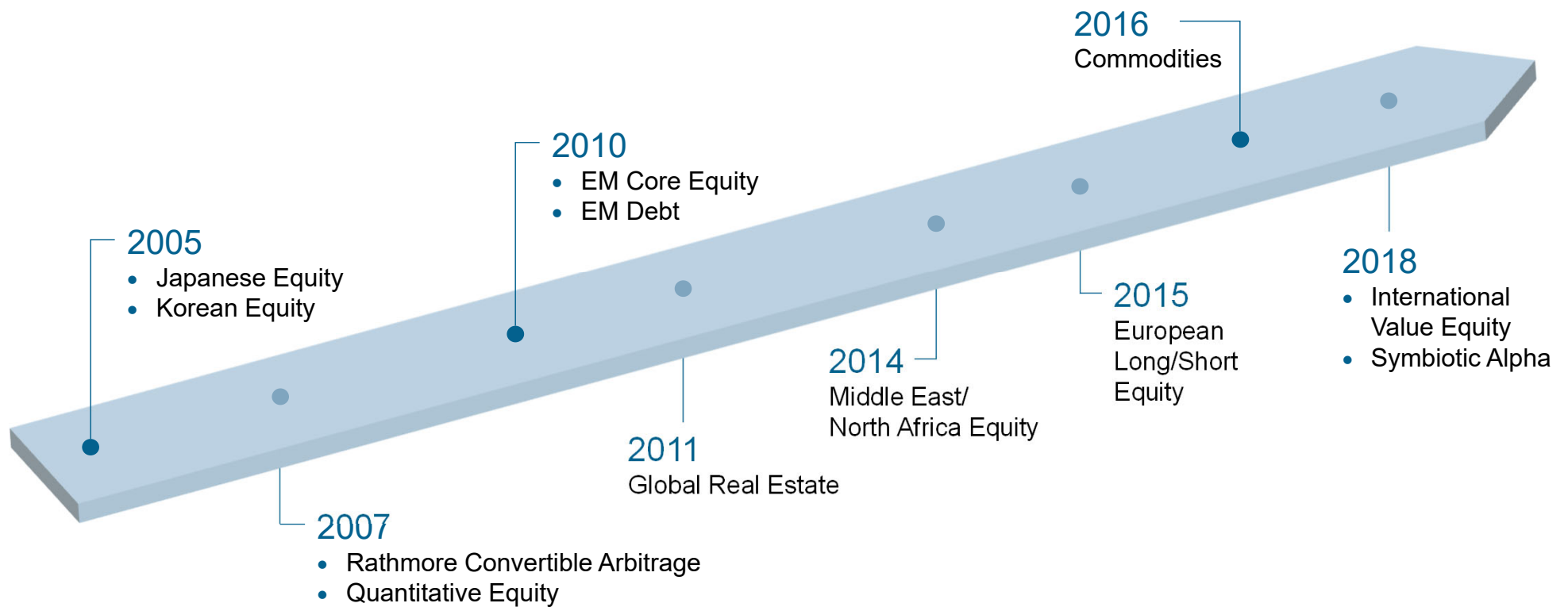
² Based on announcement date between January 1, 2012 and December 31, 2018. Number based on target nationality.

³ Latin America includes Argentina, Brazil, Chile, Colombia, Mexico, Panama and Peru.

⁴ Inbound and outbound transactions only.

Targeted Asset Management Lift-Outs

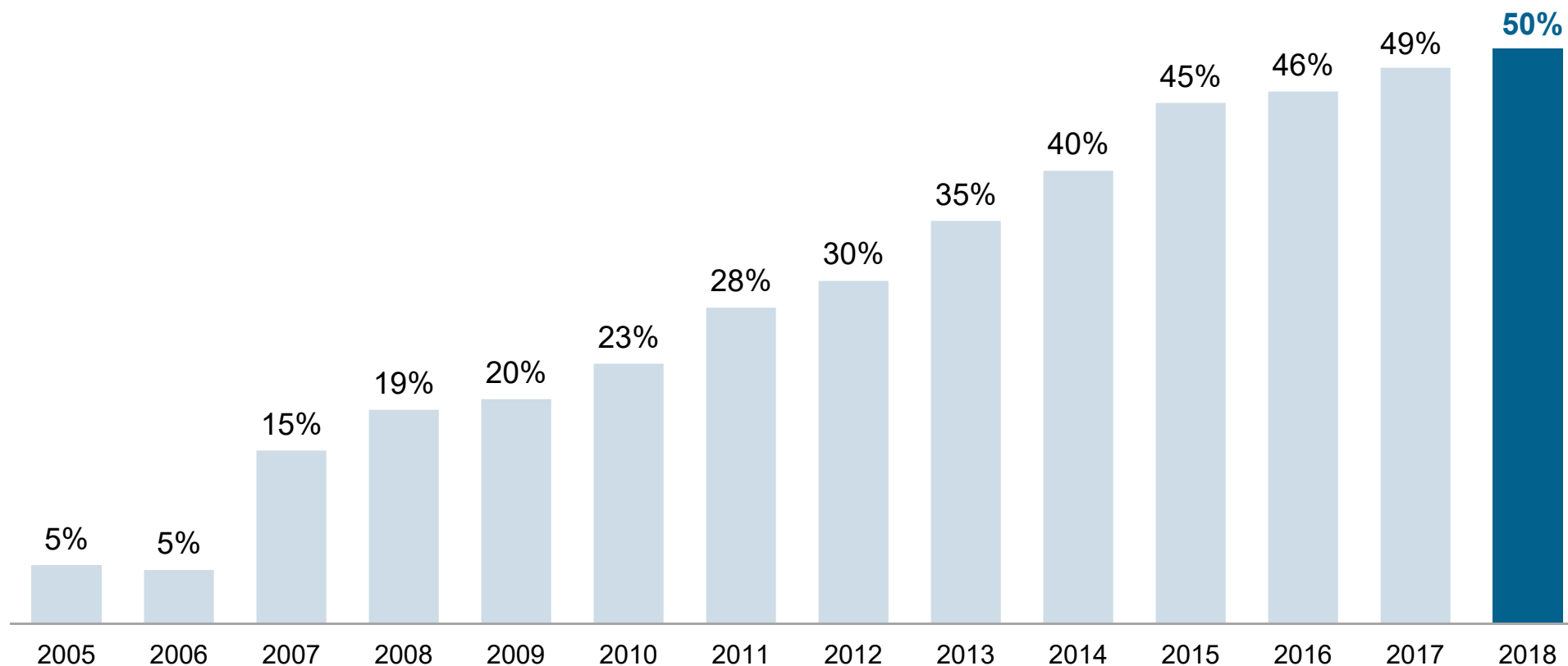
Integral part of successful growth strategy



Ability to Innovate, Scale Investment Strategies

New strategies represent half of our total AUM

NEW STRATEGIES¹ AS % OF TOTAL AUM



Investment Strategies Scaled in Recent Years

Portfolios have potential to scale quickly

Strategy	Inception	Current AUM (\$billion)
Emerging Markets Debt	2010	~\$15
International Strategic Equity	2001	>10
Global Listed Infrastructure	2005	>10
Quantitative	2008	>10
Global Robotics	2015	>5
Developing Markets Equity	2008	~5

New Opportunities for Growth

Global Equities Franchise	Emerging Markets Long / Short
Global Convertibles	International Equity Value
Global & International Compounders	Multi-Factor Quantitative
	Symbiotic Alpha

Financial Strategy



The Lazard Difference



Investor Highlights

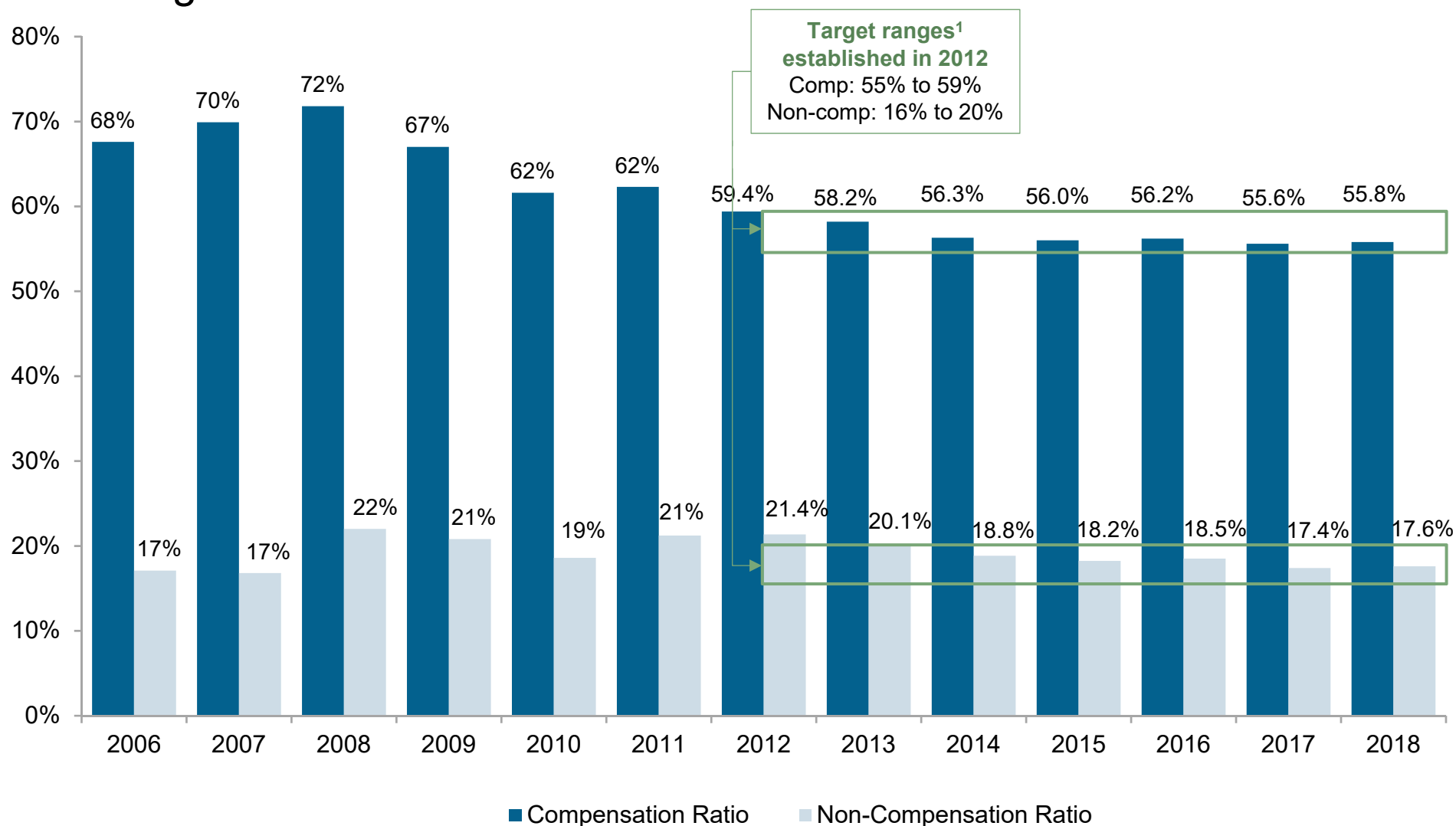


Financial Strategy



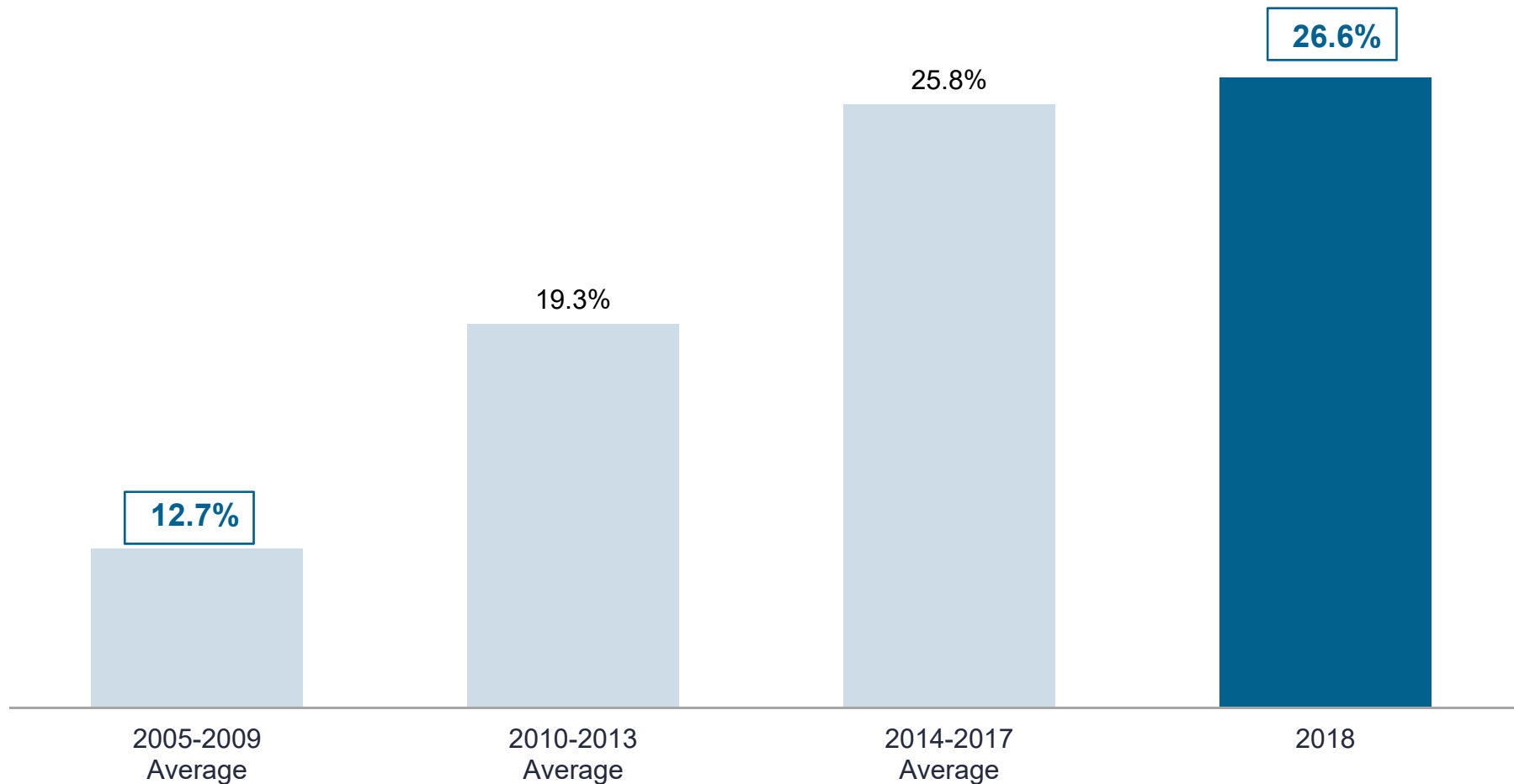
Discipline on Costs

Consistency in compensation and non-compensation expenses while increasing investment



Focus on Operating Margins

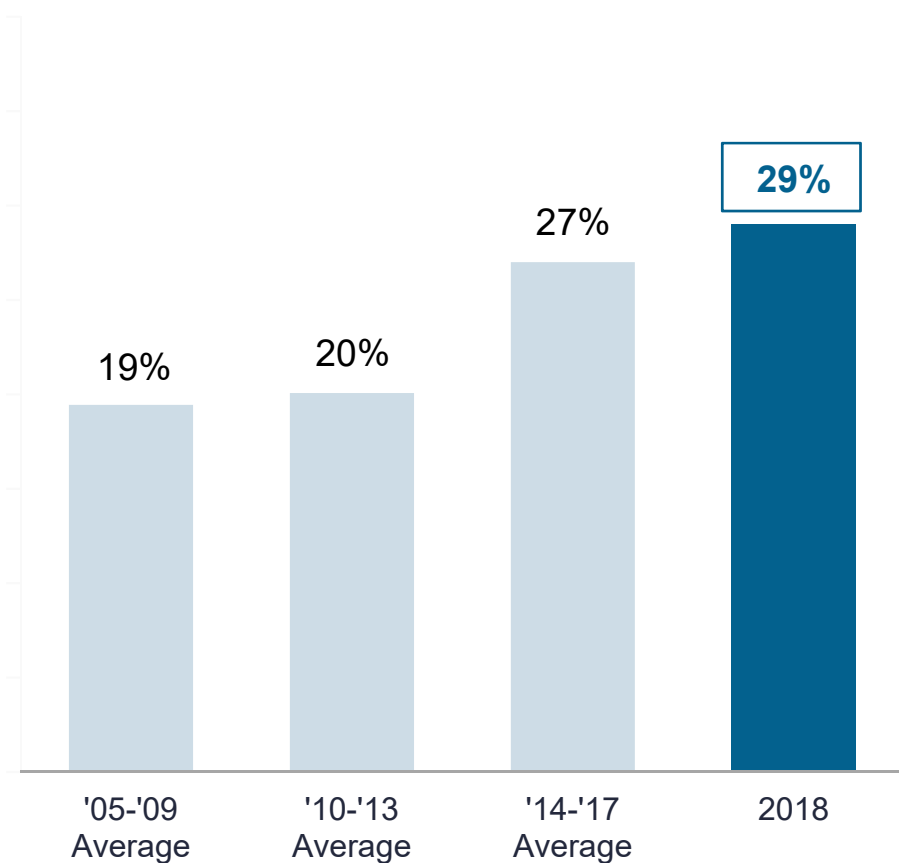
Increased revenues and cost management has resulted in doubling operating margin, awarded basis



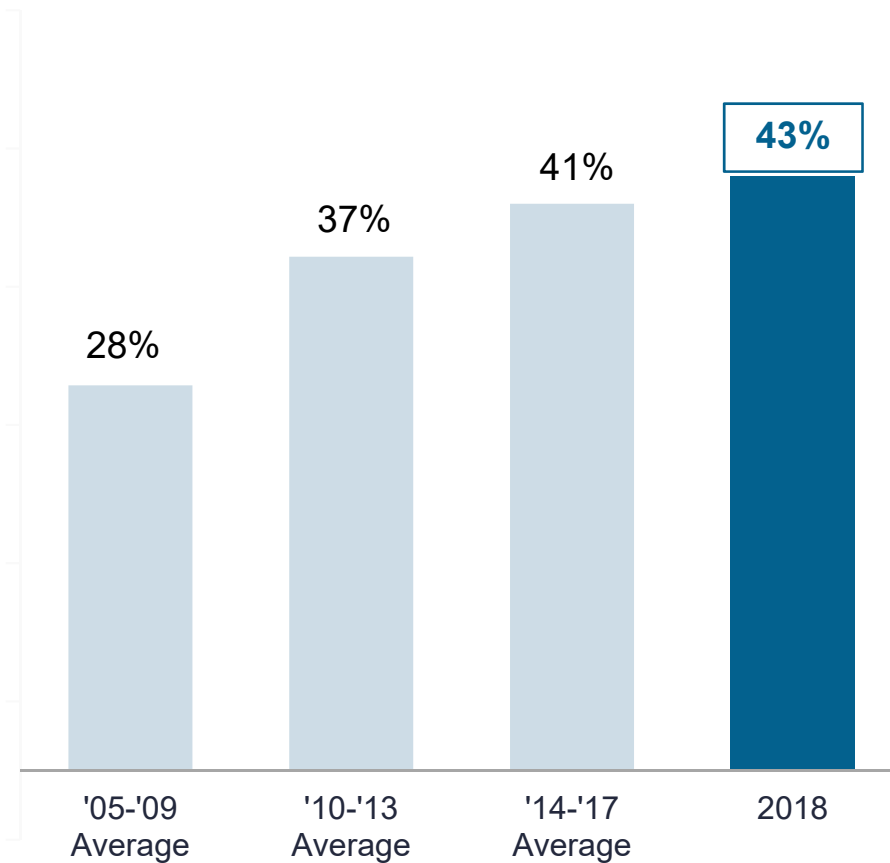
Strong Margin Growth

Operating margin, awarded basis increased in both businesses since 2005

FINANCIAL ADVISORY

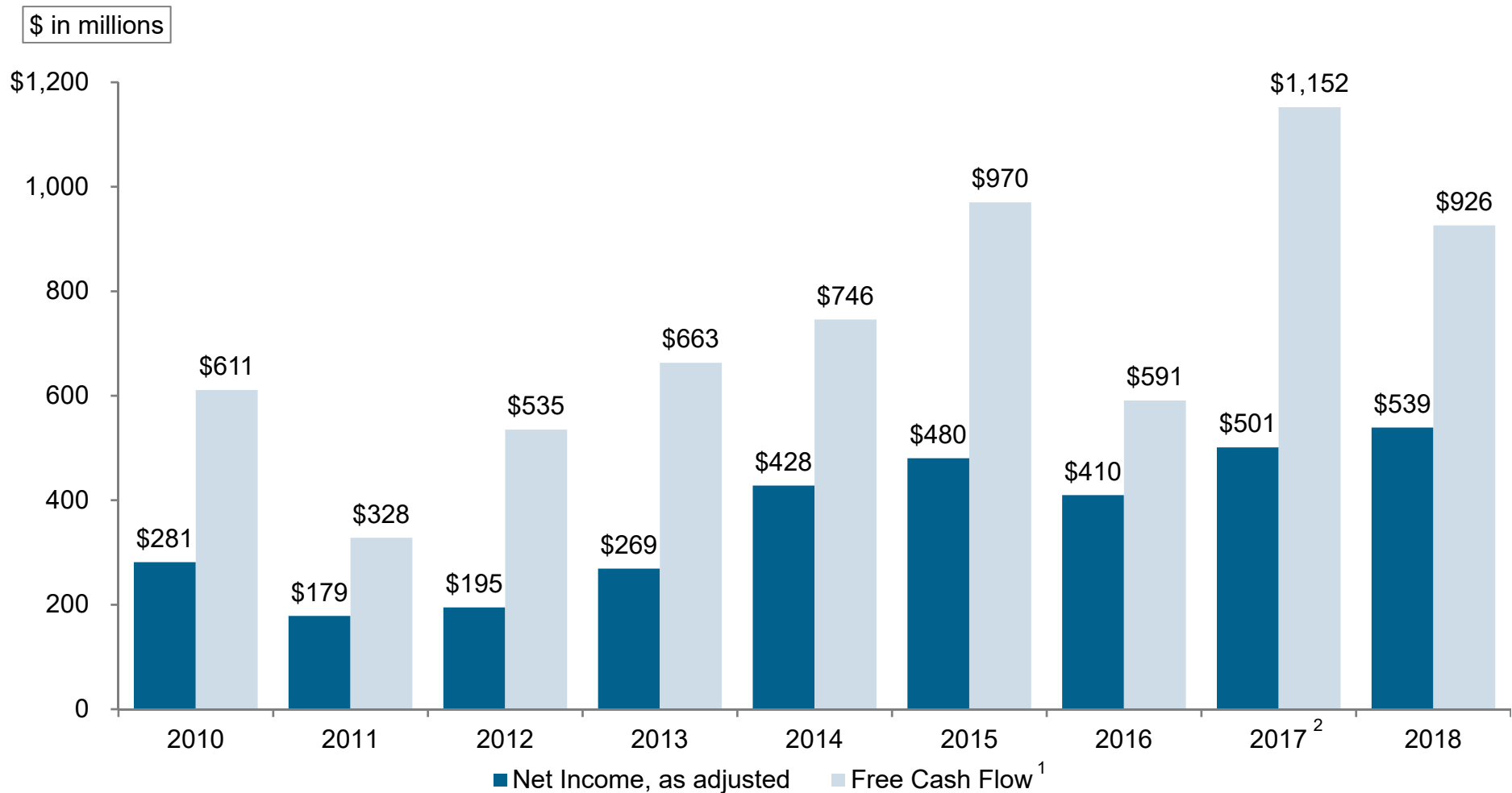


ASSET MANAGEMENT



High Cash Generation for Shareholders

Lazard generates more free cash flow than adjusted net income



1 Free Cash Flow is defined as the change in cash and cash equivalents (+/-) certain investing activities, non-recurring expenses, funding for LFI deferred compensation awards and return of capital to shareholders. See page 48 for a more detailed definition.

2 Significant increase in 2017 Free Cash Flow is due to changes in foreign currency rates and timing associated with fee receivables and other working capital balances.

Capital Management Strategy

Commitment to shareholder value creation



Goals

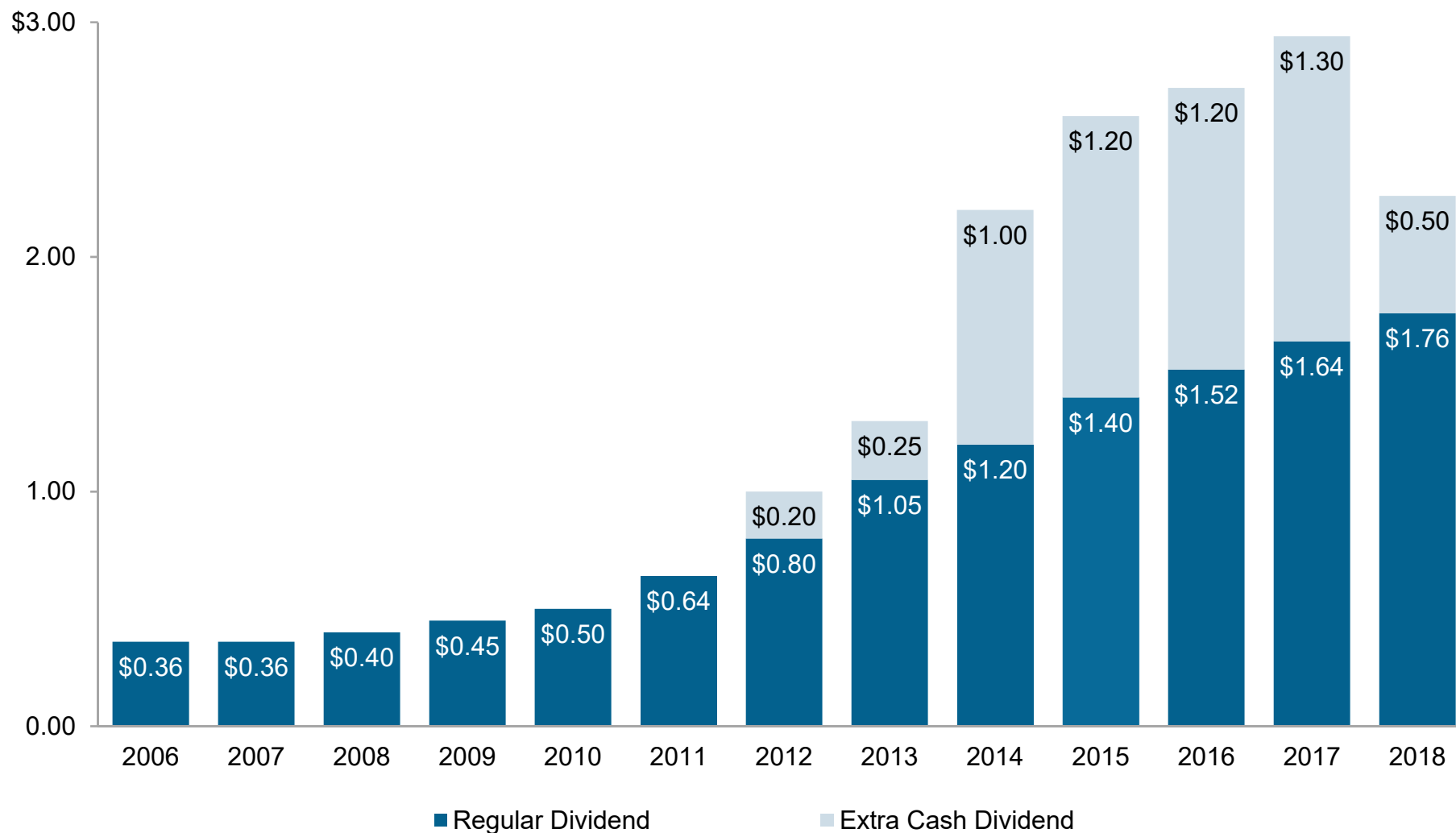
- Gradually increase quarterly dividend over time
- Repurchase shares to offset dilution from year-end share-based compensation
- Retain appropriate cash balance to support operations, accruals consistent with our business, and regulatory requirements
- Disciplined approach to identifying and executing on growth and investment opportunities
- Return capital to shareholders annually in the form of additional share repurchases and/or extra cash dividends



Strong Dividend Growth

Increased regular dividends for ten consecutive years

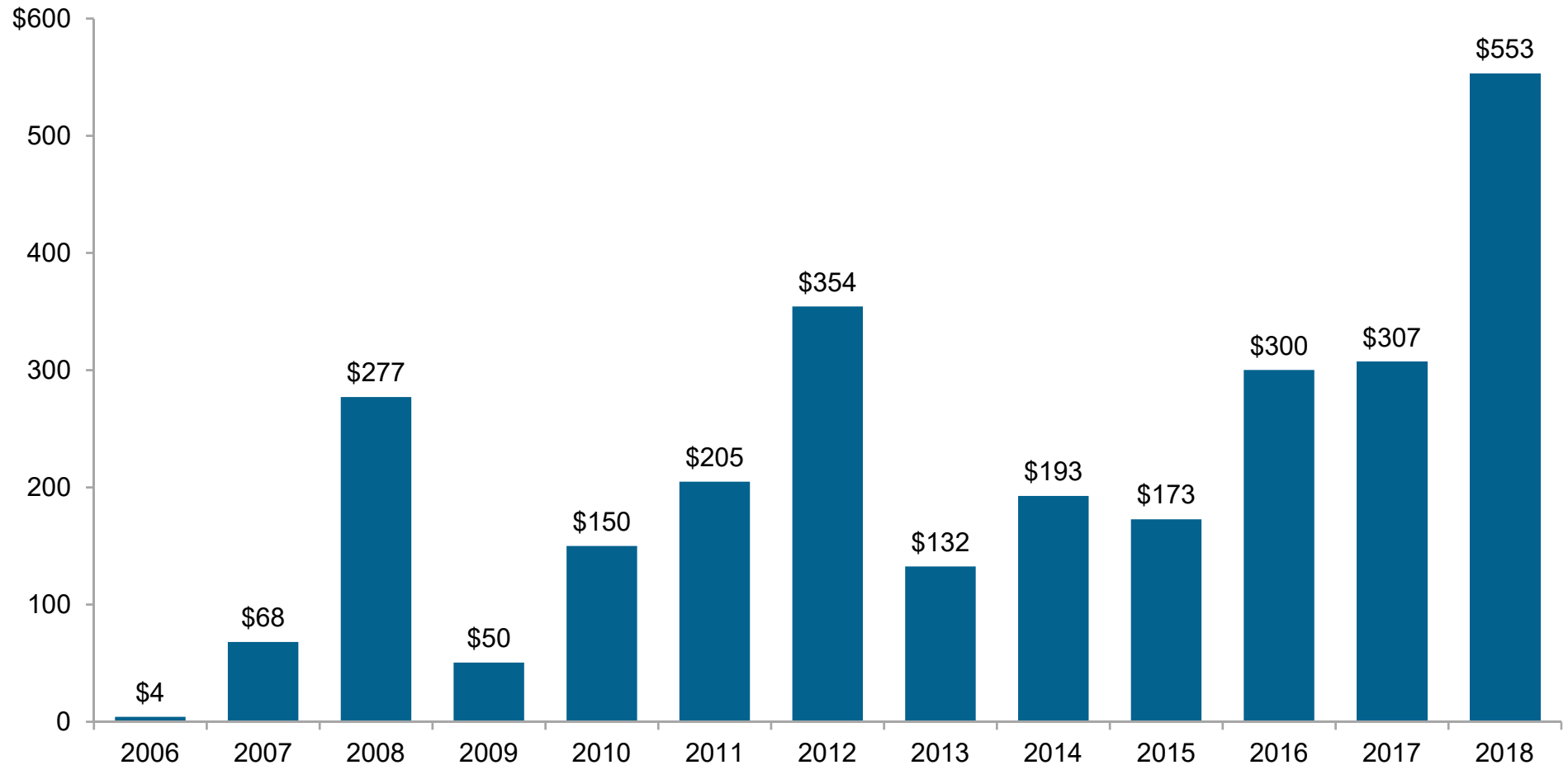
Dividend yield of 6% based on 2018 year-end closing price



Share Repurchases Increased in 2018

Buying back shares through cycles

Share Buybacks
(\$ in millions)



Supplemental Financial Information

LAZARD

Corporate Structure & Tax Reform Considerations

Corporate Structure

Bermuda corporation with common stock traded on the NYSE

- Corporate governance structure consistent with U.S. peers and files annual proxy statement
 - Files 10-K and 10-Q with SEC, including IRS Employer Identification Number
- Partnership structure for U.S. tax purposes
 - K-1 issuer for dividends – no Unrelated Business Taxable Income (UBTI) or Effectively Connected Income (ECI)
 - No separate state filing requirements, appropriate for tax-exempt investors
 - Foreign investors only subject to withholding tax on U.S. portion of dividends
 - Provides a Form 8865 for investment in a foreign partnership

Investor Diversification

Broadly diversified investor base includes key indexes, mutual funds and global institutions

- Included in Russell and CRSP market capitalization weighted indexes, and Dow Jones U.S. Select Dividend Index
 - Approximately 17% of Lazard holders identified as index investors, compared to generally de minimis for publicly traded partnerships
- Float approximately 97% held by a broad range of active and passive institutional investors
 - Representing more than 500 mutual funds 80 ETFs and other retail investors

Impact of Tax Reform

US tax reform provisions (2017) suggest conversion to a U.S. C-corporation would result in a significantly higher tax rate

- Current analysis indicates a conversion under the new tax law could add approximately 10 percentage points to our steady-state effective tax rate
- Net operating losses (NOLs) restrict our ability to use foreign tax credits and to access the new special deduction for foreign earnings, resulting in double taxation for non-U.S. earnings
- Expansion of categories of foreign income to be taxed would result in increased tax payments

U.S. GAAP Selected Financial Information

(\$ in millions)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net revenue	\$1,301	\$1,494	\$1,918	\$1,557	\$1,531	\$1,905	\$1,830	\$1,912	\$1,985	\$2,300	\$2,354	\$2,333	\$2,644	\$2,826
<i>% Growth</i>		15%	28%	(19%)	(2%)	24%	(4%)	5%	4%	16%	2%	(1%)	13%	7%
Operating Expenses:														
Compensation and benefits	699	891	1,123	1,128	1,309	1,194	1,169	1,351	1,279	1,314	1,320	1,341	1,513	1,515
Non-Compensation ¹	260	275	376	404	404	468	425	437	490	467	1,051	475	306	631
Operating Income (loss)	\$342	\$328	\$419	\$25	(\$182)	\$243	\$236	\$124	\$216	\$519	(\$17)	\$517	\$825	\$681
<i>% of Net revenue</i>	26%	22%	22%	2%	(12%)	13%	13%	6%	11%	23%	(1%)	22%	31%	24%

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

(\$ in millions)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net revenue - U.S. GAAP Basis	\$1,301	\$1,494	\$1,918	\$1,557	\$1,531	\$1,905	\$1,830	\$1,912	\$1,985	\$2,300	\$2,354	\$2,333	\$2,644	\$2,826
Adjustments:														
Revenue related to noncontrolling interests ¹	(2)	(5)	(5)	13	(7)	(16)	(17)	(14)	(15)	(15)	(16)	(21)	(16)	(19)
(Gains) losses related to Lazard Fund Interests ("LFI") and other similar arrangements ²	-	-	-	-	-	-	3	(7)	(14)	(7)	4	(3)	(23)	14
Interest Expense ³	59	82	102	105	94	90	86	80	78	62	50	48	50	54
Gain on repurchase of subordinated debt ⁴	-	-	-	-	-	-	(18)	-	-	-	-	-	-	-
MBA Lazard acquisition and Private Equity revenue adjustment ⁵	-	-	-	-	-	-	-	-	-	-	(12)	(13)	-	-
Distribution fees, reimbursable deal costs and bad debt expense ⁶	-	-	-	-	-	-	-	-	-	-	-	-	-	(121)
Operating revenue	<u>\$1,358</u>	<u>\$1,571</u>	<u>\$2,015</u>	<u>\$1,675</u>	<u>\$1,618</u>	<u>\$1,979</u>	<u>\$1,884</u>	<u>\$1,971</u>	<u>\$2,034</u>	<u>\$2,340</u>	<u>\$2,380</u>	<u>\$2,344</u>	<u>\$2,655</u>	<u>\$2,755</u>

Operating Revenue is a non-GAAP measure which excludes:

- 1 Noncontrolling interests principally related to Edgewater, and is a non GAAP measure.
- 2 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 benefits expense.
- 3 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 year ended 2016, includes excess interest of \$0.6 million due to the delay between the issuance of the 2027 notes and the settlement of the 2017 notes. For year ended 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. For the year ended 2018, excess interest expense of \$0.3 million due to the period of time between the issuance of 2028 notes and the settlement of 2020 notes.
- 4 Gain related to the repurchase of the then outstanding subordinated promissory note due to the non-operating nature of such transaction.
- 5 For the year ended December 31, 2016, represents a gain relating to the Company's acquisition of MBA Lazard resulting from the increase in fair value of the Company's investment in the business. For the year ended December 31, 2015, represents revenue relating to the Company's disposal of the Australian private equity business which was adjusted for the recognition of an obligation, which was previously recognized for U.S. GAAP.
- 6 Represents certain distribution fees and reimbursable deal costs paid to third parties for which an equal amount is excluded from both non-GAAP revenue and non-compensation expense, respectively, and excludes bad debt expense, which represents fees that are deemed uncollectible.

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

(\$ in millions)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Compensation and benefits expense - U.S. GAAP basis	\$699	\$891	\$1,123	\$1,128	\$1,309	\$1,194	\$1,169	\$1,351	\$1,279	\$1,314	\$1,320	\$1,341	\$1,513	\$1,515
Adjustments:														
2005 adjustment ²⁴	75	-	-	-	-	-	-	-	-	-	-	-	-	-
LAM Equity Charge ⁷	-	-	-	(197)	-	-	-	-	-	-	-	-	-	-
2009 and 2010 adjustments ⁶	-	-	-	-	(147)	(25)	-	-	-	-	-	-	-	-
Compensation related to noncontrolling interests ⁵	-	-	-	-	(2)	(3)	(4)	(4)	(4)	(5)	(5)	(12)	(8)	(11)
(Charges)/Credits pertaining to LFI and other similar arrangements ³	-	-	-	-	-	-	3	(7)	(14)	(7)	4	(4)	(24)	14
Charges pertaining to cost saving initiatives ¹	-	-	-	-	-	-	-	(100)	(52)	-	-	-	-	-
Charges pertaining to staff reductions ²	-	-	-	-	-	-	-	(22)	-	-	-	-	-	-
Expenses associated with ERP system implementation ²⁸	-	-	-	-	-	-	-	-	-	-	-	-	-	(1)
Private Equity incentive compensation ⁴	-	-	-	-	-	-	-	-	(12)	-	-	-	-	-
Compensation and benefits expense, as adjusted	774	891	1,123	931	1,160	1,166	1,168	1,218	1,197	1,302	1,319	1,325	1,481	1,517
Amortization of deferred incentive awards	-	(23)	(105)	(238)	(333)	(241)	(289)	(335)	(298)	(299)	(321)	(352)	(367)	(376)
Total cash compensation and benefits ⁸	774	868	1,018	693	827	925	879	883	899	1,003	998	973	1,114	1,141
Deferred year-end incentive awards ⁹	116	204	337	352	239	293	282	272	291	325	336	342	351	378
Sign-on and other special deferred incentive awards ¹⁰	-	13	88	180	39	27	40	42	22	14	26	30	36	46
Adjustment for actual/estimated forfeitures ¹¹	(14)	(24)	(35)	(23)	(16)	(27)	(28)	(27)	(27)	(25)	(27)	(28)	(25)	(28)
Compensation and benefits expense - Awarded basis	<u>\$876</u>	<u>\$1,061</u>	<u>\$1,408</u>	<u>\$1,202</u>	<u>\$1,089</u>	<u>\$1,218</u>	<u>\$1,173</u>	<u>\$1,170</u>	<u>\$1,185</u>	<u>\$1,317</u>	<u>\$1,333</u>	<u>\$1,317</u>	<u>\$1,476</u>	<u>\$1,537</u>
% of Operating revenue - Awarded basis	65%	68%	70%	72%	67%	62%	62%	59%	58%	56%	56%	56%	56%	56%
Memo: Operating Revenue	\$1,358	\$1,571	\$2,015	\$1,675	\$1,618	\$1,979	\$1,884	\$1,971	\$2,034	\$2,340	\$2,380	\$2,344	\$2,655	\$2,755

Reconciliation of U.S. GAAP Non-Compensation Expense to Non-Compensation, As Adjusted

(\$ in millions)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Non-Compensation expense - U.S. GAAP basis	\$260	\$275	\$376	\$404	\$404	\$468	\$425	\$437	\$490	\$467	\$1,051	\$475	\$306	\$631
Adjustments:														
IPO related costs ²⁵	(3)	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision (benefit) pursuant to the tax receivable agreement obligation ("TRA") ¹⁵	-	(6)	(17)	(17)	1	(3)	-	-	(2)	(18)	(548)	-	203	6
Amortization and other acquisition-related costs (benefits) ¹⁴	-	-	(21)	(5)	(5)	(8)	(12)	(8)	(10)	(6)	(6)	(36)	(10)	16
Provision for counterparty defaults ⁷	-	-	-	(12)	-	-	-	-	-	-	-	-	-	-
LAM Equity Charge ⁷	-	-	-	(2)	-	-	-	-	-	-	-	-	-	-
Restructuring charges ¹⁷	-	-	-	-	(63)	(87)	-	-	-	-	-	-	-	-
Non-compensation related to noncontrolling interests ⁵	-	-	-	-	-	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Write-off of Lazard Alternative Investment Holdings option prepayment ¹⁶	-	-	-	-	-	-	(6)	-	-	-	-	-	-	-
Provision for a lease contract for U.K. facility ¹⁶	-	-	-	-	-	-	(5)	-	-	-	-	-	-	-
Charges pertaining to cost saving initiatives ¹	-	-	-	-	-	-	-	(3)	(13)	-	-	-	-	-
Charges pertaining to staff reductions ²	-	-	-	-	-	-	-	(3)	-	-	-	-	-	-
Charges pertaining to Senior Debt refinancing ¹³	-	-	-	-	-	-	-	-	(54)	-	(60)	(3)	-	(7)
Loss (gain) on partial extinguishment of TRA obligation ²³	-	-	-	-	-	-	-	-	-	(1)	-	-	-	-
Expenses associated with ERP system implementation ²⁸	-	-	-	-	-	-	-	-	-	-	-	-	(25)	(27)
Expenses related to office space reorganization ¹²	-	-	-	-	-	-	-	-	-	-	-	-	(11)	(2)
Expenses associated with Lazard Foundation ³⁰	-	-	-	-	-	-	-	-	-	-	-	-	-	(10)
Distribution fees, reimbursable deal costs, and bad debt expense ²⁹	-	-	-	-	-	-	-	-	-	-	-	-	-	(121)
Non-compensation expense, as adjusted	<u>\$257</u>	<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>\$434</u>	<u>\$434</u>	<u>\$461</u>	<u>\$484</u>
% of Operating revenue	19%	17%	17%	22%	21%	19%	21%	21%	20%	19%	18%	19%	17%	18%
Memo: Operating Revenue	\$1,358	\$1,571	\$2,015	\$1,675	\$1,618	\$1,979	\$1,884	\$1,971	\$2,034	\$2,340	\$2,380	\$2,344	\$2,655	\$2,755

Reconciliation of U.S. GAAP Net Income to Net Income, As Adjusted

(\$ in millions, except per share values)

	2012	2013	2014	2015	2016	2017	2018
Net income attributable to Lazard Ltd - U.S. GAAP Basis	\$84	\$160	\$427	\$986	\$388	\$254	\$527
Adjustments:							
Charges pertaining to staff reductions ²	25	-	-	-	-	-	-
Charges pertaining to cost saving initiatives ¹	103	65	-	-	-	-	-
Amount attributable to LAZ-MD Holdings ¹⁸	(2)	(1)	-	-	-	-	-
Tax expense (benefit) allocated to adjustments ¹⁸	(21)	(23)	-	(4)	(15)	(13)	(10)
Private Equity incentive compensation ⁴	-	12	-	-	-	-	-
Charges pertaining to Senior Debt refinancing ¹³	-	54	-	63	4	-	7
Gain on partial extinguishment of TRA obligation (net of tax) ²³	-	-	-	(259)	-	-	-
Recognition of deferred tax assets (net of TRA accrual) ²²	-	-	-	(294)	-	-	-
MBA Lazard acquisition and Private Equity revenue adjustment ²¹	-	-	-	(12)	(13)	-	-
Valuation Allowance for changed tax laws ²⁷	-	-	-	-	12	-	-
Acquisition-related (benefits)/costs ²⁶	-	-	-	-	34	7	(19)
Reduction of deferred tax assets (net of TRA reduction) ¹⁵	-	-	-	-	-	217	-
Reduction of tax receivable agreement obligation ¹⁵	-	-	-	-	-	-	(6)
Expenses associated with ERP system implementation ²⁸	-	-	-	-	-	25	29
Expenses related to office space reorganization ¹²	-	-	-	-	-	11	2
Gain on repurchase of subordinated debt ¹⁹	-	-	-	-	-	-	-
Write-off of Lazard Alternative Investment Holdings option prepayment ¹⁶	-	-	-	-	-	-	-
Expenses associated with Lazard Foundation ³⁰	-	-	-	-	-	-	10
Provision for a lease contract for U.K. facility ¹⁶	-	-	-	-	-	-	-
Adjustment for full exchange of exchangeable interests ²⁰ :							
Tax adjustment for full exchange	(1)	-	-	-	-	-	-
Amount attributable to LAZ-MD Holdings	7	2	1	-	-	-	-
Net Income, as adjusted	\$195	\$269	\$428	\$480	\$410	\$501	\$539
Weighted average shares outstanding:							
U.S. GAAP, diluted	129,326	133,737	133,813	133,245	132,634	132,480	129,768
As adjusted, diluted	135,117	133,737	133,813	133,245	132,634	132,480	129,768
Diluted Net Income per share:							
U.S. GAAP Basis	\$0.65	\$1.21	\$3.20	\$7.40	\$2.92	\$1.91	\$4.06
As adjusted	\$1.44	\$2.01	\$3.20	\$3.60	\$3.09	\$3.78	\$4.16

Earnings from Operations – As Adjusted/Awarded

(\$ in millions)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
As Adjusted														
Operating Revenue	\$1,358	\$1,571	\$2,015	\$1,675	\$1,618	\$1,979	\$1,884	\$1,971	\$2,034	\$2,340	\$2,380	\$2,344	\$2,655	\$2,755
Compensation and benefits	774	891	1,123	931	1,160	1,166	1,168	1,218	1,197	1,302	1,319	1,325	1,481	1,517
Non-Compensation expense	257	269	338	368	337	368	400	421	409	441	434	434	461	484
Earnings from Operations	\$327	\$411	\$554	\$376	\$121	\$445	\$316	\$332	\$428	\$597	\$627	\$585	\$713	\$754
<i>Operating Margin, As Adjusted</i>	24%	26%	27%	22%	7%	22%	17%	17%	21%	26%	26%	25%	27%	27%
Adjusted EPS	\$1.72	\$2.24	\$2.77	\$1.65	\$0.09	\$2.06	\$1.31	\$1.44	\$2.01	\$3.20	\$3.60	\$3.09	\$3.78	\$4.16
Awarded														
Operating Revenue	\$1,358	\$1,571	\$2,015	\$1,675	\$1,618	\$1,979	\$1,884	\$1,971	\$2,034	\$2,340	\$2,380	\$2,344	\$2,655	\$2,755
Compensation and benefits	876	1,061	1,408	1,202	1,089	1,218	1,173	1,170	1,185	1,317	1,333	1,317	1,476	1,537
Non-Compensation expense	257	269	338	368	337	368	400	421	409	441	434	434	461	484
Earnings from Operations	\$224	\$241	\$269	\$105	\$192	\$393	\$311	\$380	\$440	\$582	\$613	\$593	\$718	\$734
<i>Operating Margin, Awarded Basis</i>	16%	15%	13%	6%	12%	20%	17%	19%	22%	25%	26%	25%	27%	27%
Awarded EPS ¹							\$1.37	\$1.81	\$2.24	\$3.23	\$3.70	\$3.49	\$4.12	\$4.23

Supplemental Segment Information

Non-GAAP - Unaudited

(\$ in millions)

	Financial Advisory				Asset Management				Corporate			
	2015	2016	2017	2018	2015	2016	2017	2018	2015	2016	2017	2018
Operating Revenue	\$1,280	\$1,301	\$1,388	\$1,506	\$1,083	\$1,031	\$1,240	\$1,242	\$2,380	\$2,344	\$2,655	\$2,755
<i>% Growth</i>	6%	2%	7%	9%	(3%)	(5%)	20%	0%	2%	(2%)	13%	4%
Compensation and benefits, Awarded basis	\$751	\$755	\$830	\$882	\$472	\$454	\$521	\$524	\$110	\$108	\$126	\$131
<i>% of Operating Revenue</i>	59%	58%	60%	59%	44%	44%	42%	42%	5%	5%	5%	5%
Non-Compensation expense	\$167	\$166	\$180	\$180	\$173	\$170	\$181	\$188	\$94	\$98	\$100	\$116
<i>% of Operating Revenue</i>	13%	13%	13%	12%	16%	16%	15%	15%	4%	4%	4%	4%
Earnings from Operations, Awarded basis	\$362	\$380	\$378	\$444	\$438	\$407	\$538	\$530				
<i>Operating Margin, Awarded basis</i>	28%	29%	27%	29%	40%	40%	43%	43%				

- 1 Segment results exclude expenses not directly associated with the businesses. See the "Reconciliation of U.S. GAAP Operating Income to Earnings from Operations, Awarded Basis" slides for additional information regarding overhead allocations.
- 2 Awarded compensation and non-compensation amounts recorded in the Corporate segment are measured as a percentage of total Lazard operating revenue.

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

(\$ in millions)

	Financial Advisory				Asset Management				Corporate				Total			
	2015	2016	2017	2018	2015	2016	2017	2018	2015	2016	2017	2018	2015	2016	2017	2018
Net Revenue - U.S. GAAP Basis	\$1,280	\$1,301	\$1,388	\$1,556	\$1,111	\$1,052	\$1,256	\$1,332	(\$37)	(\$20)	\$1	(\$61)	\$2,354	\$2,333	2,644	\$2,826
Adjustments (a):																
Revenue related to noncontrolling interests ⁵	-	-	-	-	(16)	(21)	(16)	(19)	-	-	-	(0)	(16)	(21)	(16)	(19)
(Gain) loss related to LFI and other similar arrangements	-	-	-	-	-	-	-	-	4	(3)	(23)	14	4	(3)	(23)	14
Interest expense	-	-	-	-	-	-	-	1	50	48	50	54	50	48	50	54
MBA Lazard acquisition and Private Equity revenue adjustment	-	-	-	-	(12)	-	-	-	-	(13)	-	-	(12)	(13)	-	-
Distribution fees, reimbursable deal costs and bad debt expense ⁽²⁹⁾	-	-	-	(49)	-	-	-	(72)	-	-	-	(0)	-	-	-	(121)
Operating revenue	\$1,280	\$1,301	\$1,388	\$1,506	\$1,083	\$1,031	\$1,240	\$1,242	\$17	\$12	\$27	\$7	\$2,380	\$2,344	\$2,655	\$2,755
Operating Income (loss) - U.S. GAAP Basis	\$274	\$284	\$244	\$357	\$374	\$281	\$445	\$420	(\$665)	(\$48)	\$136	(\$96)	(\$17)	\$517	\$825	\$681
Adjustments:																
Sum of Adjustments - Revenue - U.S. GAAP vs. Operating revenue (from above)	-	-	-	(49)	(28)	(21)	(16)	(89)	54	32	27	68	26	11	11	(72)
Sum of Adjustments - Compensation and benefits expense, as adjusted to awarded basis ^(b, c)	(14)	(15)	6	(24)	(4)	19	(1)	7	4	4	-	(3)	(14)	8	5	(20)
Charges (credits) pertaining to LFI and other similar arrangements ³	-	-	-	-	-	-	-	-	(4)	4	23	(14)	(4)	4	23	(14)
Operating expenses related to noncontrolling interests ⁵	-	-	-	-	7	14	10	13	-	-	-	-	7	14	10	13
Charges pertaining to Senior Debt refinancing ¹³	-	-	-	-	-	-	-	-	60	3	-	7	60	3	-	7
Amortization and other acquisition-related costs ¹⁴	-	4	9	(19)	7	32	-	-	-	-	-	-	7	36	9	(19)
Provision (benefit) pursuant to the tax receivable agreement ¹⁵	-	-	-	-	-	-	-	-	968	-	(203)	-	968	-	(203)	(6)
Loss (gain) on partial extinguishment of TRA obligation ²³	-	-	-	-	-	-	-	-	(420)	-	-	(6)	(420)	-	-	-
Expenses related to office space reorganization ¹²	-	-	-	-	-	-	-	-	-	-	11	2	-	-	11	2
Distribution fees, reimbursable deal costs and bad debt expense ⁽²⁹⁾	-	-	-	49	-	-	-	72	-	-	-	-	-	-	-	121
Expenses associated with Lazard Foundation ⁽³⁰⁾	-	-	-	-	-	-	-	-	-	-	-	10	-	-	-	10
Expenses associated with ERP system Implementation ²⁸	-	-	12	16	-	-	12	13	-	-	1	2	-	-	25	29
Corporate support group allocations to business segments ^(c)	102	107	108	114	82	82	88	96	(184)	(189)	(194)	(210)	-	-	2	-
Total adjustments	88	96	135	87	64	126	93	111	478	(146)	(335)	(144)	630	76	(107)	52
Earnings from Operations, Awarded basis	\$362	\$380	\$378	\$444	\$438	\$407	\$538	\$530	(\$187)	(\$194)	(\$199)	(\$240)	\$613	\$593	\$718	\$734
Operating Margin, Awarded basis	28%	29%	27%	29%	40%	40%	43%	43%	nm	nm	nm	nm	26%	25%	27%	27%

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.

(c) Operating margins for Financial Advisory and Asset Management reflect a reallocation of expenses from Corporate to the business segments.

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

(\$ in millions)

	Financial Advisory					Asset Management				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Net Revenue - U.S. GAAP Basis	\$1,120	\$992	\$1,049	\$981	\$1,207	\$850	\$897	\$896	\$1,039	\$1,135
Adjustments ^(a):										
Revenue related to noncontrolling interests ⁵	-	-	-	-	-	(15)	(14)	(14)	(15)	(15)
Interest expense	1	-	-	-	-	-	-	-	-	-
Operating revenue	\$1,121	\$992	\$1,049	\$981	\$1,207	\$835	\$883	\$882	\$1,024	\$1,120
Operating Income - U.S. GAAP Basis	\$169	\$62	(\$9)	\$21	\$229	\$265	\$268	\$237	\$335	\$385
Adjustments:										
Sum of Adjustments - Revenue - U.S. GAAP vs. Operating revenue (from above)	1	-	-	-	-	(15)	(14)	(14)	(15)	(15)
Sum of Adjustments - Compensation and benefits expense, as adjusted to awarded basis ^(b, c)	(13)	17	36	18	(5)	(34)	(20)	4	(15)	(8)
Charges pertaining to cost saving initiatives ¹	-	-	77	48	-	-	-	13	-	-
Private Equity incentive compensation ⁴	-	-	-	-	-	-	-	-	12	7
2010 adjustments ⁶	20	-	-	-	-	3	-	-	-	-
Operating expenses related to noncontrolling interests ⁵	-	-	-	-	-	5	6	6	6	6
Amortization and other acquisition-related costs ¹⁴	-	-	-	-	-	8	12	8	10	-
Corporate support group allocations to business segments ^(c)	97	96	102	95	99	62	67	74	78	81
Total adjustments	105	113	215	161	94	29	51	91	76	71
Earnings from Operations, Awarded basis	\$274	\$175	\$206	\$182	\$323	\$294	\$319	\$328	\$411	\$456
Operating Margin, Awarded basis	24%	18%	20%	19%	27%	35%	36%	37%	40%	41%

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.

(c) Operating margins for Financial Advisory and Asset Management reflect a reallocation of expenses from Corporate to the business segments.

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

(\$ in millions)

	Financial Advisory					Asset Management				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
Net Revenue - U.S. GAAP Basis	\$865	\$973	\$1,240	\$1,023	\$987	\$466	\$553	\$725	\$615	\$602
Adjustments ^(a):										
Revenue related to noncontrolling interests ⁵	-	-	-	-	-	(2)	(5)	(8)	13	(7)
Interest expense	-	-	1	1	4	-	1	-	1	1
Operating revenue	\$865	\$973	\$1,241	\$1,024	\$991	\$464	\$549	\$717	\$629	\$596
Operating Income - U.S. GAAP Basis	\$276	\$251	\$319	\$226	(\$12)	\$116	\$135	\$185	(\$63)	\$97
Adjustments:										
Sum of Adjustments - Revenue - U.S. GAAP vs. Operating revenue (from above)	-	-	1	1	4	(2)	(4)	(8)	14	(6)
Sum of Adjustments - Compensation and benefits expense, as adjusted to awarded basis ^(b, c)	(57)	(128)	(191)	(175)	84	(31)	(20)	(54)	(24)	17
Operating expenses related to noncontrolling interests ⁵	-	-	-	-	-	-	-	-	-	2
Amortization and other acquisition-related costs ¹⁴	-	-	22	4	-	-	-	-	1	5
LAM Equity Charge ⁷	-	-	-	-	-	-	-	-	199	-
2005 Adjustments ²⁴	(63)	-	-	-	-	(11)	-	-	-	-
Corporate support group allocations to business segments ^(c)	71	72	83	96	93	47	51	55	64	58
Total adjustments	(49)	(56)	(85)	(74)	181	3	27	(7)	254	76
Earnings from Operations, Awarded basis	\$227	\$195	\$234	\$152	\$169	\$119	\$162	\$178	\$191	\$173
Operating Margin, Awarded basis	26%	20%	19%	15%	17%	26%	30%	25%	30%	29%

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.

(c) Operating margins for Financial Advisory and Asset Management reflect a reallocation of expenses from Corporate to the business segments.

Free Cash Flow Reconciliation

(\$ in millions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net increase (decrease) in cash and cash equivalents ^(a)	\$292	(\$206)	(\$154)	(\$9)	\$225	\$66	\$27	\$325	(\$237)
Add (Subtract):									
Investments in T-Bills (> 90 days)	-	-	-	-	-	-	-	-	200
Payments for senior and subordinated debt / (Proceeds from) issuance of senior debt, net expenses	10	132	-	83	-	113	(195)	-	(235)
TRA Liability Payments / Non-Recurring Expenses / LFI Funding	33	27	149	172	96	208	68	111	175
Dividends	61	75	140	123	147	291	336	341	360
Settlement of vested share-based incentive compensation	58	94	45	133	85	120	56	68	110
Share Repurchase	157	206	355	161	193	173	300	307	553
Free Cash Flow	<u>\$611</u>	<u>\$328</u>	<u>\$535</u>	<u>\$663</u>	<u>\$746</u>	<u>\$970</u>	<u>\$591</u>	<u>\$1,152</u>	<u>\$926</u>



Estimated Future Amortization of Historical Deferrals¹

(\$ in millions)

	2017A	2018A	2019E	2020E	2021E
2013 Grants	8	—	—	—	—
2014 Grants	62	9	—	—	—
2015 Grants	115	59	8	—	—
2016 Grants	168	109	66	9	—
2017 Grants	13	183	103	64	8
2018 Grants	—	15	218	106	66
2019 Grants	—	—	TBD	TBD	TBD
Other	1	1	15	15	15
Total	\$367	\$376	TBD	TBD	TBD



Endnotes related to non-GAAP adjustments

- 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 incentive compensation arrangements for which a corresponding equal amount is 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 Amounts related to the consolidation of noncontrolling interests which 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 \$696 million, \$648 million, \$575 million, \$584 million, \$570 million, \$530 million, \$516 million, \$507 million, \$453 million, \$422 million, \$468 million, \$456 million, \$398 million and \$380 million for 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006 and 2005, respectively, and cash incentive compensation of \$446, \$466 million, \$398 million, \$414 million, \$433 million, \$369 million, \$367 million, \$372 million, \$473 million, \$405 million, \$225 million, \$562 million, \$470 million and \$394 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 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007 and 2006 related to the 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006 and 2005 year-end compensation processes, respectively).
- 10 Represents special deferred incentive awards that are granted outside the year-end compensation process, and includes grants to new hires, retention awards and performance units earned under PRSU grants.
- 11 Under U.S. GAAP, an estimate is made for future forfeitures of the deferred portion of such awards. This estimate is based on both historical experience 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 on a similar basis to GAAP compensation. Amounts for 2010-2014 represent actual forfeiture experience. The 2015-2018 amounts represent estimated forfeitures.
- 12 Represents incremental rent expense and lease abandonment costs related to office space reorganization and an onerous lease provision.



Endnotes related to non-GAAP adjustments (continued)

- 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. The charges include a pre-tax loss on the extinguishment of \$54.1 million. 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. The charges include a pre-tax loss on extinguishment of \$60.2 million and excess interest expense of \$2.7 million (due to delay between the issuance of the 2025 notes and the settlement of the 2017 notes). For the period ended December 31, 2016, represents charges related to the extinguishment of \$98 million of the Company's 6.85% Senior Notes maturing in June 2017 and the issuance of \$300 million of 3.625% notes maturing in March 2027. The charges include a pre-tax loss on the extinguishment of \$3.1 million and excess interest expense of \$0.6 million (due to the delay between the issuance of the 2027 notes and the settlement of 2017 notes). For the period ended December 31, 2018, represents charges related to the extinguishment of \$250 million of the Company's 4.25% Senior Notes maturing in November 2020 and the issuance of \$500 million of 4.50% notes maturing in September 2028. The charges include a pre-tax loss on the extinguishment of \$6.5 million and excess interest expense of \$0.3 million (due to the period of time between the issuance of the 2028 notes and the settlement of 2020 notes).
- 14 Represents amortization of intangibles, and for 2016, 2017 and 2018, primarily relates to the change in fair value of the contingent consideration associated with certain business acquisitions.
- 15 Represents amounts the Company may be required to pay LTBP Trust under the Tax Receivable Agreement based on the expected utilization of deferred tax assets that are subject to the TRA. For the year ended December 31, 2017, as a result of the 2017 US Tax Cuts and Jobs Act, the Company incurred a charge of approximately \$420 million primarily relating to the reduction in certain deferred tax assets, with an offsetting benefit of approximately \$203 million relating to the reduction in our Tax Receivable Agreement obligation. For the year ended December 31, 2018, represents tax rate adjustment associated with the 2017 US Tax Cuts and Jobs Act.
- 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 for the years ended December 31, 2012 and 2013, 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 For the year ended December 31, 2016 represents a gain relating to the Company's acquisition of MBA Lazard resulting from the increase in fair value of the Company's investment in the business. For the year ended December 31, 2015 represents revenue relating to the Company's disposal of the Australian private equity business adjusted for the recognition of an obligation, which was previously recognized for U.S. GAAP.

Endnotes related to non-GAAP adjustments (continued)

- 22 For the nine month period ended December 31, 2015, represents the recognition of deferred tax assets of \$1,217 million, net of accrual of \$962 million for the tax receivable agreement. For the three month period ended December 31, 2015, represents the recognition of deferred tax assets of \$39 million relating to the release of additional valuation allowance
- 23 In July of 2015 the Company extinguished approximately 47% of the outstanding TRA obligation. Accordingly, for the three month period ended December 31, 2015 and the twelve month period ended December 31, 2015, the Company recorded a pre-tax gain of \$420 million and a related tax expense of \$161 million.
- 24 Reflects payments for services rendered by our employee members of LAM and managing directors, which prior to the IPO were accounted for as either distributions from members' capital or as minority interest expense.
- 25 Represents the exclusion of one-time IPO-related costs.
- 26 Primarily relates to the change in fair value of the contingent consideration associated with certain business acquisitions.
- 27 Represents valuation allowance associated with a change in NYC UBT tax laws.
- 28 Represents expenses associated with Enterprise Resource Planning (ERP) system implementation.
- 29 Represents certain distribution fees and reimbursable deal costs paid to third parties for which an equal amount is excluded from both non-GAAP operating revenue and non-compensation expense, respectively, and excludes bad debt expense, which represents fees that are deemed uncollectible.
- 30 Represents expenses associated with the Lazard Foundation unconditional commitment.