
LAZARD

Quarterly Investor Presentation

February 2016

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,” “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, as adjusted (j) operating margin, awarded basis (k) net income, as adjusted, (l) net income per share, as adjusted and (m) awarded EPS. 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 38–47 for a detailed explanation of applicable adjustments to corresponding U.S. GAAP measures.

Why Invest in Lazard?

World-Class
Franchise

Profitable
Growth

Shareholder
Returns

Premier Brand

NYSE
LAZ

Founded
1848

Offices
43

Countries
27

- Preeminent financial advisory and asset management firm
- Unrivaled global network of relationships with decision-makers in business, government, and investing institutions
- Highest concentration of senior advisory and investment professionals

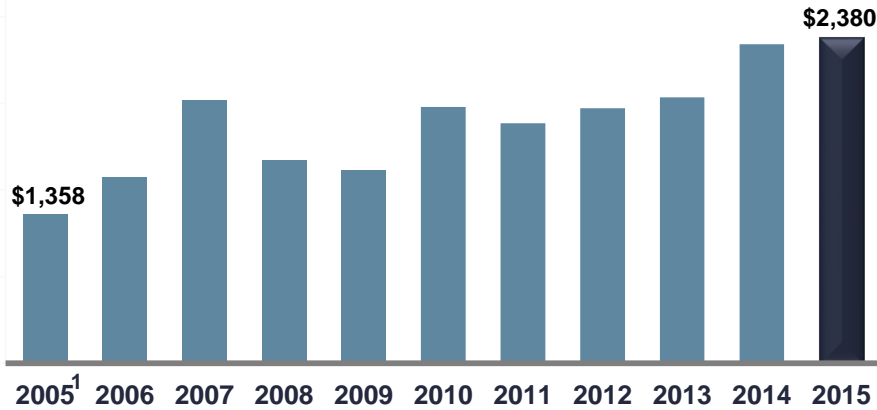


Lazard Growth Across Cycles

(\$ in millions)

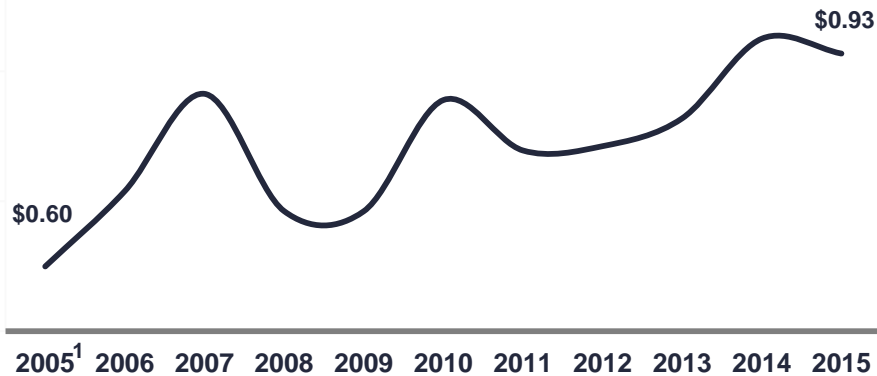
OPERATING REVENUE

'05-'15 % Change: **+75%**



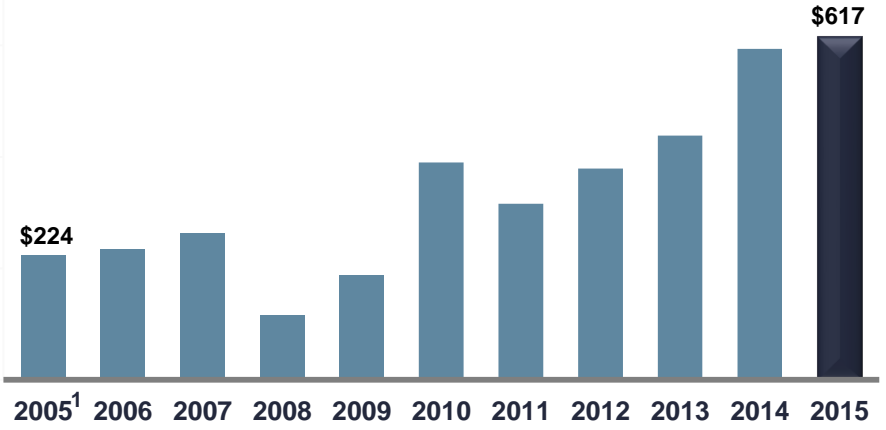
LAZARD EMPLOYEE PRODUCTIVITY²

'05-'15 % Change: **+55%**



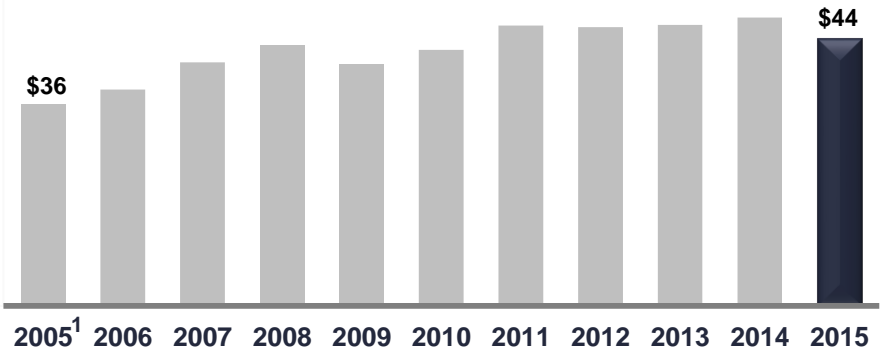
EARNINGS FROM OPERATIONS, AWARDED BASIS

'05-'15 % Change: **+175%**



DEVELOPED WORLD GDP (\$ IN TRILLIONS)³

'05-'15 % Change: **+24%**

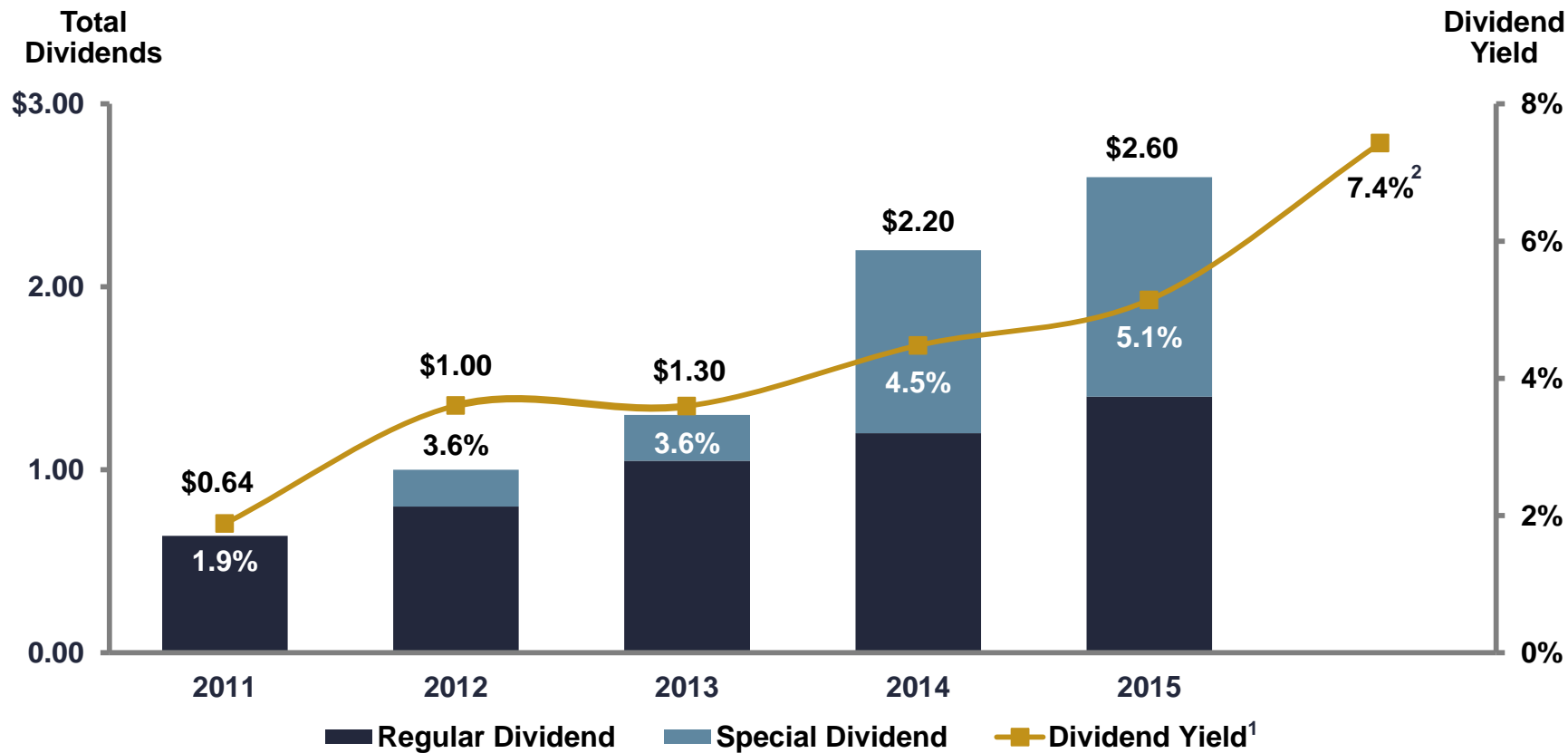


¹ Lazard IPO, May 2005.

² Calculated as total firm operating revenue divided by average headcount.

³ Source: IMF WEO Database.

Compelling Dividend Yield



Avg. Annual Share Price

\$33.99

\$27.74

\$36.14

\$49.10

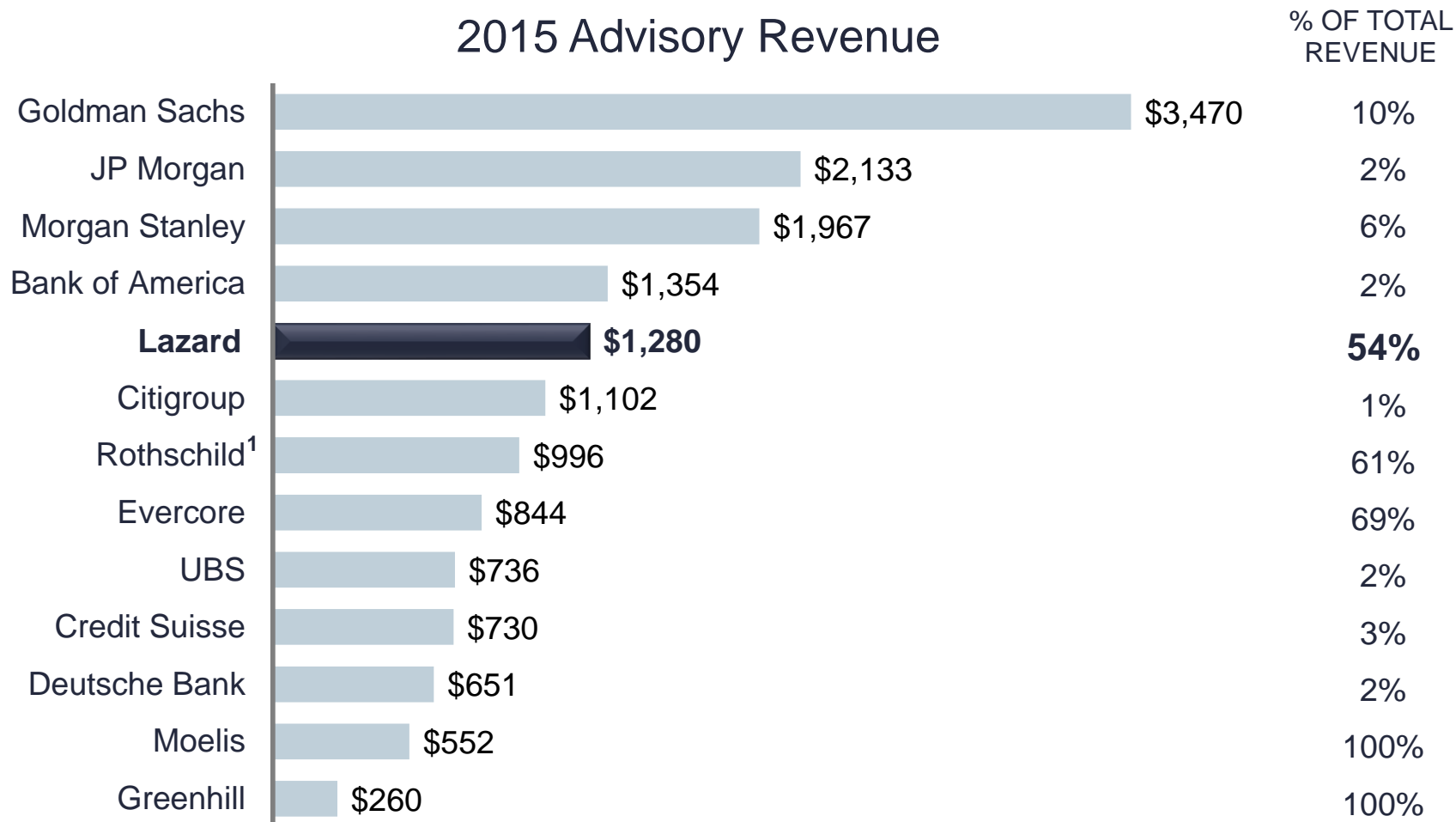
\$50.55

1 Includes all regular and special dividends paid associated with Lazard's fiscal year. Includes regular dividends of \$0.64, \$0.80, \$1.05, \$1.20 and \$1.40 with respect to 2011, 2012, 2013, 2014 and 2015, respectively, and special dividends of \$0.20, \$0.25, \$1.00 and \$1.20 with respect to 2012, 2013, 2014 and 2015, respectively.

2 Dividend yield calculated using all regular and special dividends paid with respect to 2015 assuming \$35.00 share price.

Advisory Business in Global Top Tier

(\$ in millions)



Leadership in Large Complex Transactions

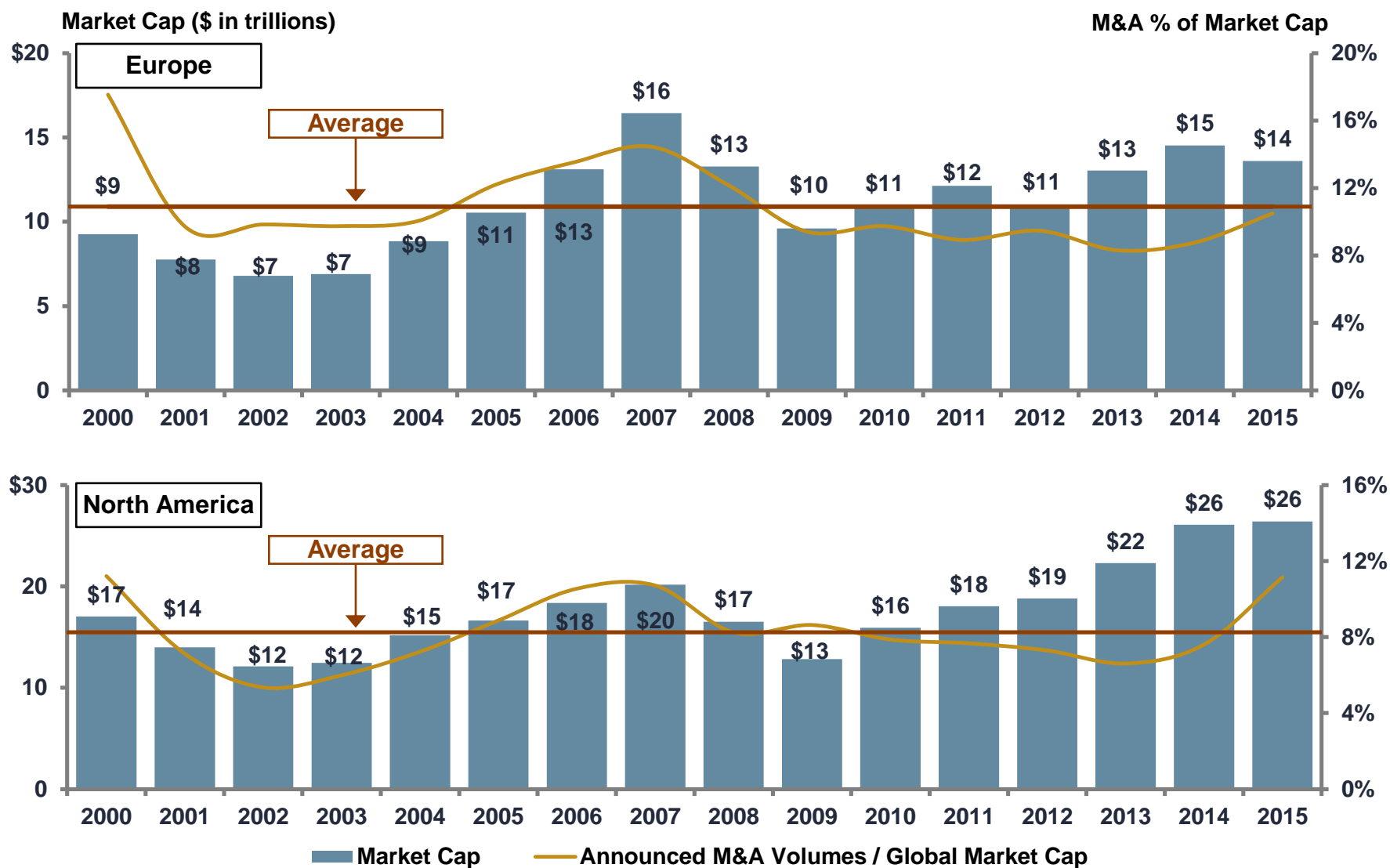
10 Largest M&A Transactions Announced in 2015

Lazard Advising	Acquiror	Target	Sector
	Pfizer	Allergan	Healthcare
✓	<i>Anheuser-Busch InBev</i>	SABMiller	Food & Beverage
✓	<i>Royal Dutch Shell</i>	BG Group	Oil & Gas
	Charter Communications	Time Warner Cable	Telecom
✓	<i>Dow Chemical</i>	El du Pont de Nemours & Co	Chemicals
✓	<i>Dell</i>	EMC Corp	Technology
✓	<i>HJ Heinz</i>	Kraft Foods Group	Food & Beverage
	Anthem	Cigna Corp	Healthcare
✓	Energy Transfer Equity	<i>Williams Companies</i>	Oil & Gas
	Cheung Kong (Holdings)	Hutchinson Whampoa	Holding companies

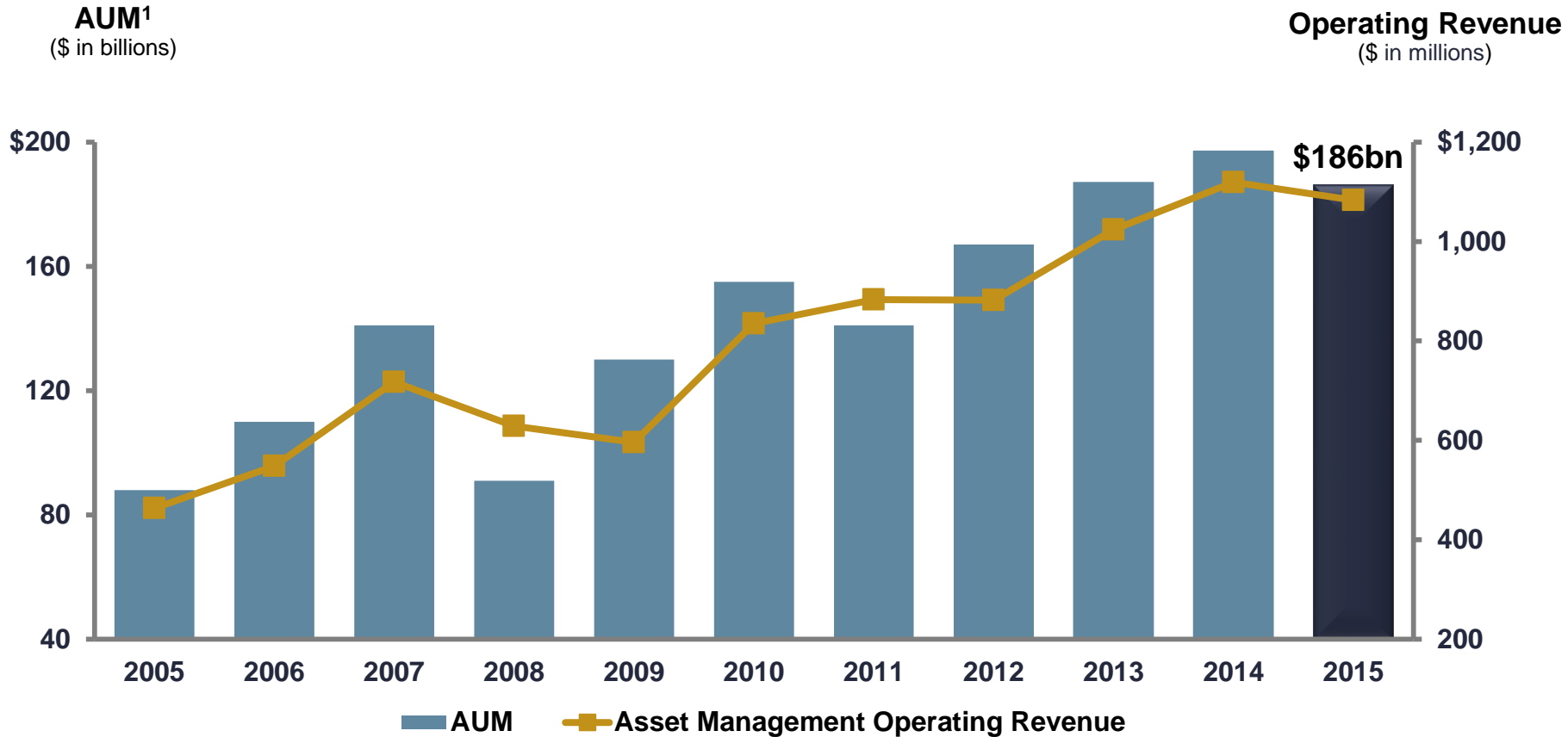
Source: Dealogic

 Lazard client

European M&A Opportunity



Asset Management Growth Over Cycles



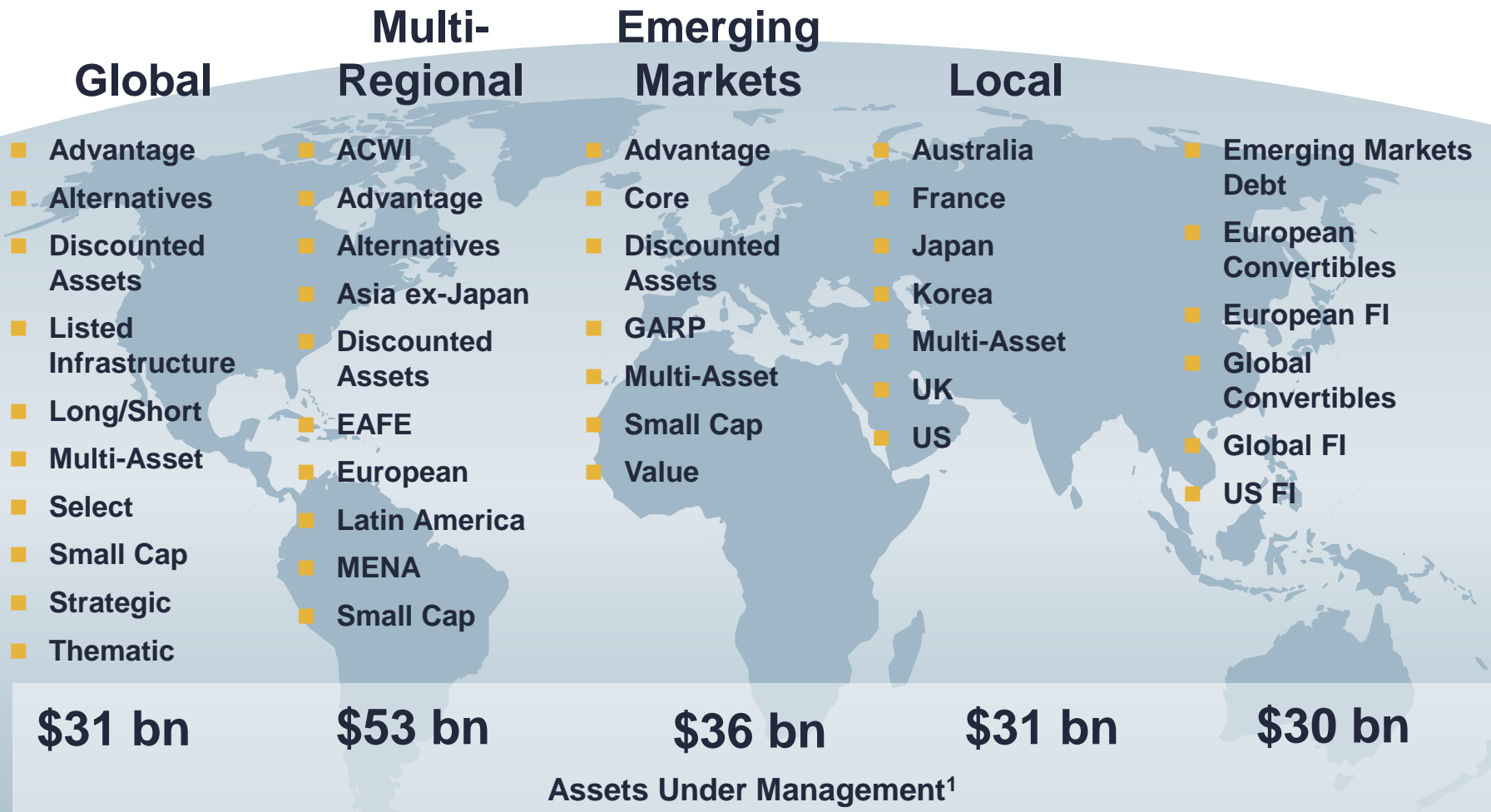
Avg. Fees (bps)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Avg. Fees (bps)	45	46	46	45	48	52	54	52	53	53	52

¹ Assets under management as of December 31 per year.

Breadth of Asset Management Platforms

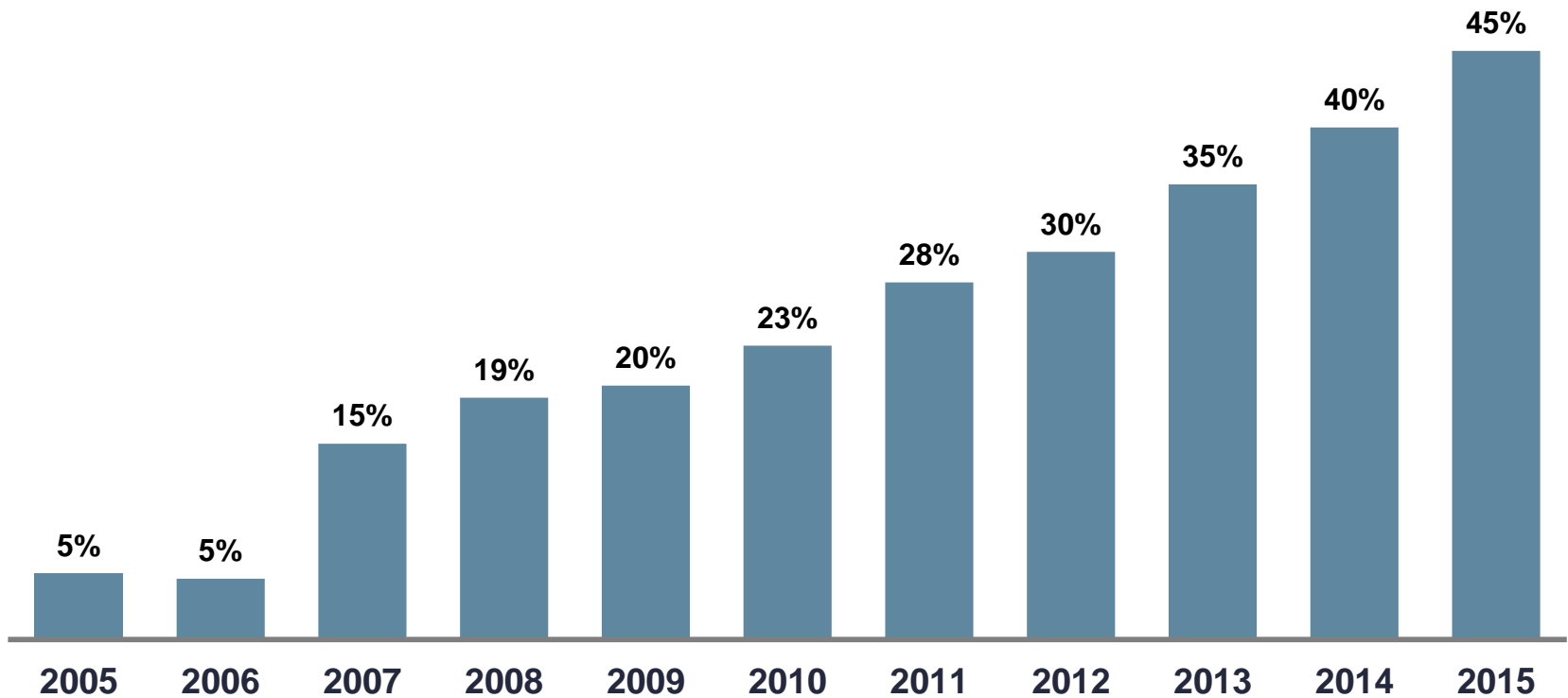
Equities

Fixed Income

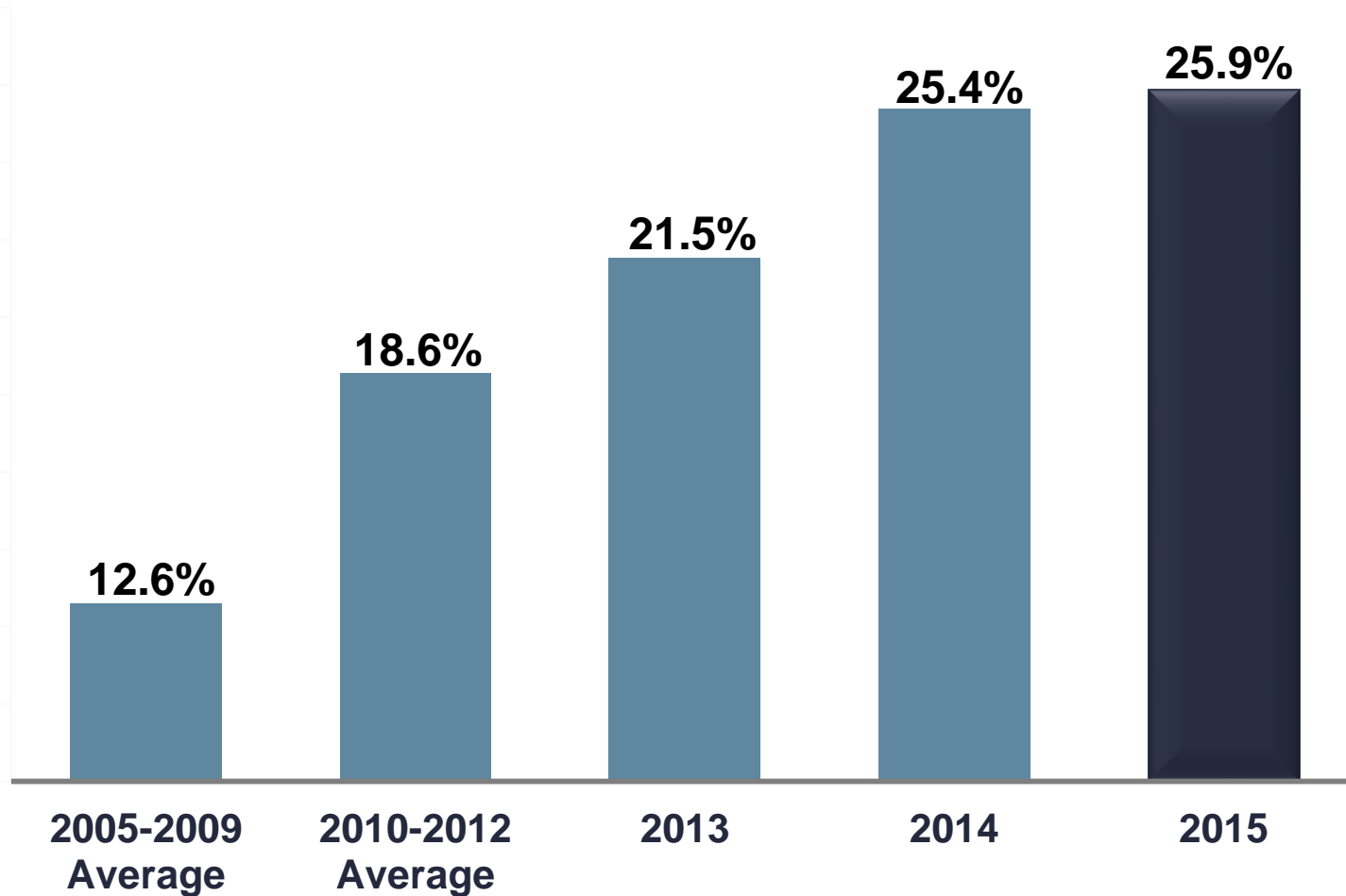


Asset Management: Ability to Innovate, Scale

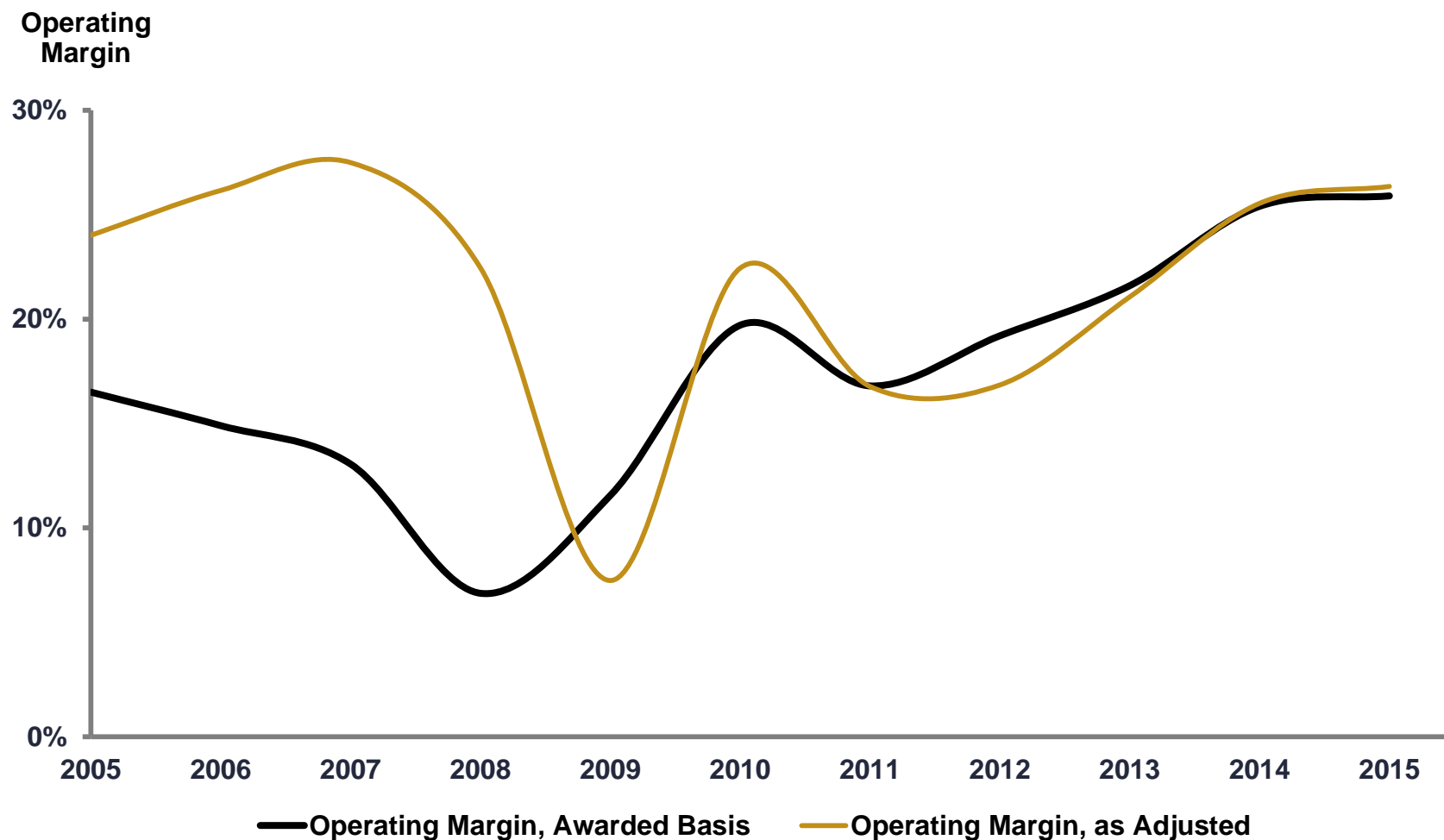
New Strategies¹ as % of Total AUM



Awarded Operating Margin Growth



Quality of Earnings



Note: See the "Earnings from Operations – As Adjusted/Awarded" slide for additional information.

Capital Allocation

- ▶ **Gradually increase quarterly dividend over time**
- ▶ **At a minimum, repurchase shares to offset dilution from year-end share-based compensation**
- ▶ **Return year-end excess cash in the form of a special dividend**

Board of Directors authorized \$200 million additional share repurchases

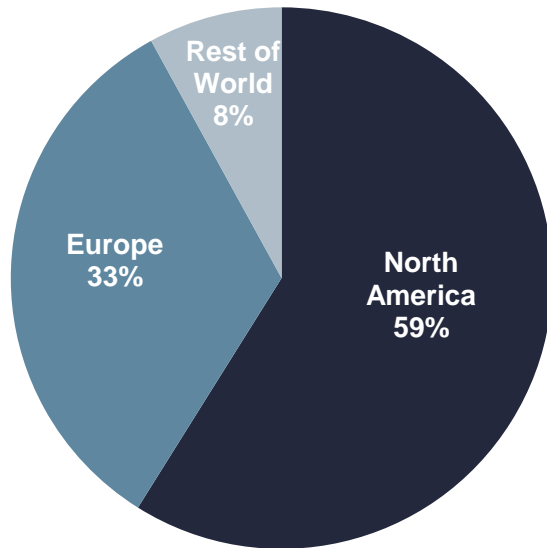
Total authorization: ~\$300 million as of January 29, 2016

Note: Subject to other uses of capital (e.g., investments, debt management, additional share repurchases)

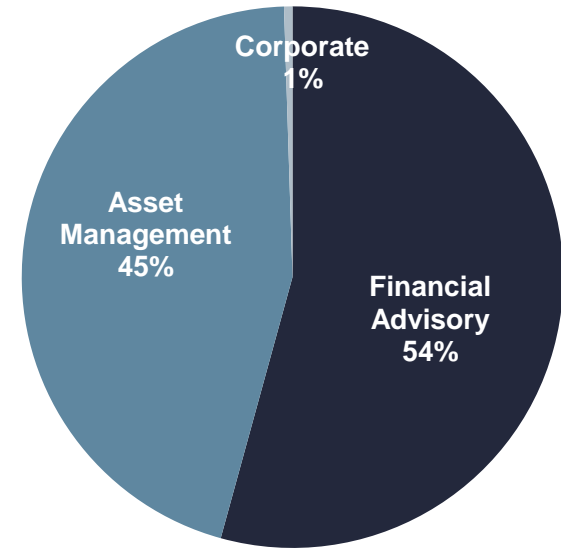
Business Segments

Revenue Balanced Across Geographies and Business Lines

**2015 Operating Revenue
by Geography**

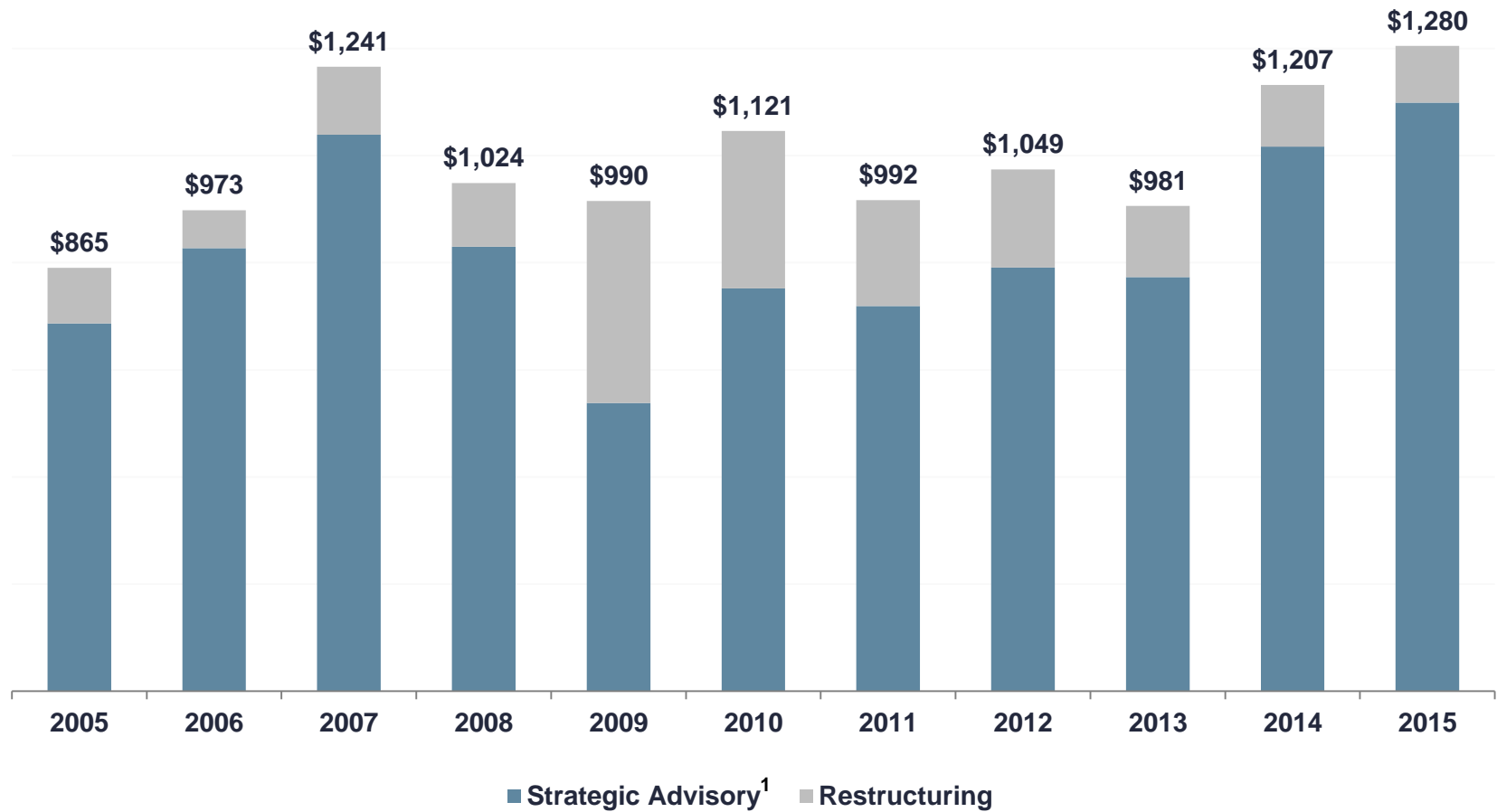


**2015 Operating Revenue
by Business Segment**



Financial Advisory Operating Revenue

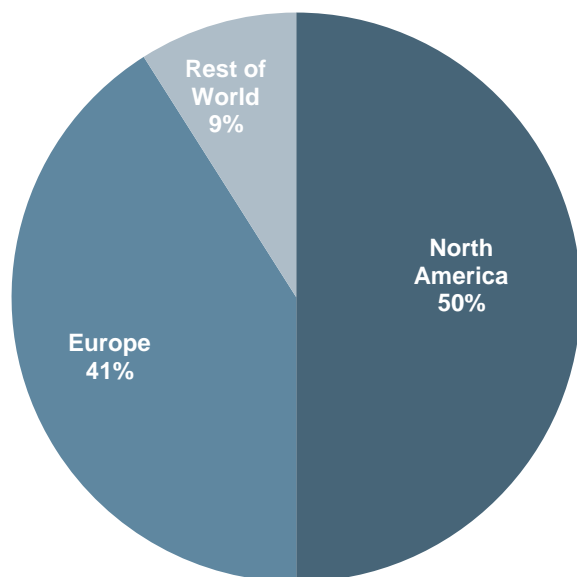
(\$ in millions)



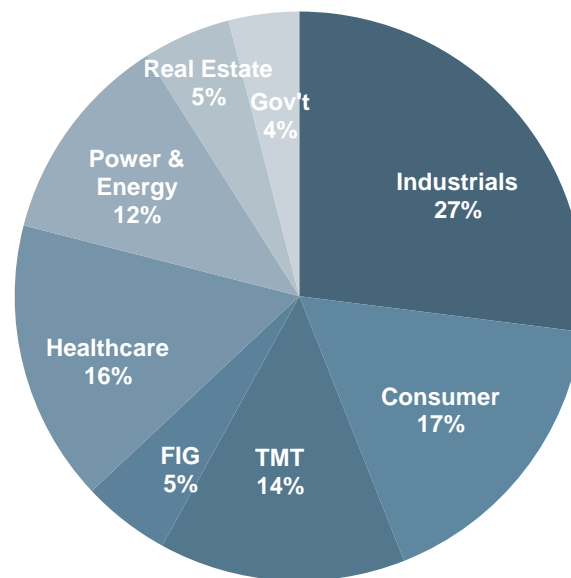
¹ Strategic Advisory is comprised of revenues from M&A and Other Advisory and Capital Raising activities.

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

2015 M&A and Other Advisory Revenue by Geography













2015 M&A and Other Advisory Revenue by Industry



Selected Financial Advisory Assignments¹

M&A

 SABMiller	 BG	 DuPont	 EMC	 Kraft Foods
 Energy Transfer Equity	 Humana	 Marriott	 Coca-Cola European Partners	 UIL

SOVEREIGN ADVISORY

 Gabonese Republic	 The Hellenic Financial Stability Fund	 The Sultanate of Oman	 Ukraine
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CAPITAL ADVISORY

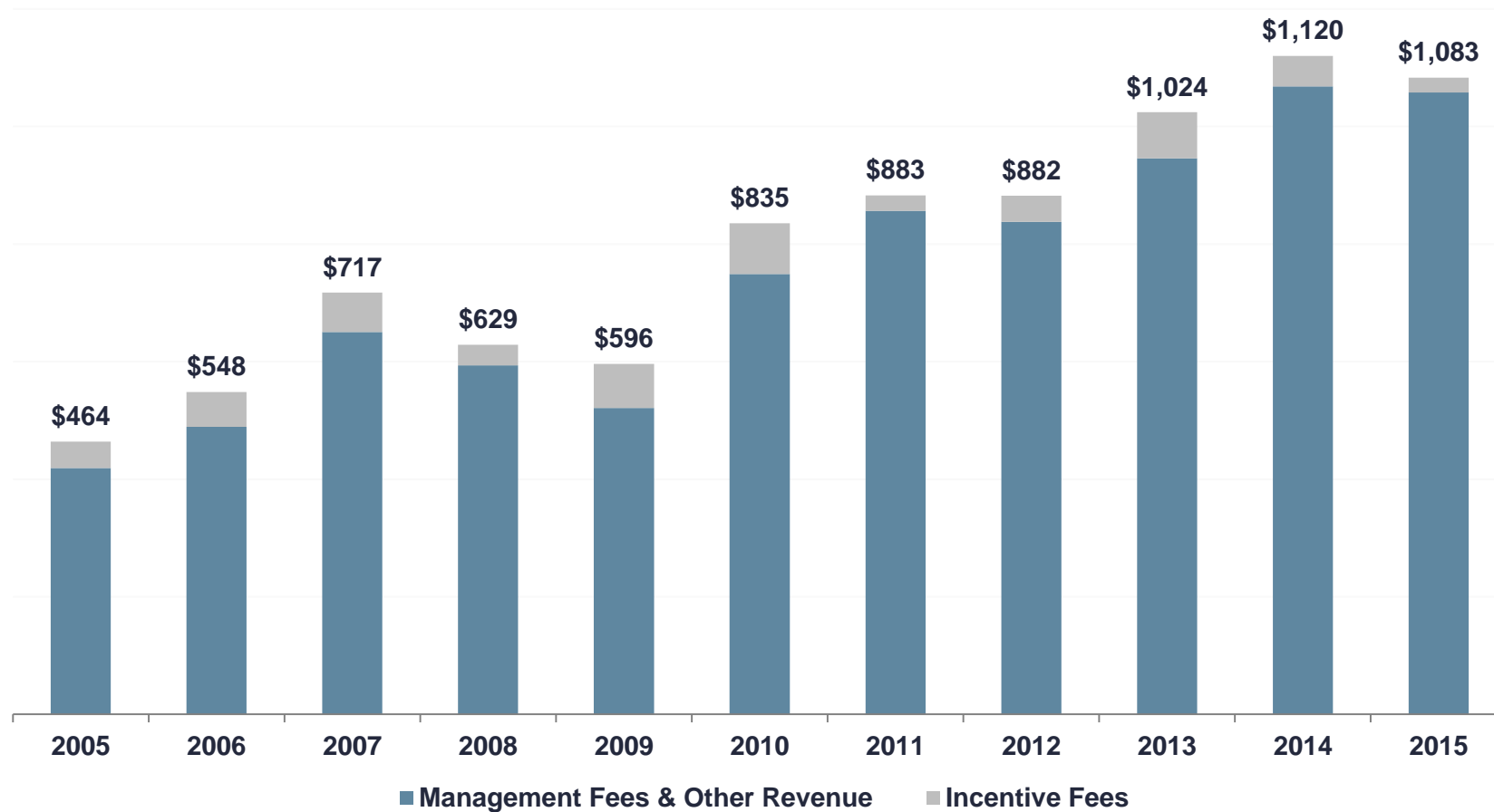
 AENA Aeropuertos IPO	 IPO	 IPO	 Poste Italiane IPO	 Debt Refinancing (Switzerland)
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RESTRUCTURING AND DEBT ADVISORY

 Targeting Cancer, Transforming Lives®	 PARAGON OFFSHORE	 HERCULES OFFSHORE	 VANTAGE	 ABENGOA
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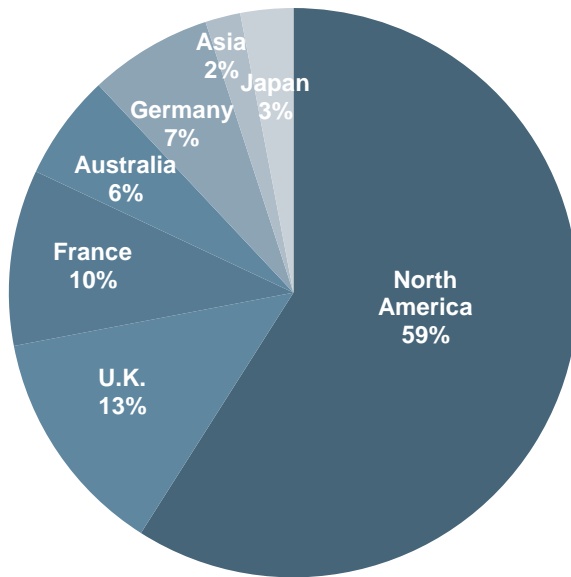
Asset Management Operating Revenue

(\$ in millions)

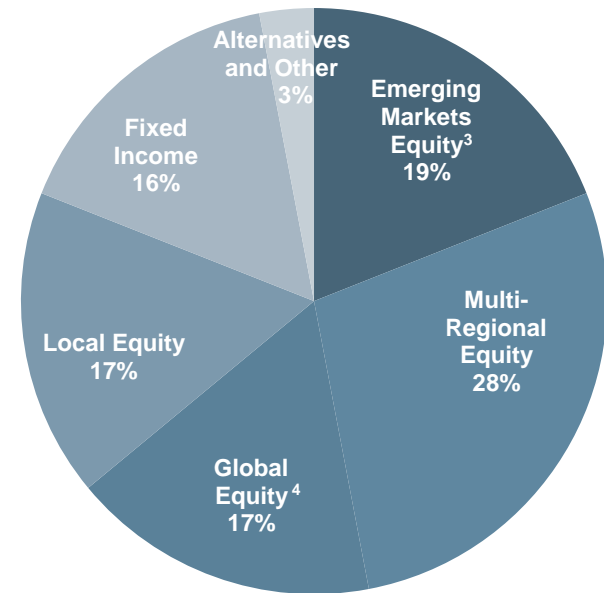


AUM Diversified by Geographic and Product Mix

AUM by Office Domicile ^{1,2}



AUM by Platform ²



¹ Domicile refers to location of client-servicing office.

² Breakdown as of December 31, 2015.

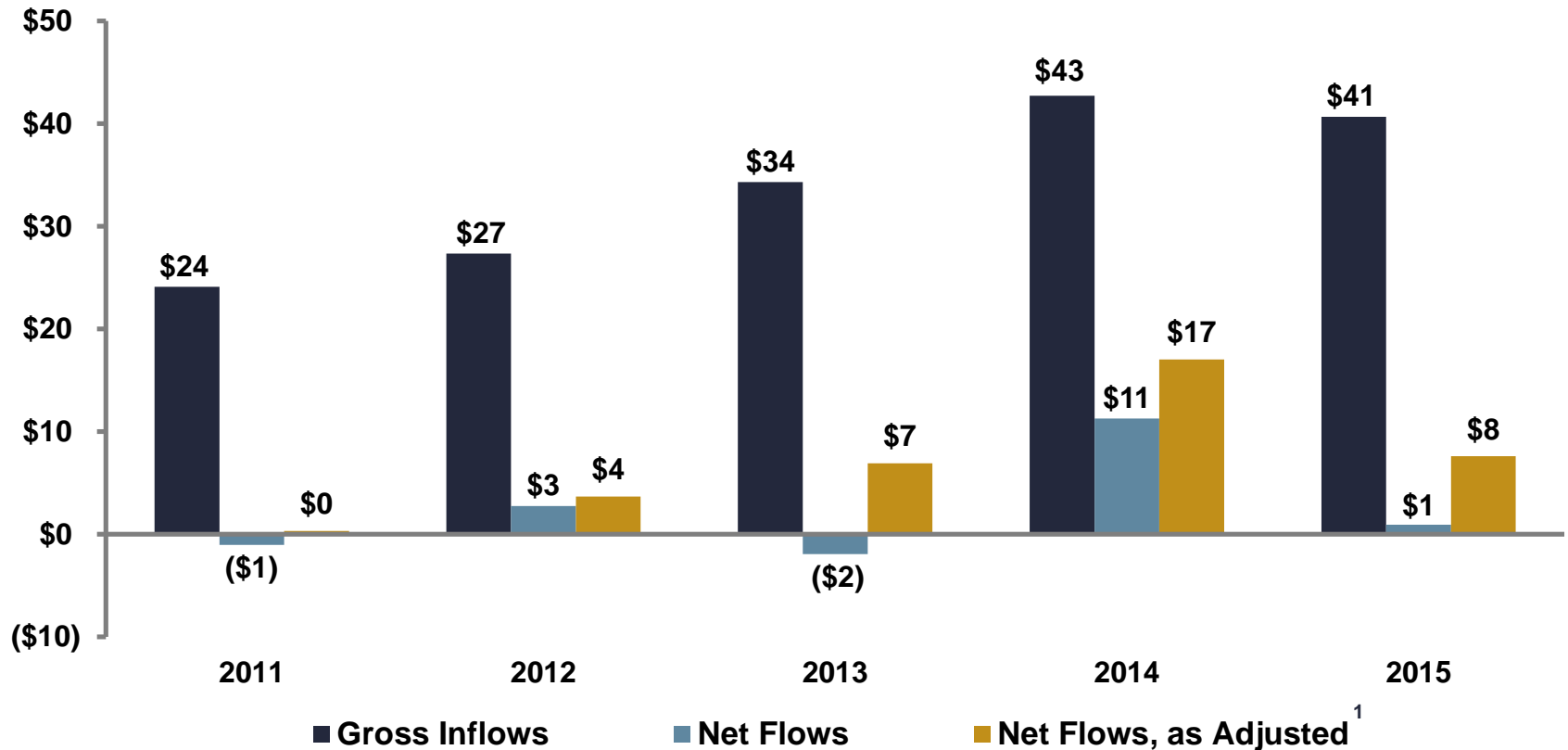
³ Emerging Markets Equity strategy accounted for 83% of the Emerging Markets Equity platform.

⁴ Global Thematic Equity strategy accounted for 27% of the Global Equity platform.

Significant Gross Inflows

(\$ in billions)

Gross Inflows % of Avg AUM	16%	18%	20%	22%	21%
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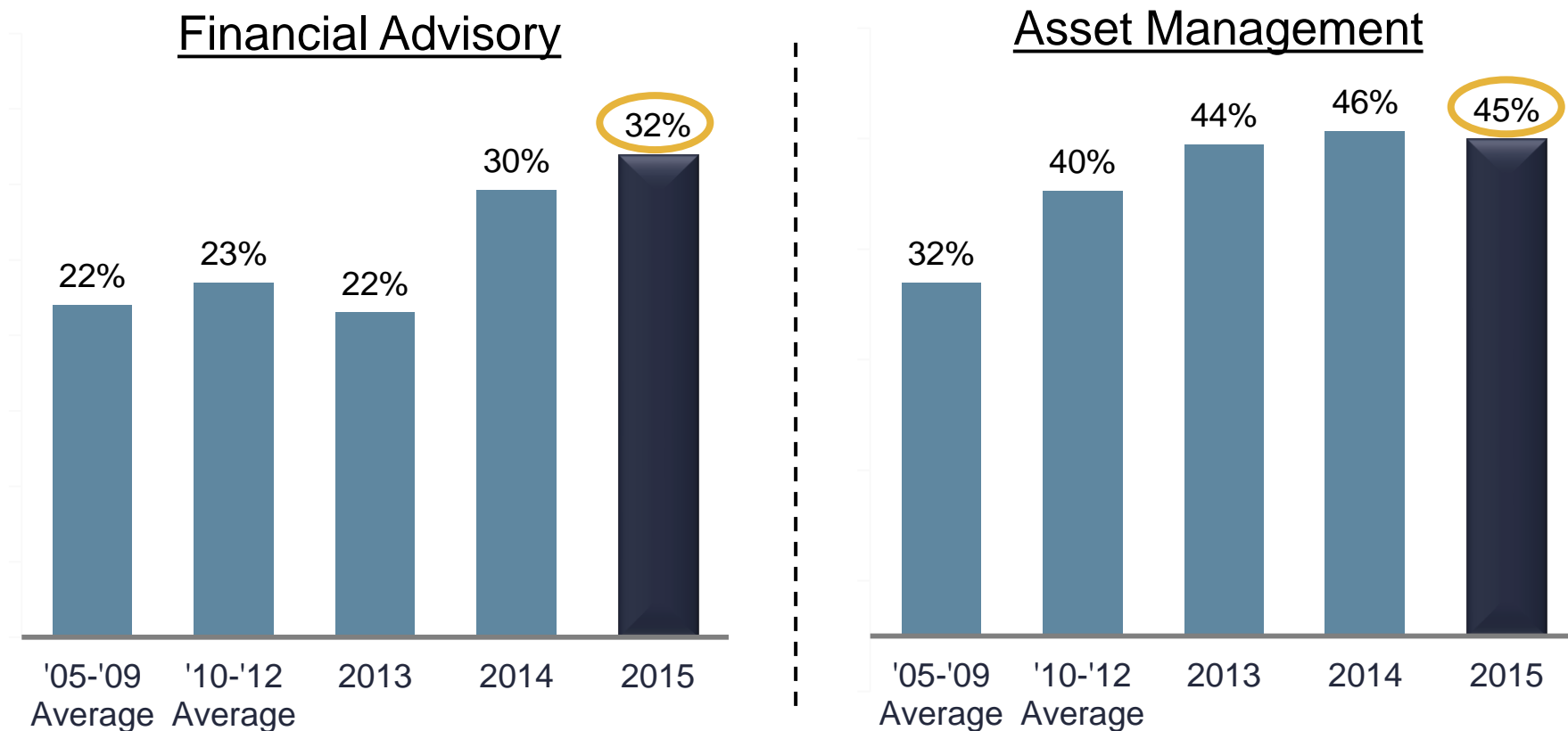
Asset Flows Diversified By Region & Investment Strategy

SELECTED NEW MANDATES

Client Type	Investment Strategy
Asian Multi Manager	Global Equity
Australian Superannuation	Australian Equity
European Corporate Pension	Emerging Markets Debt
European Corporate Pension	Global Fixed Income
French Healthcare Insurer	Multi-Asset
French Insurance & Pension	Diversified
French Insurer	European Equity
French Retirement Institution	Large-Cap European Equity
High Net Worth Individual Holding	Diversified
Sovereign Wealth	Emerging Markets Debt
UK Public Pension	Alternatives
US Corporate Pension	International Equity
US Public Pension	Emerging Markets Equity
US Public Pension	International Small Cap Equity
US Sub Advisory Relationship	International Equity

Strong Margin Growth

Operating Margin on an Awarded Basis

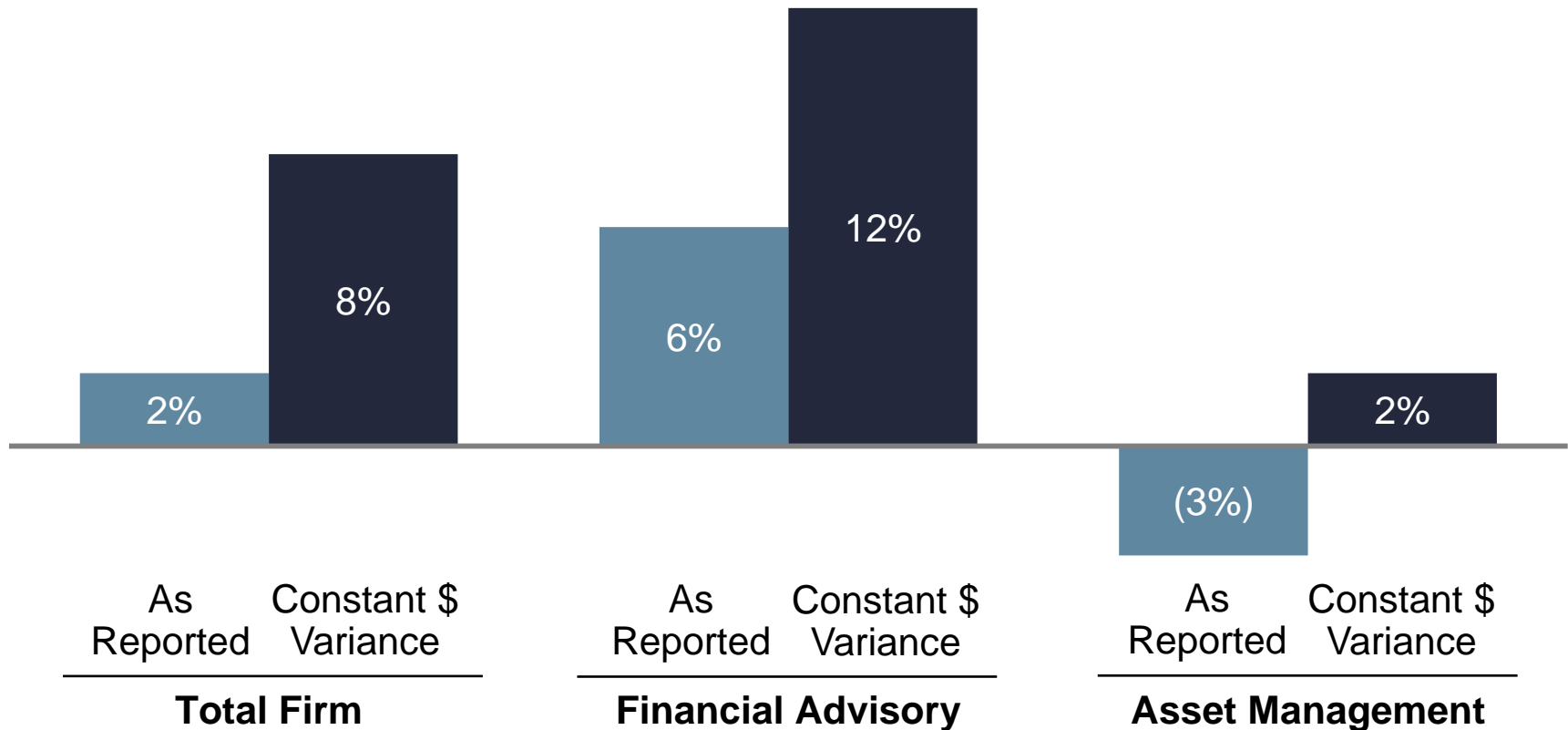


Note: Segment results are shown before direct and indirect overhead allocations. See the "Reconciliation of U.S. GAAP Operating Income to Earnings from Operations, Awarded Basis" slides for additional information regarding overhead allocations.

Supplemental Financial Information

Impact of Foreign Exchange on Full Year Revenue

2015 vs. 2014 Percentage Change



Earnings from Operations – Awarded Basis

(\$ in millions, except per share values)

	2011	2012	2013	2014	2015
Operating Revenue	\$1,884	\$1,971	\$2,034	\$2,340	\$2,380
<i>% Growth</i>	(5%)	5%	3%	15%	2%
Compensation and benefits, Awarded basis	1,168	1,171	1,187	1,305	1,329
<i>% of Operating Revenue</i>	62%	59%	58%	56%	56%
Non-Compensation expense	400	421	409	441	434
<i>% of Operating Revenue</i>	21%	21%	20%	19%	18%
Earnings from Operations, Awarded basis	\$316	\$379	\$438	\$594	\$617
<i>Operating Margin</i>	17%	19%	22%	25%	26%
Awarded EPS¹	\$1.42	\$1.81	\$2.23	\$3.32	\$3.73
<u>Memo:</u>					
Net Income per share, as adjusted	\$1.31	\$1.44	\$2.01	\$3.20	\$3.60

¹ Based on net income per share as adjusted, substituting awarded compensation for compensation and benefits as adjusted and cash taxes for income taxes as adjusted.

Unaudited, Non-GAAP Supplemental Segment Information

(\$ in millions)

	Financial Advisory ¹			Asset Management ¹			Corporate ²		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Operating Revenue	\$981	\$1,207	\$1,280	\$1,024	\$1,120	\$1,083	\$2,034	\$2,340	\$2,380
<i>% Growth</i>	(7%)	23%	6%	16%	9%	(3%)	3%	15%	2%
Compensation and benefits, Awarded basis	\$618	\$693	\$717	\$419	\$445	\$433	\$150	\$167	\$179
<i>% of Operating Revenue</i>	63%	57%	56%	41%	40%	40%	7%	7%	8%
Non-Compensation expense	\$152	\$157	\$154	\$150	\$164	\$160	\$107	\$120	\$120
<i>% of Operating Revenue</i>	16%	13%	12%	15%	15%	15%	5%	5%	5%
Earnings from Operations, Awarded basis	\$211	\$357	\$409	\$455	\$511	\$490			
<i>Operating Margin, Awarded basis</i>	22%	30%	32%	44%	46%	45%			

¹ 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.

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

2015 Compensation Bridge – U.S. GAAP to Awarded

(\$ in millions)

		% of Operating Revenue
Compensation and benefits - U.S. GAAP Basis	\$1,320	55.4%
Adjustments	(1)	
Compensation and benefits, as adjusted	\$1,319	55.4%
Deferral Amortization (previous years)	(321)	
2015 Deferrals Awarded (including sign-on and special awards)	362	
Estimated Forfeitures on Deferrals	(27)	
FX Adjustments	(4)	
Compensation and benefits, Awarded Basis	\$1,329	55.8%

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

Estimated Future Amortization of Historical Deferrals¹

(\$ in millions)

	2015A	2016E	2017E	2018E
2010 Grants	\$1	–	–	–
2011 Grants	9	–	–	–
2012 Grants	59	8	–	–
2013 Grants	106	60	8	–
2014 Grants	132	115	65	7
2015 Grants	11	157	124	71
2016 Grants	–	TBD	TBD	TBD
Other	3	7	7	7
Total	\$321	\$347	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.

Tax Considerations

(\$ in millions)

- Approximately \$0.6 billion of estimated future net tax benefits

	2011	2012	2013	2014	2015
Pre-Tax Income, as Adjusted	\$226	\$249	\$345	\$531	\$576
Provision (Benefit) for Income Taxes, as Adjusted	47	53	77	104	96
<i>Tax Rate</i>	21%	21%	22%	20%	17%
Non-Cash Tax Expense¹	(14)	(2)	(19)	(20)	(27)
Cash Taxes	\$33	\$51	\$58	\$84	\$69
<i>Tax Rate</i>	15%	21%	24%	16%	12%

¹ Includes deferred taxes and FIN 48 / APIC benefit.

Earnings Per Share – As Adjusted vs. Awarded

(\$ in millions, except per share values)

	Awarded ¹					As Adjusted
	2011	2012	2013	2014	2015	2015
Operating Revenue	\$1,884	\$1,971	\$2,034	\$2,340	\$2,380	\$2,380
Compensation and Benefits Expense	1,168	1,171	1,187	1,305	1,329	\$1,319
Non-Compensation Expense	400	421	409	441	434	434
Earnings from Operations	\$316	\$379	\$438	\$594	\$617	\$627
Interest Expense and Other ²	90	84	82	66	51	51
Pre-Tax Income	\$226	\$295	\$356	\$528	\$566	\$576
Taxes	33	51	58	84	69	96
Net Income	\$193	\$244	\$298	\$444	\$497	\$480
EPS	\$1.42	\$1.81	\$2.23	\$3.32	\$3.73	\$3.60

¹ Based on net income per share as adjusted, substituting awarded compensation for compensation and benefits as adjusted and cash taxes for income taxes as adjusted.

² Includes interest expense, amortization of intangibles, earnings/(loss) from noncontrolling interests and net income attributable to non-controlling interests.

Selected Quarterly Financial Data

(\$ in millions, except per share values)

	Q4	Q4	% Change From
	2015	2014	Q4 2014
<u>Operating Revenue</u>			
Strategic Advisory	\$299.9	\$327.7	(8%)
Restructuring	31.0	31.7	(2%)
Financial Advisory	330.9	359.4	(8%)
Management fees and other	251.5	269.8	(7%)
Incentive fees	9.1	13.9	(35%)
Asset Management	260.6	283.7	(8%)
Corporate	6.8	2.7	NM
Total Operating Revenue	\$598.3	\$645.8	(7%)
<u>Expenses</u>			
Compensation and benefits, as adjusted	\$327.7	\$305.0	7%
<i>% of Operating revenue</i>	54.8%	47.2%	
Non-compensation	\$115.8	\$116.8	(1%)
<i>% of Operating revenue</i>	19.3%	18.1%	
<u>Earnings</u>			
Earnings from Operations	\$154.8	\$224.0	(31%)
<i>Operating margin</i>	25.9%	34.7%	
Net Income, as adjusted	\$122.9	\$172.4	(29%)
Net Income per share, as adjusted	\$0.92	\$1.29	(29%)
Assets Under Management (in billions)	\$186.4	\$197.1	(5%)

Selected Financial Data – Full Year

(\$ in millions, except per share values)

	FY		YoY
	2015	2014	
<u>Operating Revenue</u>			
Strategic Advisory	\$1,173.8	\$1,092.0	7%
Restructuring	105.8	114.7	(8%)
Financial Advisory	1,279.6	1,206.7	6%
Management fees and other	1,058.2	1,067.8	(1%)
Incentive fees	25.1	51.9	(52%)
Asset Management	1,083.3	1,119.7	(3%)
Corporate	17.2	13.8	24%
Total Operating Revenue	\$2,380.1	\$2,340.2	2%
<u>Expenses</u>			
Compensation and benefits	\$1,318.8	\$1,301.7	1%
<i>Ratio of compensation to operating revenue</i>	55.4%	55.6%	
Non-compensation	\$434.1	\$440.8	(2%)
<i>Ratio of non-compensation to operating revenue</i>	18.2%	18.8%	
<u>Earnings</u>			
Earnings from Operations	\$627.2	\$597.7	5%
<i>Operating margin</i>	26.4%	25.5%	
Net Income	\$480.3	\$427.9	12%
Net Income per Share	\$3.60	\$3.20	13%
Assets Under Management (in billions)	\$186.4	\$197.1	(5%)

Condensed Balance Sheet

(\$ in millions)

	December 31, 2015	December 31, 2014
<u>ASSETS</u>		
Cash & cash equivalents	\$1,132	\$1,067
Deposits with banks and short-term investments	390	208
Cash deposited with clearing organizations and other segregated cash	35	43
Receivables	497	558
Investments	542	620
Deferred tax assets	1,131	59
Other assets	760	777
Total Assets	\$4,487	\$3,332
<u>LIABILITIES & STOCKHOLDERS' EQUITY</u>		
Deposits and other payables	\$507	\$317
Accrued compensation and benefits	570	606
Senior debt	998	1,048
Tax receivable agreement obligations	524	20
Other liabilities	520	571
Total stockholders' equity¹	1,368	770
Total liabilities and stockholders' equity	\$4,487	\$3,332

1 Attributable to Lazard Ltd: \$1,313m at December 31, 2015 and \$707m at December 31, 2014.

Earnings from Operations – As Adjusted/Awarded

(\$ in millions)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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
Compensation and benefits	774	891	1,123	931	1,160	1,166	1,168	1,218	1,197	1,302	1,319
Non-Compensation expense	257	269	338	368	337	368	400	421	409	441	434
Earnings from Operations	\$327	\$411	\$554	\$376	\$121	\$445	\$316	\$332	\$428	\$597	\$627
<i>Operating Margin, As Adjusted</i>	24%	26%	27%	22%	7%	22%	17%	17%	21%	26%	26%

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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
Compensation and benefits	876	1,068	1,414	1,192	1,094	1,221	1,168	1,171	1,187	1,305	1,329
Non-Compensation expense	257	269	338	368	337	368	400	421	409	441	434
Earnings from Operations	\$224	\$234	\$263	\$115	\$187	\$390	\$316	\$379	\$438	\$594	\$617
<i>Operating Margin, Awarded Basis</i>	16%	15%	13%	7%	12%	20%	17%	19%	22%	25%	26%

U.S. GAAP Selected Financial Information

(\$ in millions, except per share values)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net revenue	\$1,301	\$1,494	\$1,918	\$1,557	\$1,531	\$1,905	\$1,830	\$1,912	\$1,985	\$2,300	\$2,354
<i>% Growth</i>		15%	28%	(19%)	(2%)	24%	(4%)	5%	4%	16%	2%
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
Non-Compensation ¹	260	275	376	404	404	468	425	437	490	467	1,051
Operating Income (loss)	\$342	\$328	\$419	\$25	(\$182)	\$243	\$236	\$124	\$216	\$519	(\$17)
<i>% of Net revenue</i>	26%	22%	22%	2%	(12%)	13%	13%	6%	11%	23%	(1%)

¹ Includes provision pursuant to tax receivable agreement.

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

(\$ in millions)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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
Adjustments:											
Revenue related to noncontrolling interests ¹	(2)	(5)	(5)	13	(7)	(16)	(17)	(14)	(15)	(15)	(16)
(Gains) losses related to Lazard Fund Interests ("LFI") and other similar arrangements ²	-	-	-	-	-	-	3	(7)	(14)	(7)	4
Interest Expense ³	59	82	102	105	94	90	86	80	78	62	50
Gain on repurchase of subordinated debt ⁴	-	-	-	-	-	-	(18)	-	-	-	-
Private Equity revenue adjustment ⁵	-	-	-	-	-	-	-	-	-	-	(12)
Operating revenue	\$1,358	\$1,571	\$2,015	\$1,675	\$1,618	\$1,979	\$1,884	\$1,971	\$2,034	\$2,340	\$2,380

Operating Revenue is a non-GAAP measure which excludes:

¹ Revenue related to the consolidation of noncontrolling interests is excluded from operating income because the Company has no economic interest in such amount.

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 benefit 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 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.

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

⁵ 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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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
Adjustments:											
Charges pertaining to cost saving initiatives ¹	-	-	-	-	-	-	-	(100)	(52)	-	-
Charges pertaining to staff reductions ²	-	-	-	-	-	-	-	(22)	-	-	-
(Charges)/Credits pertaining to LFI and other similar arrangements ³	-	-	-	-	-	-	3	(7)	(14)	(7)	4
Private Equity incentive compensation ⁴	-	-	-	-	-	-	-	-	(12)	-	-
Compensation related to noncontrolling interests ⁵	-	-	-	-	(2)	(3)	(4)	(4)	(4)	(5)	(5)
2009 and 2010 adjustments ⁶	-	-	-	-	(147)	(25)	-	-	-	-	-
LAM Equity Charge ⁷	-	-	-	(197)	-	-	-	-	-	-	-
2005 adjustment ²⁴	75	-	-	-	-	-	-	-	-	-	-
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
Amortization of deferred incentive awards	-	(23)	(105)	(238)	(333)	(241)	(289)	(335)	(298)	(299)	(321)
Total cash compensation and benefits ⁸	774	868	1,018	693	827	925	879	883	899	1,003	998
Deferred year-end incentive awards ⁹	116	204	337	352	239	293	282	272	291	325	336
Sign-on and other special deferred incentive awards ¹⁰	-	13	88	180	39	27	40	42	22	14	26
Adjustment for actual/estimated forfeitures ¹¹	(14)	(24)	(36)	(22)	(17)	(27)	(28)	(27)	(27)	(26)	(27)
Year-end foreign exchange adjustment ¹²	-	7	7	(11)	6	3	(5)	1	2	(11)	(4)
Compensation and benefits expense - Awarded basis	\$876	\$1,068	\$1,414	\$1,192	\$1,094	\$1,221	\$1,168	\$1,171	\$1,187	\$1,305	\$1,329
% of Operating revenue - Awarded basis	65%	68%	70%	71%	68%	62%	62%	59%	58%	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

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
Non-Compensation expense - U.S. GAAP basis	\$260	\$275	\$376	\$404	\$404	\$468	\$425	\$437	\$490	\$467	\$1,051
Adjustments:											
Charges pertaining to Senior Debt refinancing ¹³	-	-	-	-	-	-	-	-	(54)	-	(60)
Charges pertaining to cost saving initiatives ¹	-	-	-	-	-	-	-	(3)	(13)	-	-
Charges pertaining to staff reductions ²	-	-	-	-	-	-	-	(3)	-	-	-
Amortization of intangible assets related to acquisitions ¹⁴	-	-	(21)	(5)	(5)	(8)	(12)	(8)	(10)	(6)	(6)
Non-compensation related to noncontrolling interests ⁵	-	-	-	-	-	(2)	(2)	(2)	(2)	(2)	(2)
Accrual of tax receivable agreement obligation ("TRA") ¹⁵	-	(6)	(17)	(17)	1	(3)	-	-	(2)	(18)	(548)
Expense related to partial extinguishment of TRA obligation ²³	-	-	-	-	-	-	-	-	-	-	(1)
Write-off of Lazard Alternative Investment Holdings option prepayment ¹⁶	-	-	-	-	-	-	(6)	-	-	-	-
Provision for a lease contract for U.K. facility ¹⁶	-	-	-	-	-	-	(5)	-	-	-	-
Restructuring charges ¹⁷	-	-	-	-	(63)	(87)	-	-	-	-	-
Provision for counterparty defaults ⁷	-	-	-	(12)	-	-	-	-	-	-	-
LAM Equity Charge ⁷	-	-	-	(2)	-	-	-	-	-	-	-
IPO related costs ²⁵	(3)	-	-	-	-	-	-	-	-	-	-
Non-compensation expense, as adjusted	\$257	\$269	\$338	\$368	\$337	\$368	\$400	\$421	\$409	\$441	\$434
% of Operating revenue	19%	17%	17%	22%	21%	19%	21%	21%	20%	19%	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

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

(\$ in millions, except per share values)

	2011	2012	2013	2014	2015
Operating Income (loss) - U.S. GAAP Basis	\$236	\$124	\$216	\$519	(\$17)
Adjustments:					
2010 Adjustment ⁶	-	-	-	-	-
Restructuring Charges ¹⁷	-	-	-	-	-
Charges pertaining to cost saving initiatives ¹	-	103	65	-	-
Charges pertaining to Senior Debt refinancing ¹³	-	-	54	-	63
Charges pertaining to staff reductions ²	-	25	-	-	-
Private Equity incentive compensation ⁴	-	-	12	-	-
Gain on repurchase of subordinated debt ¹⁹	(18)	-	-	-	-
Write-off of Lazard Alternative Investment Holdings option prepayment ¹⁶	6	-	-	-	-
Private Equity revenue adjustment ²¹	-	-	-	-	(12)
Accrual of tax receivable agreement obligation ("TRA") ¹⁵	-	-	1	18	968
Gain on partial extinguishment of TRA obligation	-	-	-	-	(420)
Expense related to partial extinguishment of TRA obligation ²³	-	-	-	-	1
Net Income related to noncontrolling interest	(4)	(3)	(4)	(6)	(7)
Provision for a lease contract for U.K. facility ¹⁶	6	-	-	-	-
Pre-tax Income, as adjusted	\$226	\$249	\$344	\$531	\$576
Weighted average shares outstanding:					
As adjusted, diluted	137,630	135,117	133,737	133,813	133,245
Diluted pre-tax income per share, as adjusted	\$1.63	\$1.84	\$2.58	\$3.97	\$4.33

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

(\$ in millions, except per share values)

	2011	2012	2013	2014	2015
Net income attributable to Lazard Ltd - U.S. GAAP Basis	\$175	\$84	\$160	\$427	\$986
Adjustments:					
Charges pertaining to cost saving initiatives ¹	-	103	65	-	-
Charges pertaining to Senior Debt refinancing ¹³	-	-	54	-	63
Charges pertaining to staff reductions ²	-	25	-	-	-
Private Equity incentive compensation ⁴	-	-	12	-	-
Gain on repurchase of subordinated debt ¹⁹	(18)	-	-	-	-
Write-off of Lazard Alternative Investment Holdings option prepayment ¹⁶	6	-	-	-	-
Private Equity revenue adjustment ²¹	-	-	-	-	(12)
Gain on partial extinguishment of TRA obligation (net of tax) ²³	-	-	-	-	(259)
Recognition of deferred tax assets (net of TRA accrual) ²²	-	-	-	-	(294)
Provision for a lease contract for U.K. facility ¹⁶	6	-	-	-	-
Tax (benefits) allocated to adjustments ¹⁸	-	(21)	(23)	-	(4)
Amount attributable to LAZ-MD Holdings ¹⁸	-	(2)	(1)	-	-
Adjustment for full exchange of exchangeable interests ²⁰:					
Tax adjustment for full exchange	(1)	(1)	-	-	-
Amount attributable to LAZ-MD Holdings	11	7	2	1	-
Net Income, as adjusted	\$179	\$195	\$269	\$428	\$480
Weighted average shares outstanding:					
U.S. GAAP, diluted	137,630	129,326	133,737	133,813	133,245
As adjusted, diluted	137,630	135,117	133,737	133,813	133,245
Diluted Net Income per share:					
U.S. GAAP Basis	\$1.36	\$0.65	\$1.21	\$3.20	\$7.40
As adjusted	\$1.31	\$1.44	\$2.01	\$3.20	\$3.60

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

(\$ in millions)

	Financial Advisory			Asset Management			Corporate			Total		
	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015
Net Revenue - U.S. GAAP Basis	\$981	\$1,207	\$1,280	\$1,039	\$1,135	\$1,111	(\$35)	(\$42)	(\$37)	\$1,985	\$2,300	\$2,354
Adjustments ^(a):												
Revenue related to noncontrolling interests	-	-	-	(15)	(15)	(16)	-	-	-	(15)	(15)	(16)
(Gain) loss related to LFI and other similar arrangements	-	-	-	-	-	-	(14)	(7)	4	(14)	(7)	4
Interest expense	-	-	-	-	-	-	78	62	50	78	62	50
Private Equity revenue adjustment	-	-	-	-	-	(12)	-	-	-	-	-	(12)
Gain on repurchase of subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-
Operating revenue	\$981	\$1,207	\$1,280	\$1,024	\$1,120	\$1,083	\$29	\$13	\$17	\$2,034	\$2,340	\$2,380
Operating Income - U.S. GAAP Basis	\$21	\$229	\$274	\$335	\$385	\$374	(\$140)	(\$95)	(\$665)	\$216	\$519	(\$17)
Adjustments:												
Sum of Adjustments - Revenue - U.S. GAAP vs. Operating revenue (from above)	-	-	-	(15)	(15)	(28)	64	55	54	49	40	26
Sum of Adjustments - Compensation and benefits expense, as adjusted to awarded basis ^(b)	17	-	(12)	(15)	(2)	(2)	8	(2)	4	10	(4)	(10)
Charges pertaining to cost saving initiatives ¹	48	-	-	-	-	-	17	-	-	65	-	-
Charges pertaining to staff reductions ²	-	-	-	-	-	-	-	-	-	-	-	-
Charges pertaining to LFI and other similar arrangements ³	-	-	-	-	-	-	14	7	(4)	14	7	(4)
Private Equity incentive compensation ⁴	-	-	-	12	-	-	-	-	-	12	-	-
Operating expenses related to noncontrolling interests ⁵	-	-	-	6	7	7	-	-	-	6	7	7
Charges pertaining to Senior Debt refinancing ¹³	-	-	-	-	-	-	54	-	60	54	-	60
Amortization of intangible assets related to acquisitions ¹⁴	-	-	-	10	6	7	-	-	-	10	6	7
Provision pursuant to the tax receivable agreement ¹⁵	-	-	-	-	-	-	2	19	968	2	19	968
Loss (gain) on partial extinguishment of TRA obligation	-	-	-	-	-	-	-	-	(420)	-	-	(420)
Write-off of Lazard Alternative Investment Holdings option prepayment ¹⁶	-	-	-	-	-	-	-	-	-	-	-	-
Provision for a lease contract for U.K. facility ¹⁶	-	-	-	-	-	-	-	-	-	-	-	-
Corporate support group allocations to business segments	125	128	147	122	130	132	(247)	(258)	(279)	-	-	-
Total adjustments	190	128	135	120	126	116	(88)	(179)	383	222	75	634
Earnings from Operations, Awarded basis	\$211	\$357	\$409	\$455	\$511	\$490	(\$228)	(\$274)	(\$282)	\$438	\$594	\$617
Operating Margin, Awarded basis	22%	30%	32%	44%	46%	45%	nm	nm	nm	22%	25%	26%

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

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				
	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	-	-	-	-	-	(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)	(57)	(130)	(193)	(171)	86	(31)	(25)	(57)	(18)	13
Operating expenses related to noncontrolling interests ⁵	-	-	-	-	-	-	-	-	-	2
Amortization of intangible assets related to acquisitions ¹⁴	-	-	22	4	-	-	-	-	1	5
LAM Equity Charge ⁷	-	-	-	-	-	-	-	-	197	-
2005 Adjustments ²⁴	(63)	-	-	-	-	(11)	-	-	-	-
Corporate support group allocations to business segments	92	93	107	120	114	71	77	88	92	89
Total adjustments	(28)	(37)	(63)	(46)	204	27	48	23	286	103
Earnings from Operations, Awarded basis	\$248	\$214	\$256	\$180	\$192	\$143	\$183	\$208	\$223	\$200
Operating Margin, Awarded basis	29%	22%	21%	18%	19%	31%	33%	29%	35%	34%
2006-2009 Average Operating Margin, Awarded basis					22%					32%

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.

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 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 \$584 million, \$570 million, \$530 million, \$516 million, \$507 million, \$453 million, \$422 million, \$468 million, \$456 million, \$398 million and \$380 million for 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006 and 2005, respectively, and cash incentive compensation of \$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 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007 and 2006 related to the 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006 and 2005 year-end compensation processes, respectively).
- 10 Represents deferred incentive compensation 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 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 2005-2011 represent actual forfeiture experience. The 2012-2015 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.

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. 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 For the nine month period ended September 30, 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 September 30, 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.