LAZARD

Investor Presentation

February 2018

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 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-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, (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.

Overview

Preeminent strategic and investment advisory firm

$2.65bn
Annual Operating Revenue

$249bn
Assets Under Management

2,800+
Employees

170+
Years Serving Clients

ESTABLISHED PRESENCE AROUND THE WORLD

New York
since 1851

Paris
since 1854

London
since 1870

NORTH AMERICA		SOUTH AMERICA		EUROPE		ASIA	
Boston	2007	Bogotá	2004	Amsterdam	2004	Beijing	2006
Charlotte	2007	Buenos Aires	1981	Bordeaux	1998	Dubai	2007
Chicago	1988	Lima	2004	Brussels	2004	Hong Kong	2001
Houston	2003	Panama City	2004	Dublin	2014	Melbourne	2007
Los Angeles	2003	Santiago	2004	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		

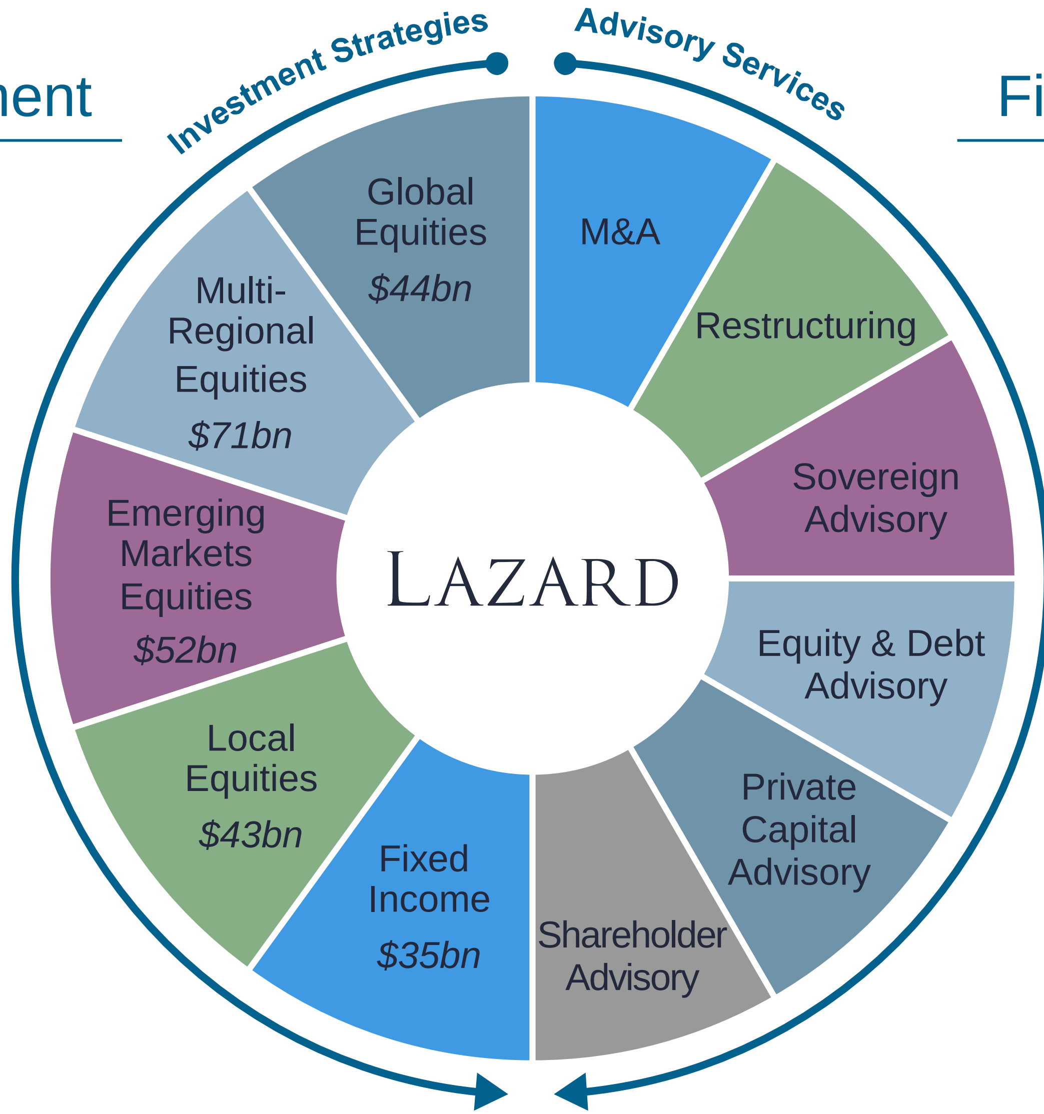
Note: As of December 31, 2017.

Built for Performance

As clients' needs and markets evolve, Lazard is already there

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

Note: As of December 31, 2017.

Investor Highlights

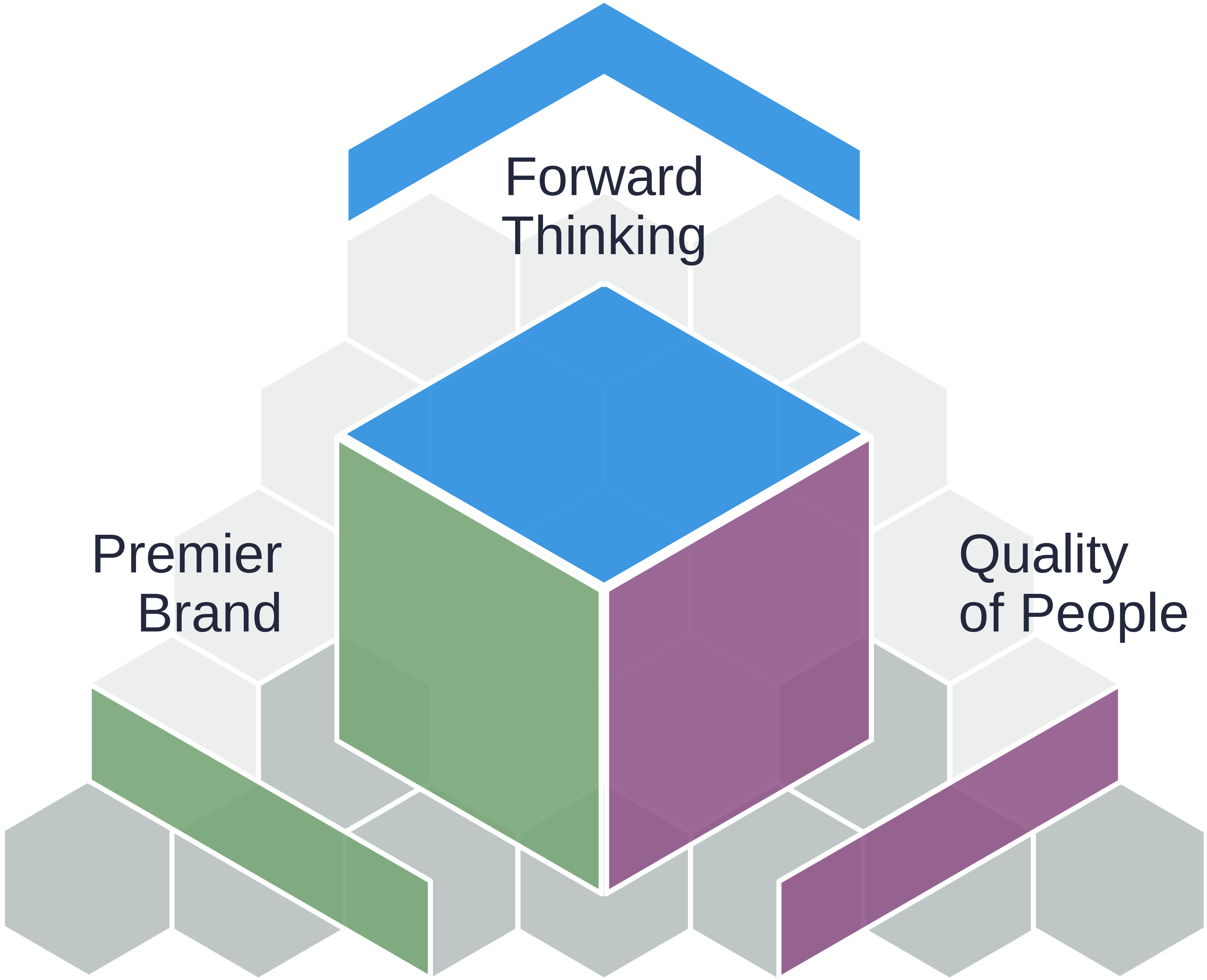
The Lazard Difference

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

"The bank stands apart in the landscape of finance"

Les Echos

"A formidable reputation in the world's boardrooms"

Financial News

"Showing bigger Wall Street rivals the power of simplicity"

BREAKINGVIEWS

"Success built on its bankers' discretion and its long-term relationships with clients"

The Economist

"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, 2017.

Experience Expertise Interests Characteristics

Forward Thinking

Culture of constant innovation

PIONEERING LEGACY — CONTINUING INNOVATION — EVOLUTION

19th century — 20th century — 21st century

- Private Banking
- Foreign Exchange

- M&A
- Restructuring
- International Equity
- Sovereign Advisory
- Emerging Markets Equity
- Capital Raising Advice
- Global Equity
- Private Fund Raising
- Discounted Assets Strategy

- Capital Structure Advisory
- Structured Credit Advice
- Emerging Market Debt
- Middle Market
- Concentrated Strategies
- Secondary Fund Placement
- Shareholder Advisory
- Quantitative Strategies
- Multi-Asset Solutions
- Data Analytics

Proven Stability

The Lazard Difference

Investment Highlights

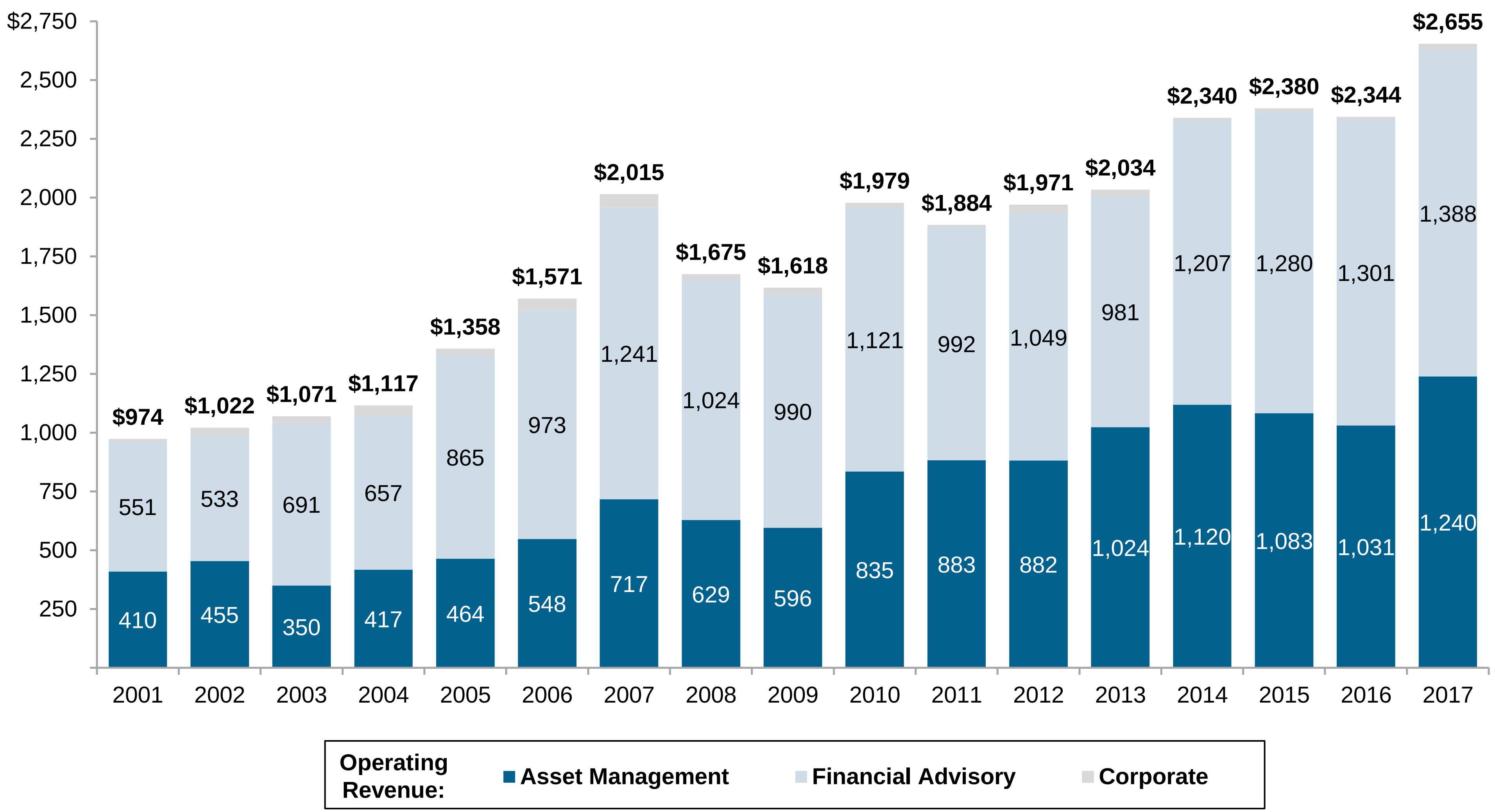
- Proven Stability
- High Performance
- Significant Opportunities for Growth

Financial Strategy

Significant Scale; Resilient Revenue Generation

Sizable, growing revenues provide stable platform

$ in millions



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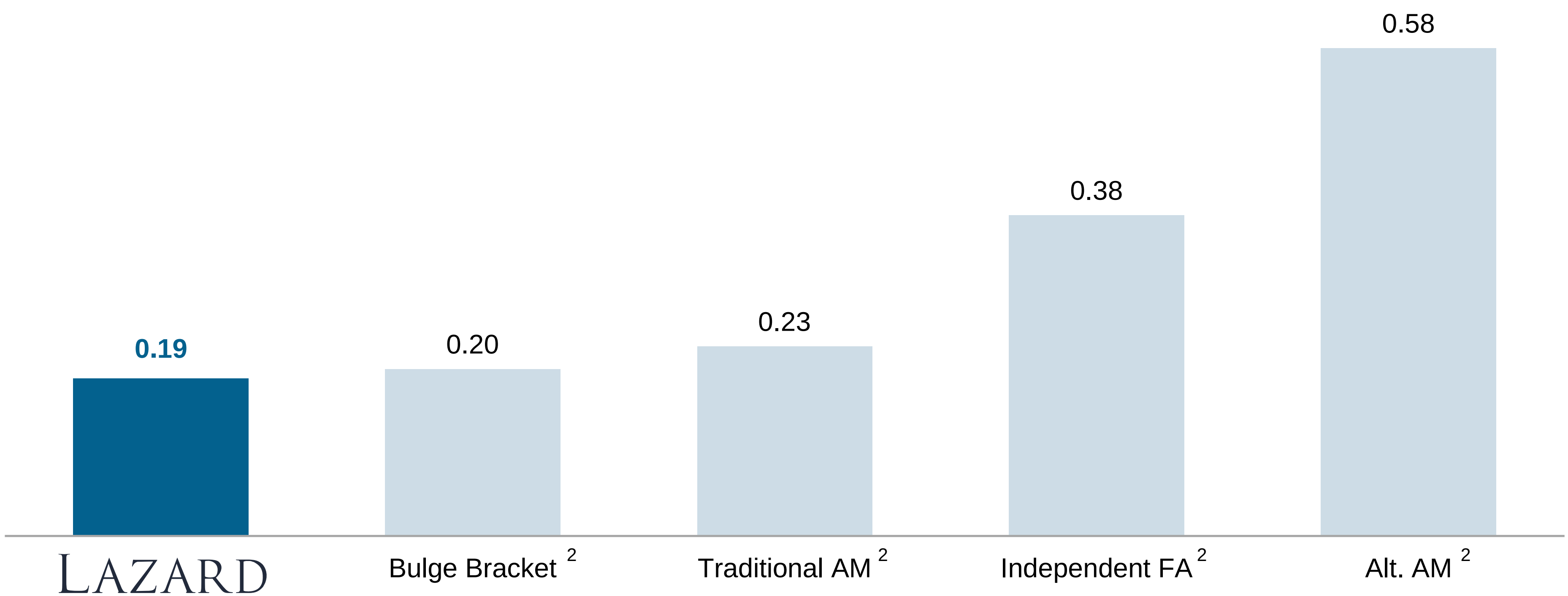
Lower Revenue Volatility than Peers

Unique combination of stable businesses minimizes volatility over time

REVENUE VOLATILITY (2005-'16)[1]



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

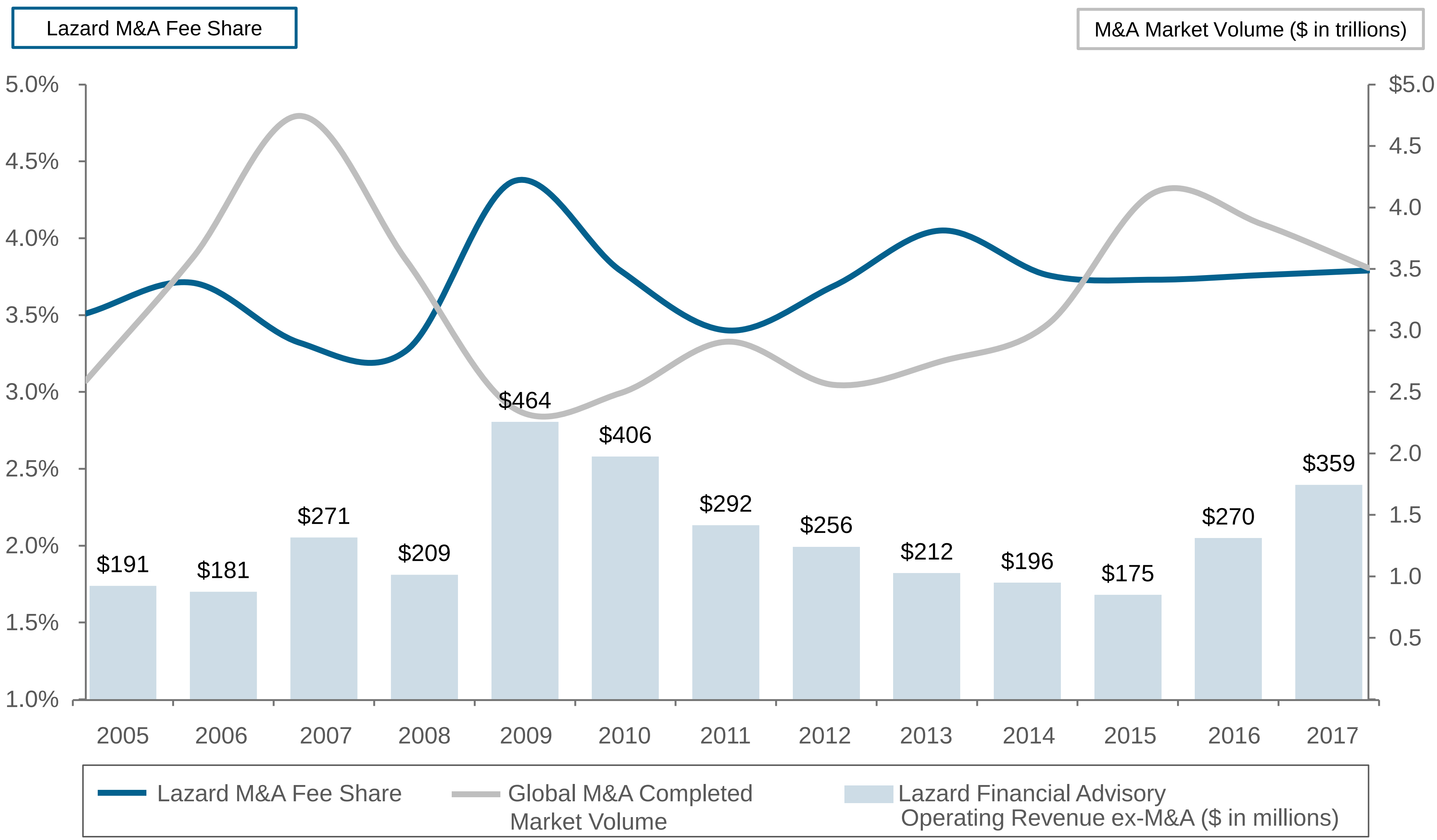
Source: IMF WEO Database, FactSet, company filings.

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

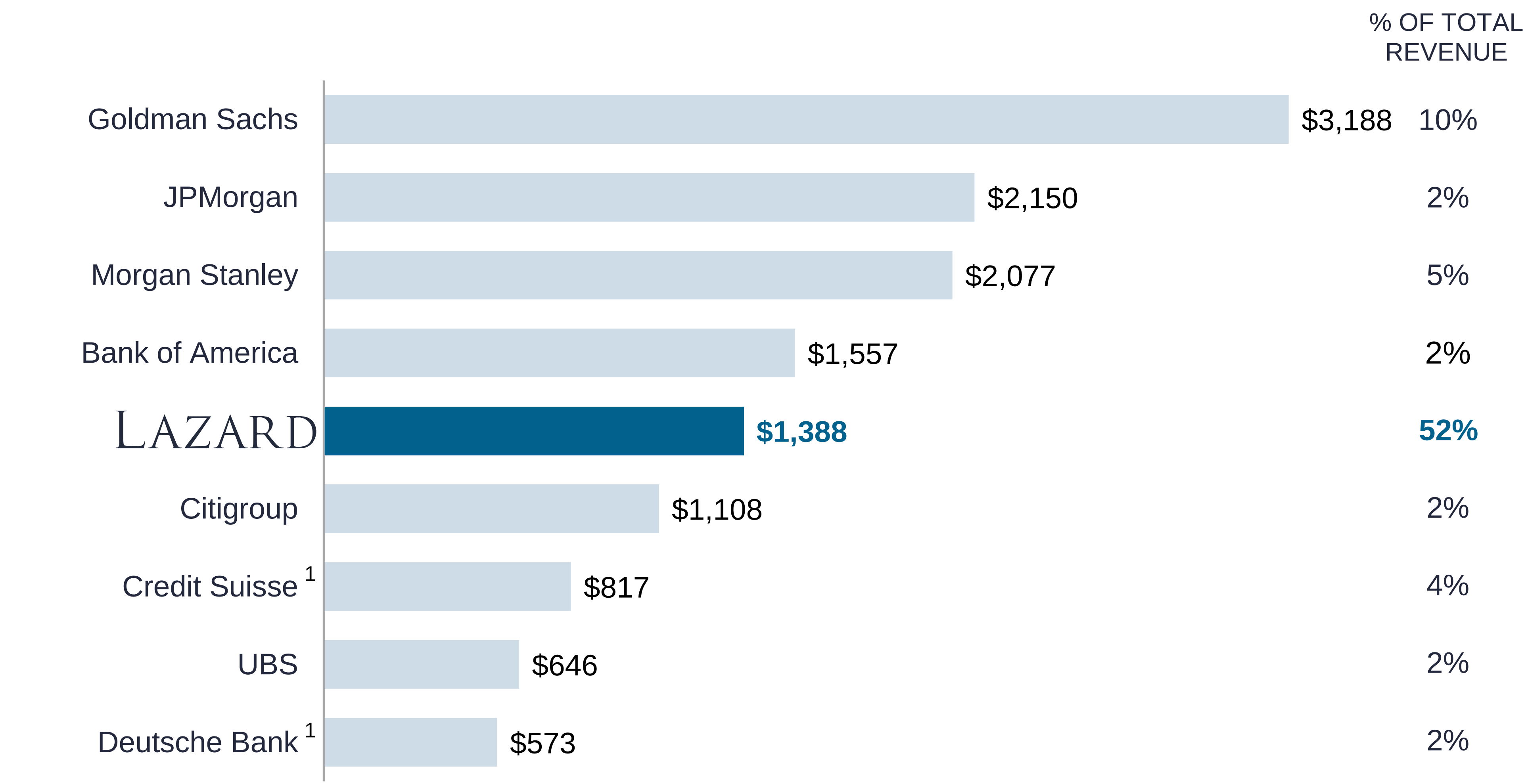


Source: Dealogic.

Advisory Business in Global Top Tier

Lazard competes with the largest global banks

2017 ADVISORY REVENUE ($ IN MILLIONS)



Source: Press releases, public filings and analyst research.

1 Based on analyst estimates.

Stable Asset Management Business

Cumulative net inflows of more than $55 billion in highly volatile period

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1 Adjusted Net Flows for the period exclude one global strategy starting in 2011.

High Performance

The Lazard Difference

Investment Highlights

- Proven Stability
- High Performance
- Significant Opportunities for Growth

Financial Strategy

High Performance in 2017

Strength across businesses leads to robust results

$2.65bn
Record annual operating revenue

$1.39bn
Record Financial Advisory annual operating revenue

#4 of 10
Advisor on largest global M&A completions for 2017

#3 of 10
Advisor on largest global M&A announcements for 2017

$1.24bn
Record Asset Management annual operating revenue

$249bn
Record assets under management

$3.1bn
Net inflows for 2017

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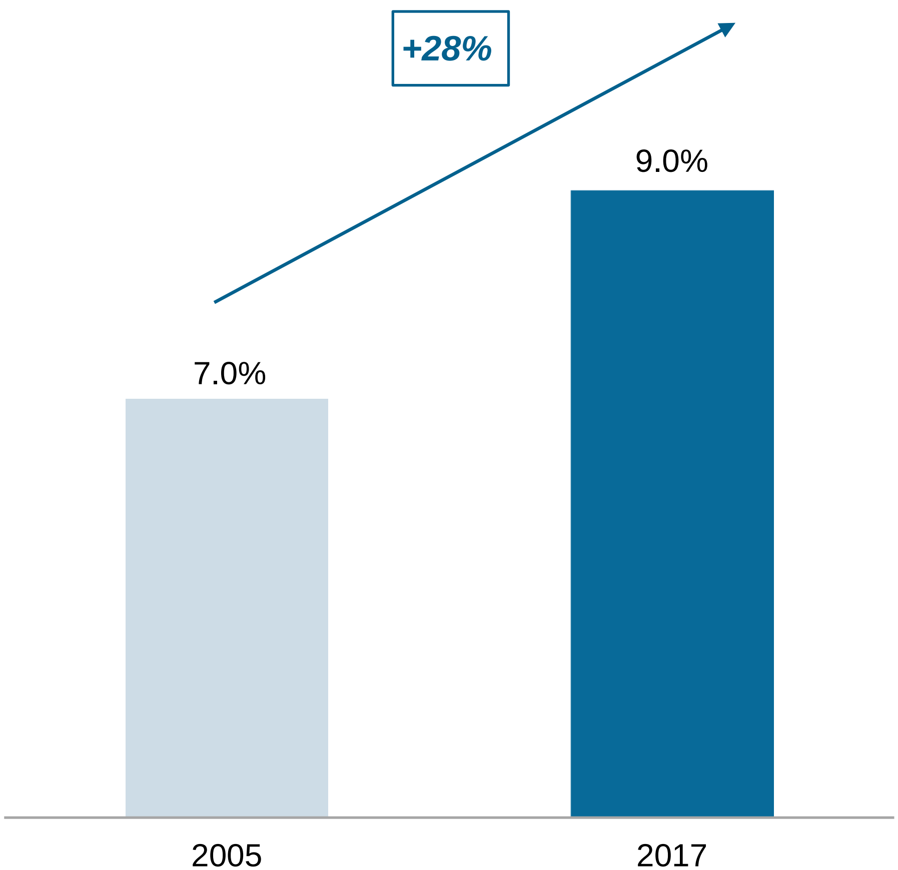
Note: All data as of December 31, 2017.
Source: Dealogic.

Increasing Market Share

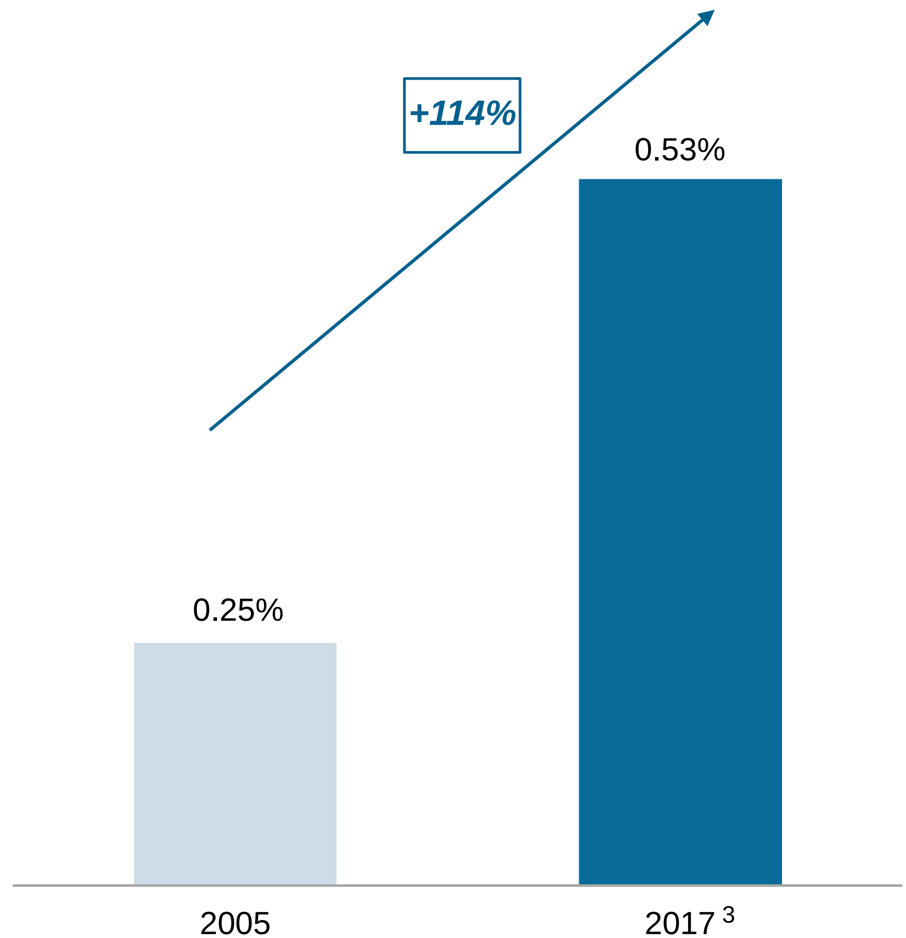
Market share has grown significantly since Lazard's IPO

FINANCIAL ADVISORY MARKET SHARE[1]

Lazard Rank	9th	5th



ACTIVE AUM MARKET SHARE[2]



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 basted off 2016 assets and last ten year CAGR of 4%.

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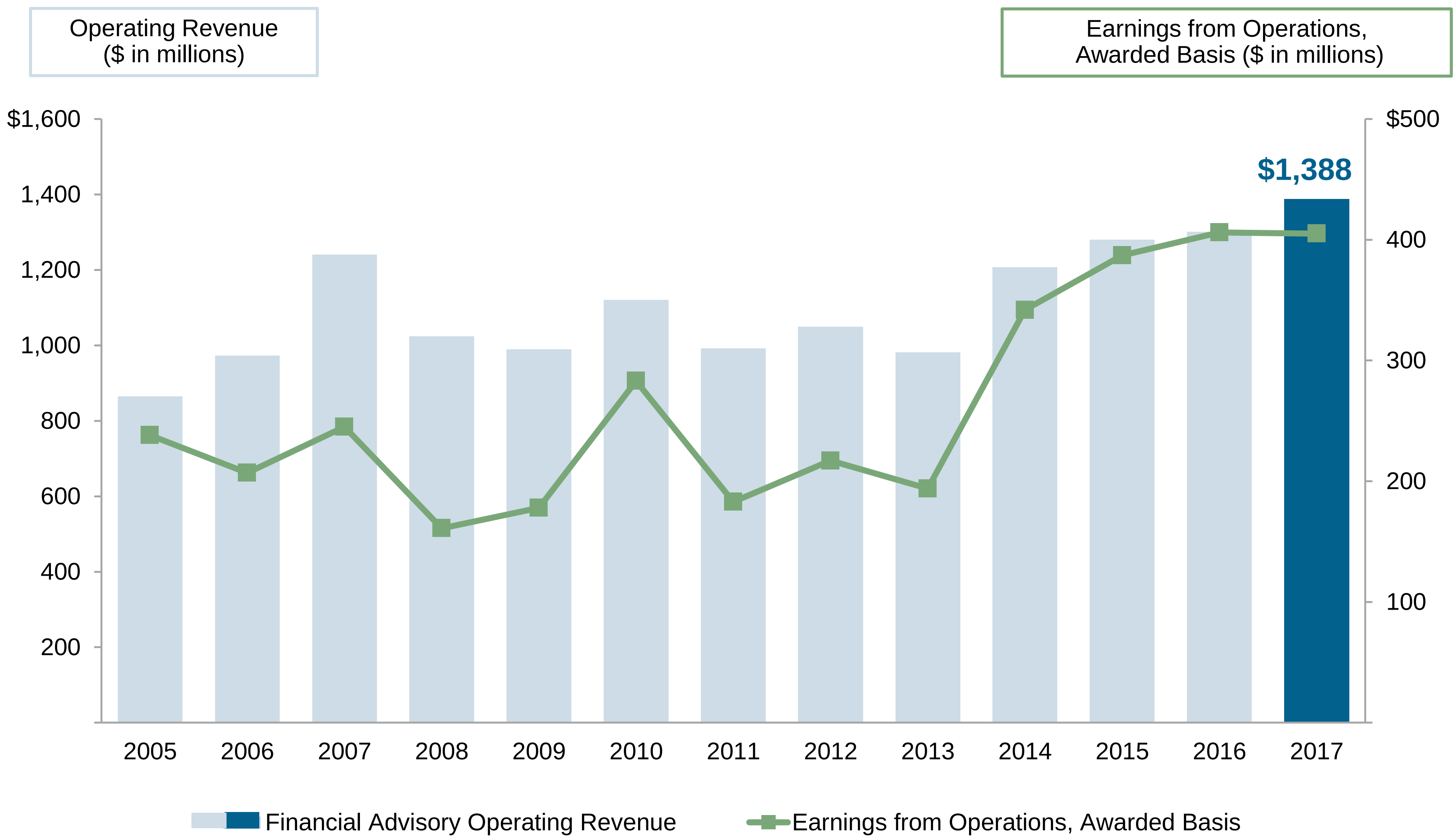
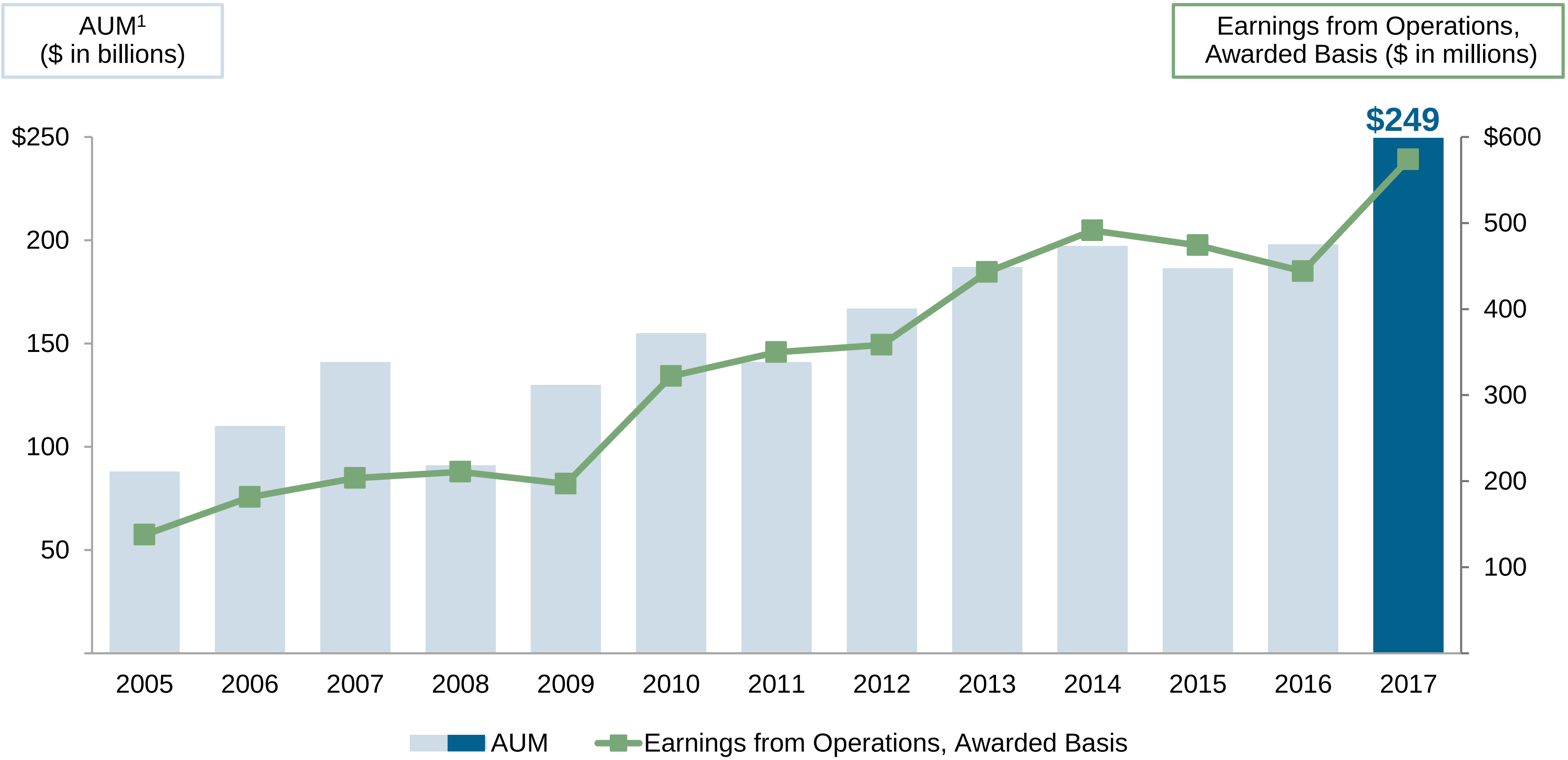
Financial Advisory Performance

Significant growth in earnings from operations



Asset Management Performance

Doubling of AUM since financial crisis and stable fees drive earnings



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

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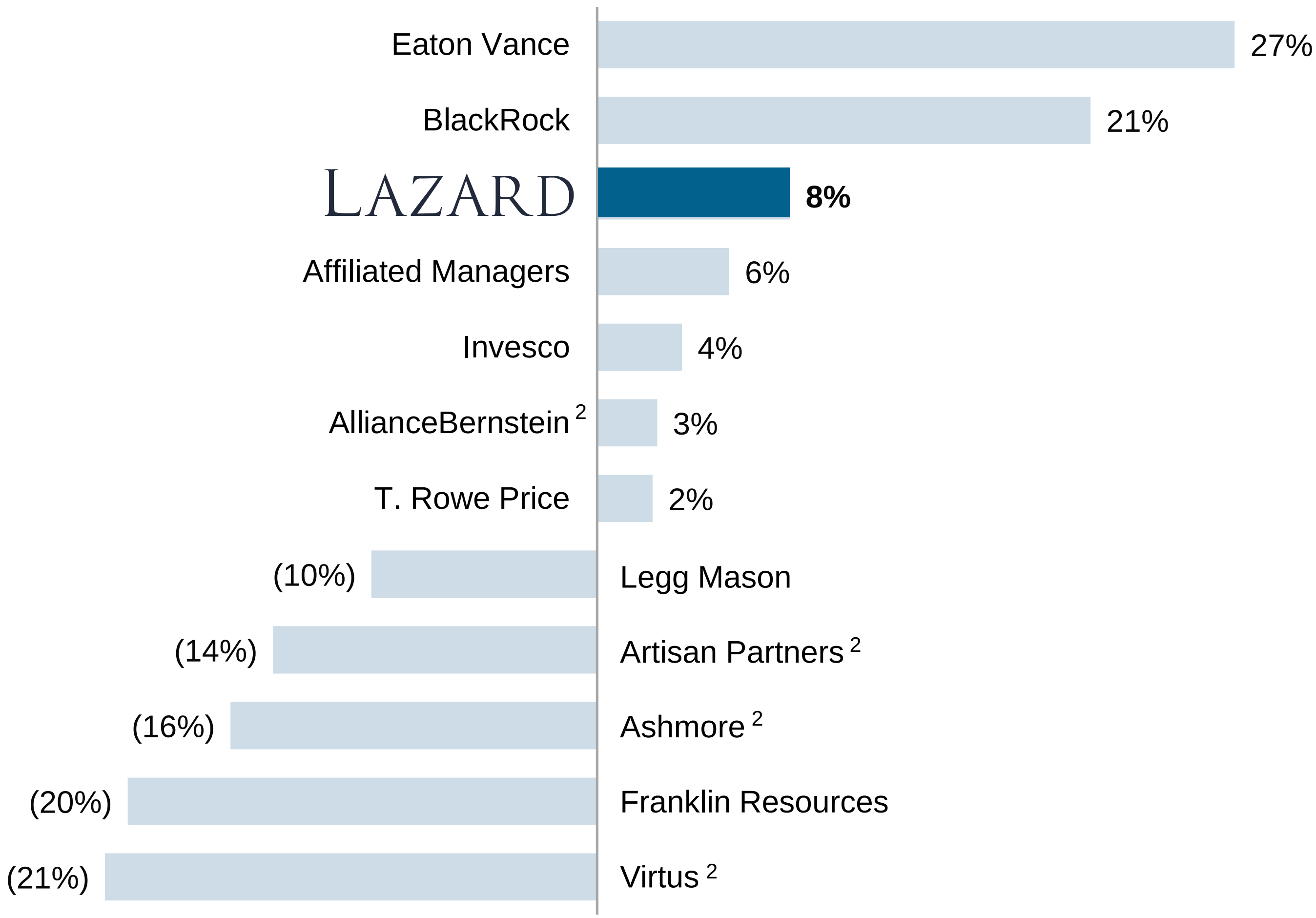
1 Assets under management as of December 31 each year.

Strong Net Flows in Volatile Environment

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

NET FLOWS AS % OF AUM (2014 - 2017) [1]



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Source: Press releases, public filings and analyst research.

1 Calculated based on 2014 beginning assets under management.

2 Based on analyst estimates.

Significant Opportunities for Growth

The Lazard Difference

Investment Highlights

- Proven Stability
- High Performance
- Significant Opportunities for Growth

Financial Strategy

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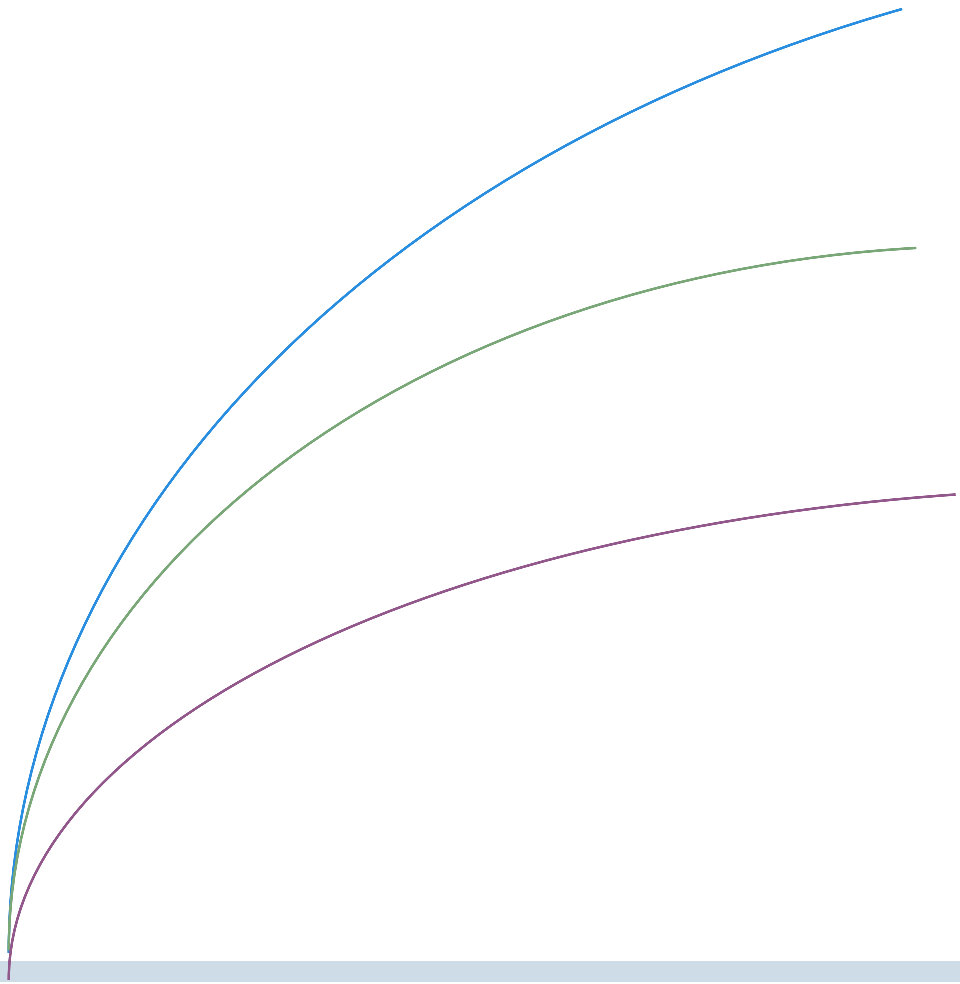
Growth Framework

Stable foundation and high performance create multiple growth opportunities



Ongoing investments

- Geographic expansion
- Selective hiring
- Seeding new strategies

Organic growth

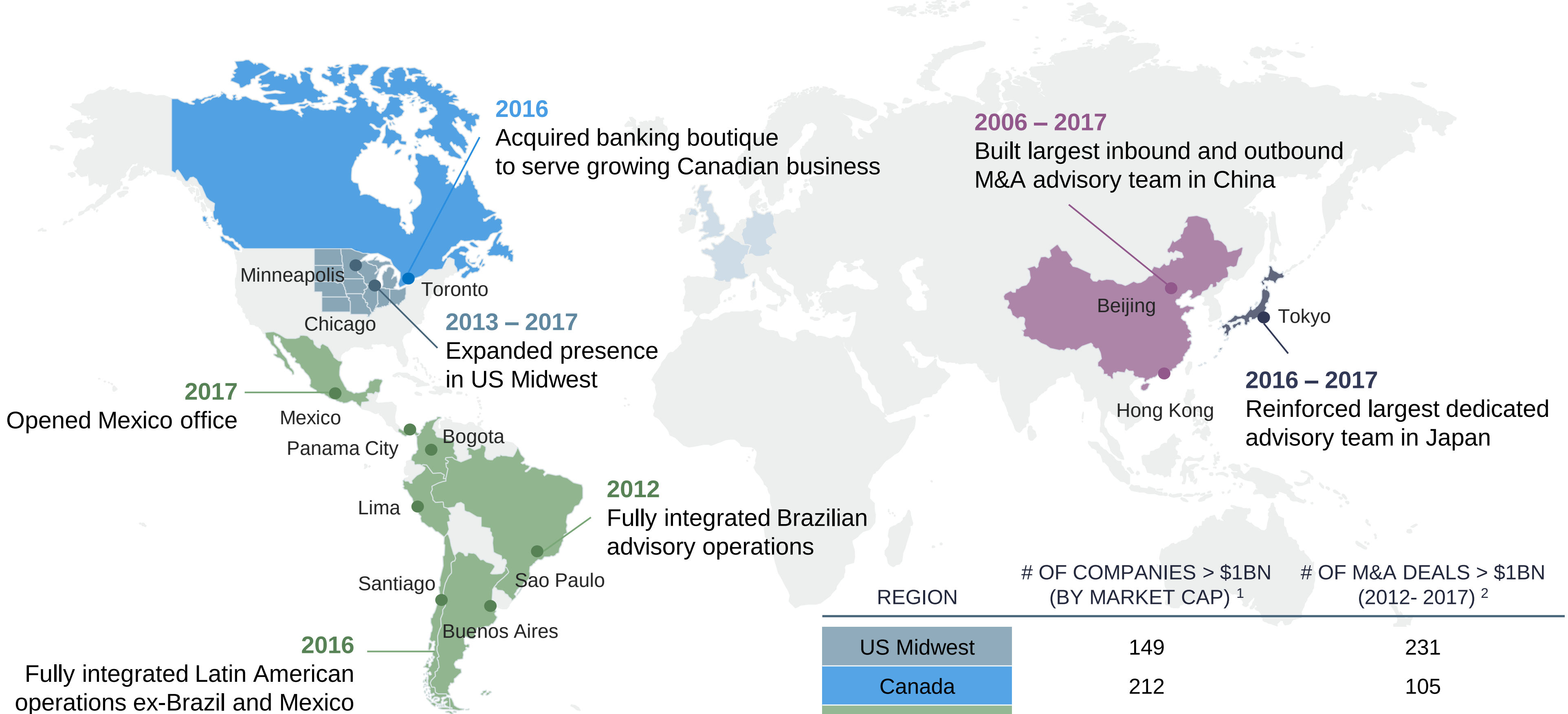
- Investment platform extensions
- New advisory services

Inorganic growth

- Team lift-outs
- Acquisitions

Investing in Financial Advisory Growth

Increasing our total addressable market by scaling the franchise



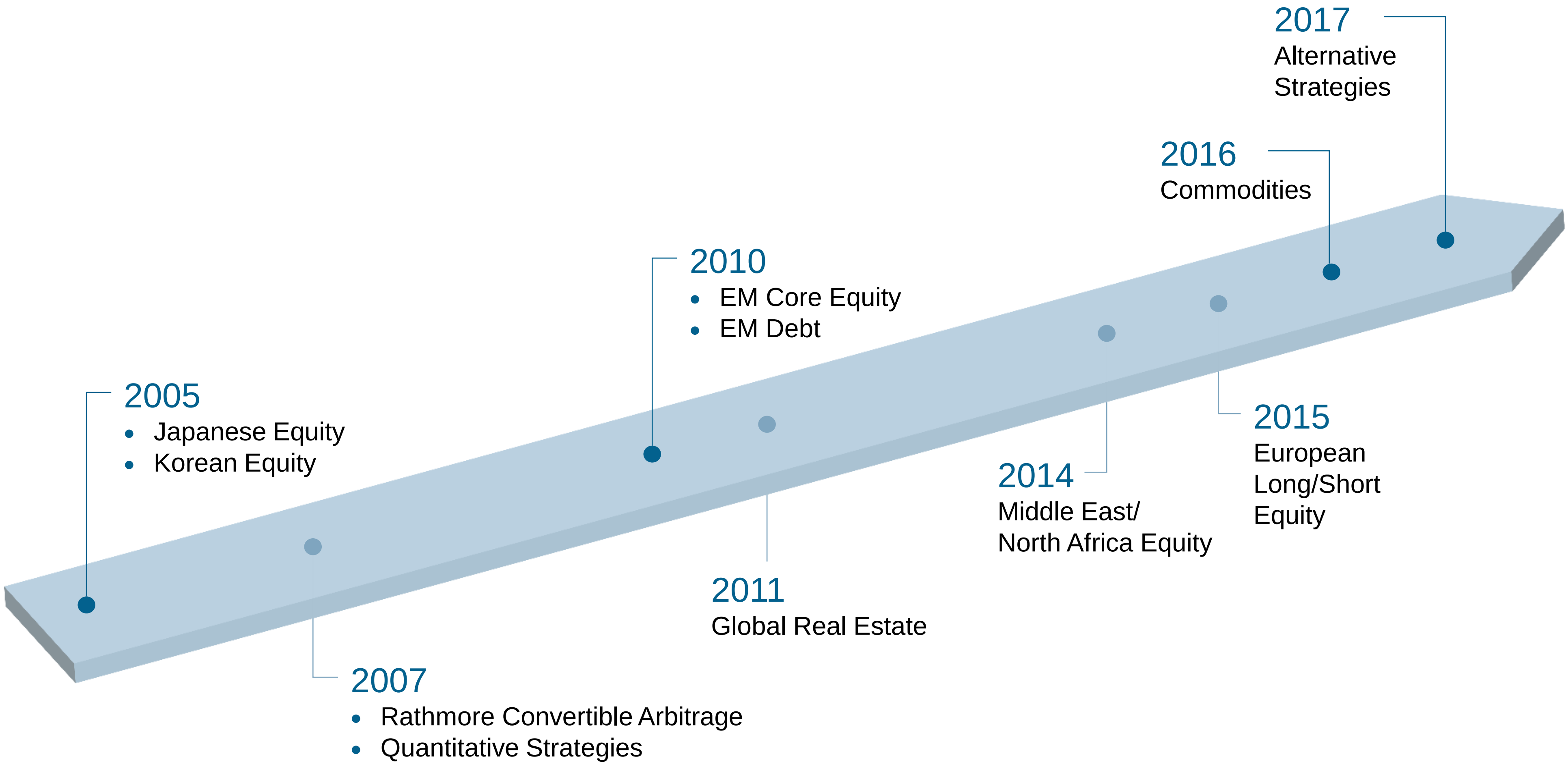
	REGION	# OF COMPANIES > $1BN (BY MARKET CAP) [1]	# OF M&A DEALS > $1BN (2012- 2017) [2]
	US Midwest	149	231
	Canada	212	105
	Latin America [3]	326	134
	Japan	746	100
	China	1,818	197[4]
Compared to	France	147	116
	Germany	166	130
	United Kingdom	292	203

Source: Dealogic, Capital IQ.

1 Companies with market cap > $1bn as of December 31, 2017.
2 Based on announcement date between January 1, 2012 and December 31, 2017. 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



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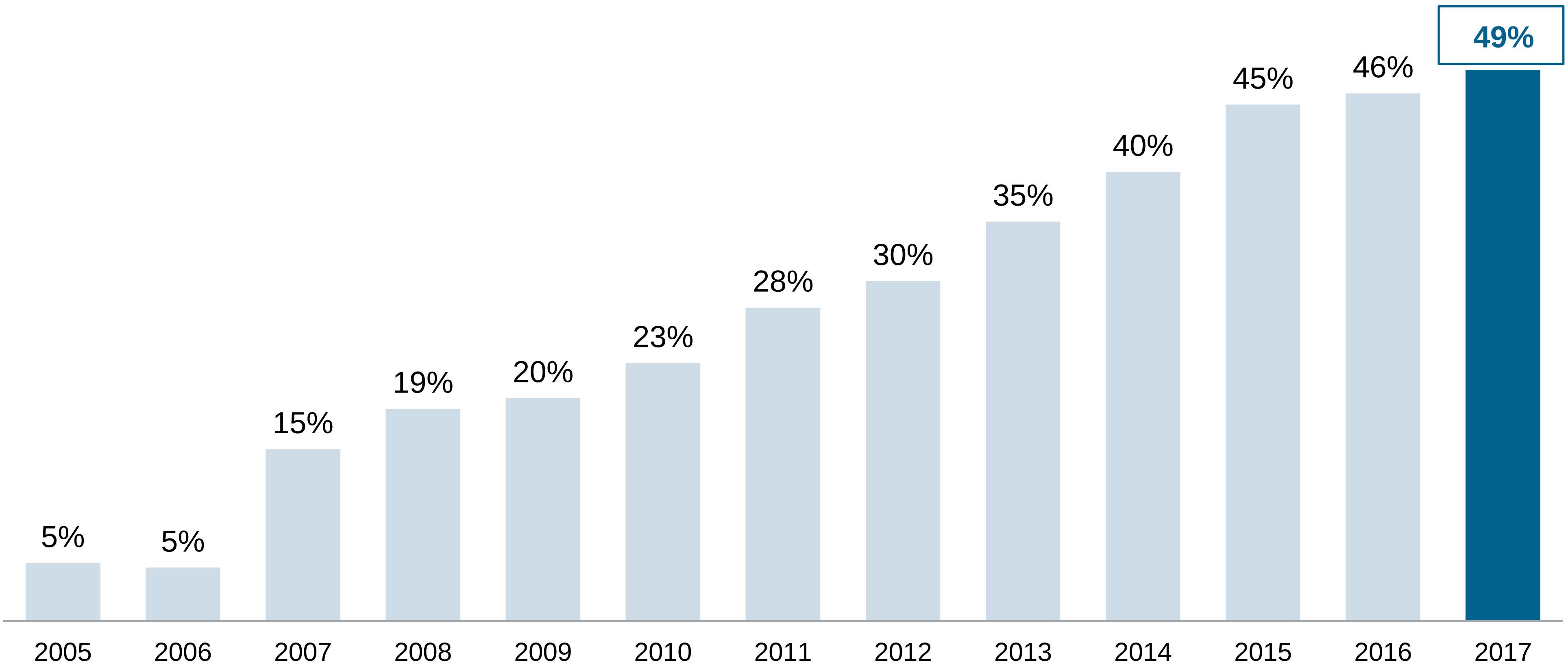
Ability to Innovate, Scale Investment Strategies

Nearly half of our AUM comes from new strategies

NEW STRATEGIES[1] AS % OF TOTAL AUM



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Note: Excludes Lazard Frères Gestion.
1 Includes strategies with less than $1 billion AUM as of December 31, 2005 and strategies launched after December 31, 2005.

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	>15
Global Listed Infrastructure	2005	>10
Quantitative	2008	>10
Global Robotics	2015	>5
Developing Markets Equity	2008	>5

Significant number of portfolios currently in development

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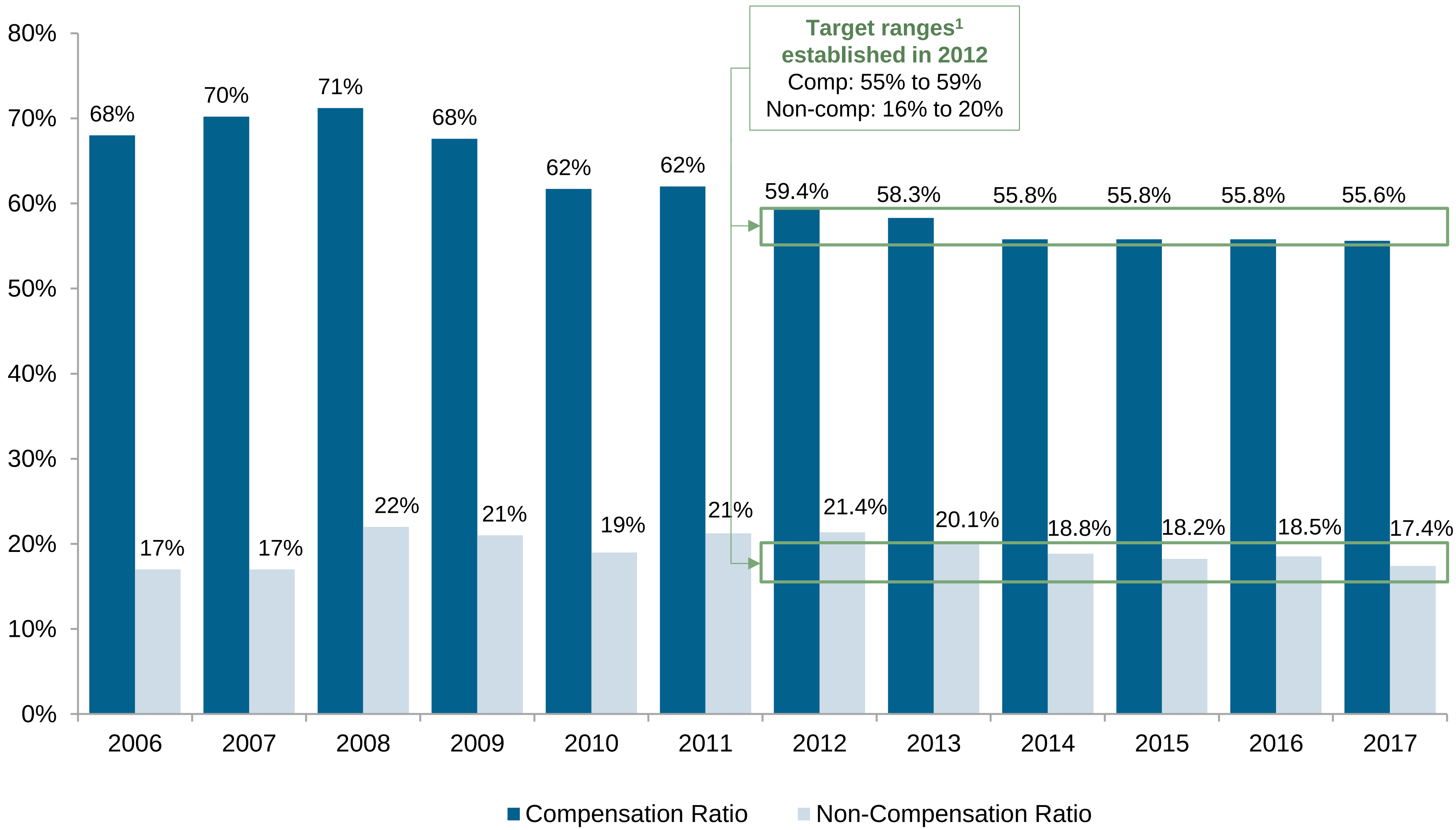
Note: Approximate AUM as of December 31, 2017.

Financial Strategy

Discipline on Costs

Established consistency in compensation and non-compensation expenses

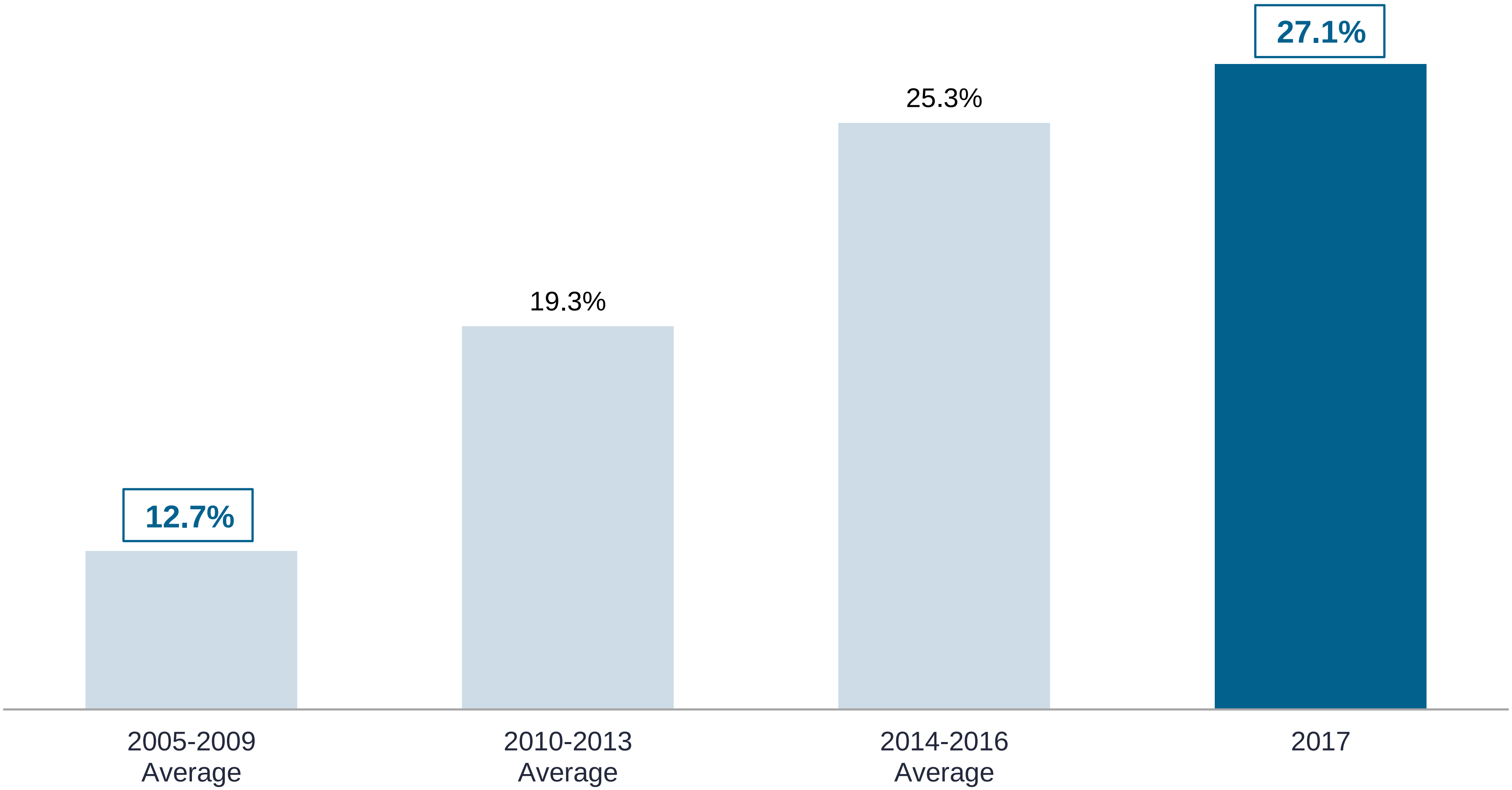


1 Target ranges based on awarded compensation; compensation, as adjusted; and non-compensation, as adjusted.

Note: Compensation ratio calculated based on awarded compensation. Non-compensation ratio calculated based on non-compensation expense, as adjusted.

Focus on Operating Margins

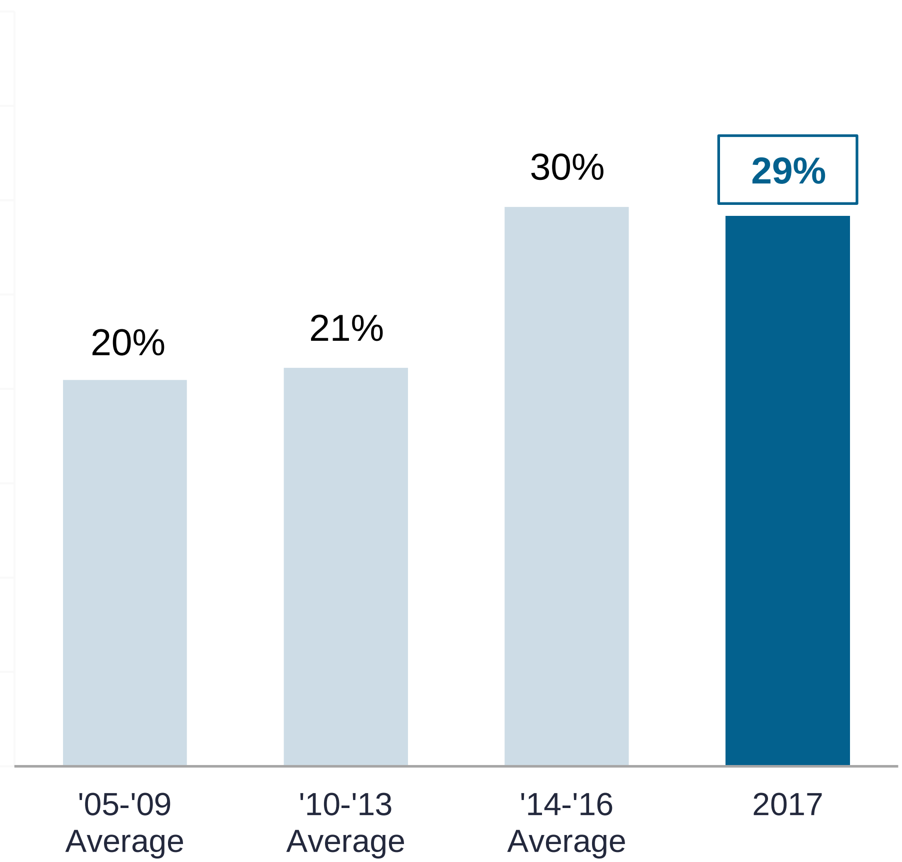
Cost management has resulted in doubling of awarded operating margin



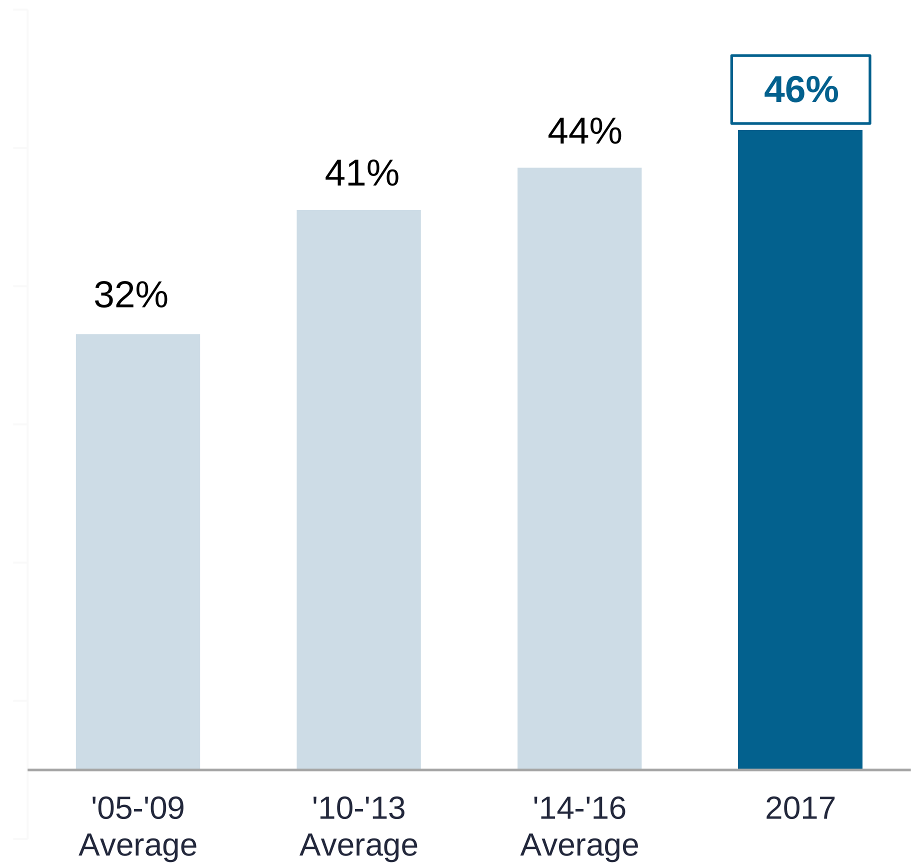
Strong Margin Growth

Operating margin on an awarded basis increased in both businesses

FINANCIAL ADVISORY



ASSET MANAGEMENT



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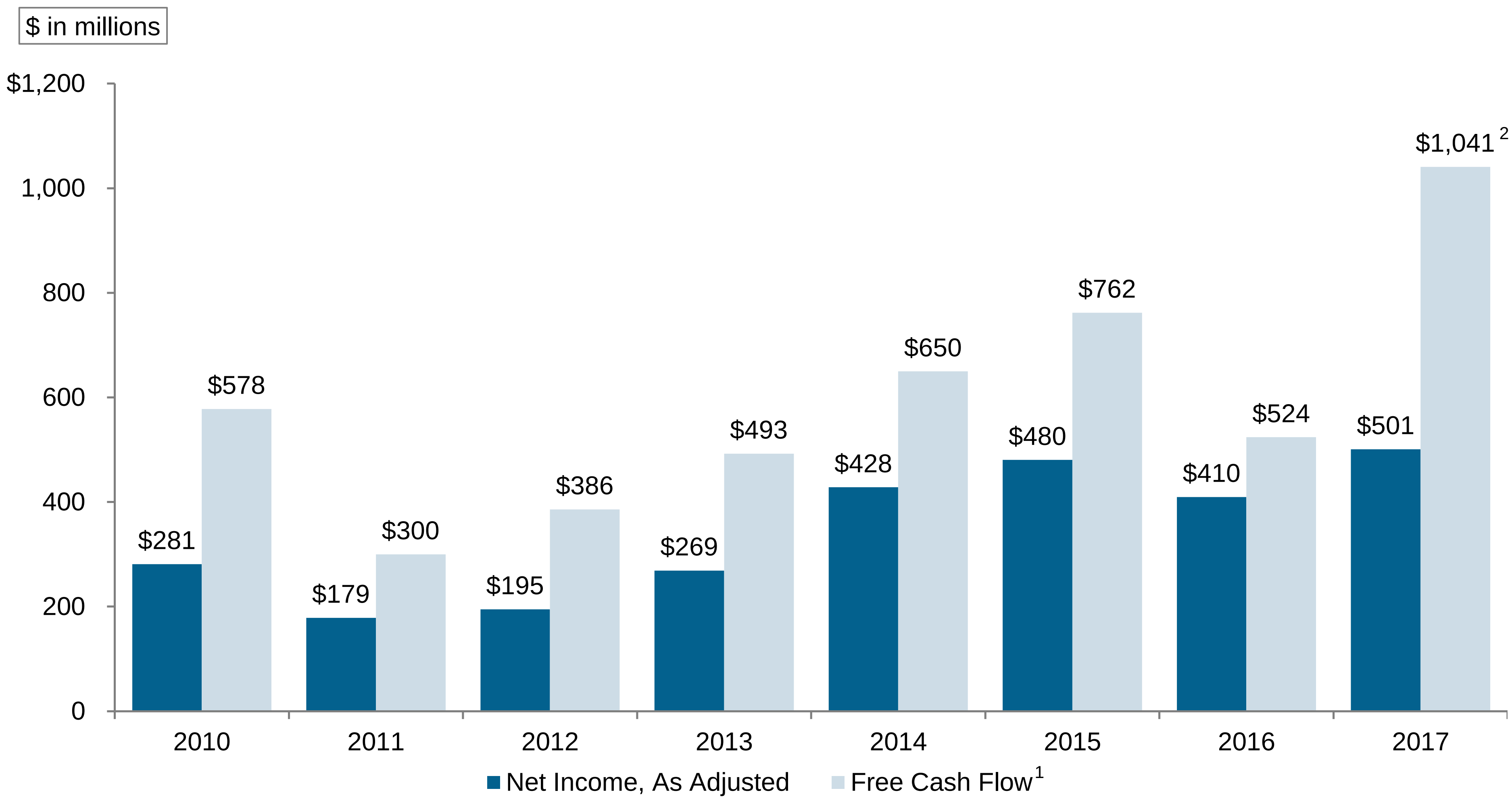
Note: Segment results are shown before direct and indirect overhead allocations. See the "Reconciliation of U.S. GAAP Operating Income to Earnings from Operations, Awarded Basis" slides for additional information regarding overhead allocations.

High Cash Generation for Shareholders

Lazard generates more free cash than adjusted net income



1 Free Cash Flow is defined as Operating Activity Cash Flow (+/-) Investing Activities (+/-) Other Financing. See page 50 for a more detailed definition.

2 Significant increase from 2016 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

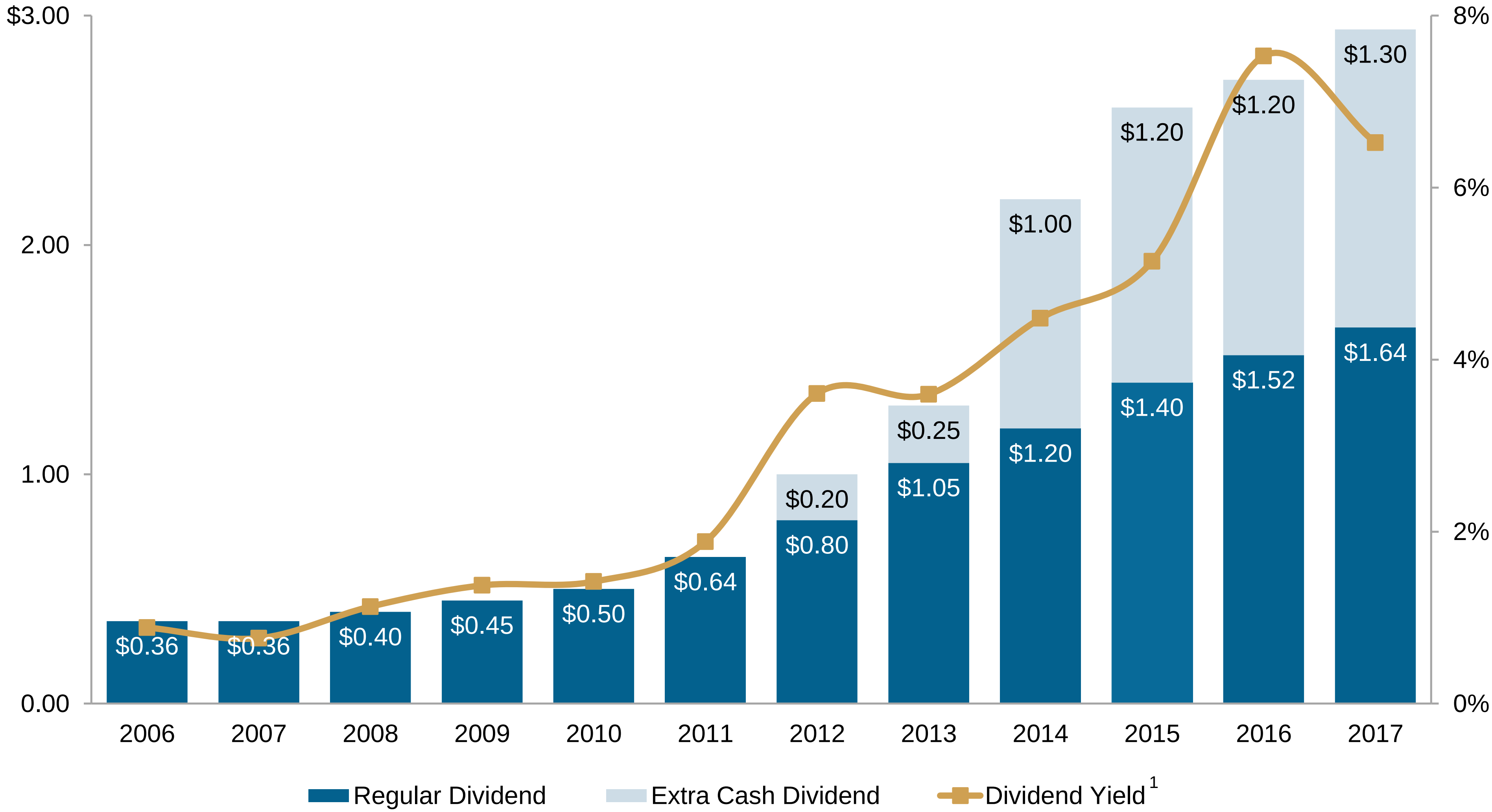
Goals

- Gradually increase quarterly dividend over time
- At minimum, 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

Note: Subject to other uses of capital.

Strong Dividend Growth

Increased regular dividends for ten consecutive years



1 Dividend yield calculated based on average share price in each year:
2017 - $45.06, 2016 - $36.12, 2015 - $50.55, 2014 - $49.10, 2013 - $36.14, 2012 - $27.74, 2011 - $33.99, 2010 - $35.23, 2009 - $32.72, 2008 - $35.45, 2007 - $47.28, 2006 - $40.66

Continuous Share Repurchases

Buying back shares through cycles

Supplemental Financial Information

Corporate Structure & Tax Reform Considerations

Corporate Structure

Partnership structure for U.S. tax purposes

- Trade as a common stock on the NYSE and a K-1 issuer
- Does not generate Unrelated Business Taxable Income (UBTI) and current structure prevents UBTI from being received by investors
- Paid a quarterly dividend every quarter since going public in 2005, which has increased every year

Impact of Tax Reform

Impact of 2017 U.S. Tax Cuts and Jobs Act: one-time non-cash charge of $217 million

- $420 million primarily related to the reduction in certain deferred tax assets
- $203 million offsetting benefit related to the reduction in our Tax Receivable Agreement obligation

Significant benefit expected from steady-state effective tax rate

- 200-300 basis point tax rate benefit from changes in new tax law
- Estimating an effective tax rate in the mid-20s and cash tax rate in the mid-to-high-teens, before discrete items[1]
- Approximately $0.3 billion of tax benefits as of December 31, 2017

Tax reform provisions 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 special deduction for foreign earnings, resulting in double taxation for non-U.S. earnings
- Expansion of categories of foreign income to be taxed also results in increased tax payments

Continue to actively explore structuring alternatives that could potentially mitigate higher tax rate as U.S. C-corporation

- Tax planning is a complex process and the alternatives we have reviewed to date involve significant timing and cost considerations

1 Discrete items would include the tax treatment of stock based compensation, which is estimated to provide a benefit to fiscal year 2018 effective tax rate of approximately 500 basis points assuming current stock price levels (as of Feb. 1, 2018).

Earnings from Operations – Awarded Basis

($ in millions, except per share values)

	2012	2013	2014	2015	2016	2017
Operating Revenue	$1,971	$2,034	$2,340	$2,380	$2,344	$2,655
% Growth	*5%*	*3%*	*15%*	*2%*	*(2%)*	*13%*
Compensation and benefits, Awarded basis	1,170	1,185	1,317	1,333	1,317	1,476
% of Operating Revenue	*59%*	*58%*	*56%*	*56%*	*56%*	*56%*
Non-Compensation expense	421	409	441	434	434	461
% of Operating Revenue	*21%*	*20%*	*19%*	*18%*	*19%*	*17%*
Earnings from Operations, Awarded basis	380	440	582	613	593	718
Operating Margin, Awarded basis	*19%*	*22%*	*25%*	*26%*	*25%*	*27%*
Awarded EPS[1]	$1.81	$2.24	$3.23	$3.70	$3.49	$4.27
Memo:						
Net Income per share, as adjusted	$1.44	$2.01	$3.20	$3.60	$3.09	$3.78
Cash Taxes	$51	$58	$84	$69	$82	$100

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.

Supplemental Segment Information

($ in millions)

	Financial Advisory[1]			Asset Management[1]			Corporate[2]		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Operating Revenue	$1,280	$1,301	$1,388	$1,083	$1,031	$1,240	$2,380	$2,344	$2,655
% Growth	*6%*	*2%*	*7%*	*(3%)*	*(5%)*	*20%*	*2%*	*(2%)*	*13%*
Compensation and benefits, Awarded basis	$734	$737	$809	$445	$427	$494	$153	$153	$172
% of Operating Revenue	*57%*	*57%*	*58%*	*41%*	*41%*	*40%*	*6%*	*6%*	*6%*
Non-Compensation expense	$161	$161	$174	$164	$160	$172	$109	$113	$116
% of Operating Revenue	*13%*	*12%*	*13%*	*15%*	*16%*	*14%*	*5%*	*5%*	*4%*
Earnings from Operations, Awarded basis	$385	$403	$405	$474	$444	$574			
Operating Margin, Awarded basis	*30%*	*31%*	*29%*	*44%*	*43%*	*46%*			

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.

Estimated Future Amortization of Historical Deferrals[1]

($ in millions)

	2016A	2017A	2018E	2019E	2020E
2012 Grants	8	–	–	–	–
2013 Grants	57	8	–	–	–
2014 Grants	116	62	9	–	–
2015 Grants	164	115	62	8	–
2016 Grants	6	168	118	62	10
2017 Grants	–	13	186	115	65
2018 Grants	–	–	TBD	TBD	TBD
Other	1	1	15	10	5
Total	$352	$367 [2]	$390	TBD	TBD

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1 In accordance with U.S. GAAP, an estimate is made for future forfeitures of deferred compensation awards. The result reflects the cost associated with awards that are expected to vest. Amortization of deferrals beyond 2018 not shown.
2 Based on estimates.

Earnings from Operations – As Adjusted/Awarded

($ in millions)

As Adjusted	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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
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
Non-Compensation expense	257	269	338	368	337	368	400	421	409	441	434	434	461
Earnings from Operations	$327	$411	$554	$376	$121	$445	$316	$332	$428	$597	$627	$585	$713
Operating Margin, As Adjusted	*24%*	*26%*	*27%*	*22%*	*7%*	*22%*	*17%*	*17%*	*21%*	*26%*	*26%*	*25%*	*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

Awarded	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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
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
Non-Compensation expense	257	269	338	368	337	368	400	421	409	441	434	434	461
Earnings from Operations	$224	$241	$269	$105	$192	$393	$311	$380	$440	$582	$613	$593	$718
Operating Margin, Awarded Basis	*16%*	*15%*	*13%*	*6%*	*12%*	*20%*	*17%*	*19%*	*22%*	*25%*	*26%*	*25%*	*27%*
Awarded EPS [1]							$1.37	$1.81	$2.24	$3.23	$3.70	$3.49	$4.27

1 Metric established as of 2011

Unaudited

U.S. GAAP Selected Financial Information

($ in millions)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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
% Growth		*15%*	*28%*	*(19%)*	*(2%)*	*24%*	*(4%)*	*5%*	*4%*	*16%*	*2%*	*(1%)*	*13%*
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
Non-Compensation [1]	260	275	376	404	404	468	425	437	490	467	1,051	475	306
Operating Income (loss)	$342	$328	$419	$25	($182)	$243	$236	$124	$216	$519	($17)	$517	$825
% of Net revenue	*26%*	*22%*	*22%*	*2%*	*(12%)*	*13%*	*13%*	*6%*	*11%*	*23%*	*(1%)*	*22%*	*31%*

1 Includes provision pursuant to tax receivable agreement

Unaudited

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
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
Adjustments:													
Revenue related to noncontrolling interests [1]	(2)	(5)	(5)	13	(7)	(16)	(17)	(14)	(15)	(15)	(16)	(21)	(16)
(Gains) losses related to Lazard Fund Interests ("LFI") and other similar arrangements [2]	-	-	-	-	-	-	3	(7)	(14)	(7)	4	(3)	(23)
Interest Expense [3]	59	82	102	105	94	90	86	80	78	62	50	48	50
Gain on repurchase of subordinated debt [4]	-	-	-	-	-	-	(18)	-	-	-	-	-	-
MBA Lazard acquisition and Private Equity revenue adjustment [5]	-	-	-	-	-	-	-	-	-	-	(12)	(13)	-
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

Operating Revenue is a non-GAAP measure which excludes:

1 Revenue related to the consolidation of noncontrolling interests is excluded from operating revenue 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 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.

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.

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
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
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	(4)	(24)
Private Equity incentive compensation [4]	-	-	-	-	-	-	-	-	(12)	-	-	-	-
Compensation related to noncontrolling interests [5]	-	-	-	-	(2)	(3)	(4)	(4)	(4)	(5)	(5)	(12)	(8)
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	1,325	1,481
Amortization of deferred incentive awards	-	(23)	(105)	(238)	(333)	(241)	(289)	(335)	(298)	(299)	(321)	(352)	(367)
Total cash compensation and benefits [8]	774	868	1,018	693	827	925	879	883	899	1,003	998	973	1,114
Deferred year-end incentive awards [9]	116	204	337	352	239	293	282	272	291	325	336	342	351
Sign-on and other special deferred incentive awards [10]	-	13	88	180	39	27	40	42	22	14	26	30	36
Adjustment for actual/estimated forfeitures [11]	(14)	(24)	(35)	(23)	(16)	(27)	(28)	(27)	(27)	(25)	(27)	(28)	(25)
Compensation and benefits expense - Awarded basis	$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
% of Operating revenue - Awarded basis	65%	68%	70%	72%	67%	62%	62%	59%	58%	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

Note: See endnotes for information regarding non-GAAP adjustments.

Unaudited

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
Non-Compensation expense - U.S. GAAP basis	$260	$275	$376	$404	$404	$468	$425	$437	$490	$467	$1,051	$475	$306
Adjustments:													
Expenses associated with ERP system implementation [28]	-	-	-	-	-	-	-	-	-	-	-	-	(25)
Expenses related to office space reorganization [12]	-	-	-	-	-	-	-	-	-	-	-	-	(11)
Charges pertaining to Senior Debt refinancing [13]	-	-	-	-	-	-	-	-	(54)	-	(60)	(3)	-
Charges pertaining to cost saving initiatives [1]	-	-	-	-	-	-	-	(3)	(13)	-	-	-	-
Charges pertaining to staff reductions [2]	-	-	-	-	-	-	-	(3)	-	-	-	-	-
Amortization and other acquisition-related costs [14]	-	-	(21)	(5)	(5)	(8)	(12)	(8)	(10)	(6)	(6)	(36)	(10)
Non-compensation related to noncontrolling interests [5]	-	-	-	-	-	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Provision (benefit) pursuant to the tax receivable agreement obligation ("TRA") [15]	-	(6)	(17)	(17)	1	(3)	-	-	(2)	(18)	(548)	-	203
Loss (gain) on 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	$434	$461
% of Operating revenue	19%	17%	17%	22%	21%	19%	21%	21%	20%	19%	18%	19%	17%
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

Note: See endnotes for information regarding non-GAAP adjustments.

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

($ in millions, except per share values)

	2012	2013	2014	2015	2016	2017
Net income attributable to Lazard Ltd - U.S. GAAP Basis	$84	$160	$427	$986	$388	$254
Adjustments:						
Expenses associated with ERP system implementation [28]	-	-	-	-	-	25
Expenses related to office space reorganization [12]	-	-	-	-	-	11
Charges pertaining to cost saving initiatives [1]	103	65	-	-	-	-
Charges pertaining to Senior Debt refinancing [13]	-	54	-	63	4	-
Charges pertaining to staff reductions [2]	25	-	-	-	-	-
Private Equity incentive compensation [4]	-	12	-	-	-	-
MBA Lazard acquisition and Private Equity revenue adjustment [21]	-	-	-	(12)	(13)	-
Acquisition-related costs [26]	-	-	-	-	34	7
Valuation Allowance for changed tax laws [27]	-	-	-	-	12	-
Gain on partial extinguishment of TRA obligation (net of tax) [23]	-	-	-	(259)	-	-
Recognition of deferred tax assets (net of TRA accrual) [22]	-	-	-	(294)	-	-
Reduction of deferred tax assets (net of TRA reduction) [15]	-	-	-	-	-	217
Tax expense (benefit) allocated to adjustments [18]	(21)	(23)	-	(4)	(15)	(13)
Amount attributable to LAZ-MD Holdings [18]	(2)	(1)	-	-	-	-
Adjustment for full exchange of exchangable 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
Weighted average shares outstanding:						
U.S. GAAP, diluted	129,326	133,737	133,813	133,245	132,634	132,480
As adjusted, diluted	135,117	133,737	133,813	133,245	132,634	132,480
Diluted Net Income per share:						
U.S. GAAP Basis	$0.65	$1.21	$3.20	$7.40	$2.92	$1.91
As adjusted	$1.44	$2.01	$3.20	$3.60	$3.09	$3.78

Note: See endnotes for information regarding non-GAAP adjustments.

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

($ in millions)

	Financial Advisory			Asset Management			Corporate			Total		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Net Revenue - U.S. GAAP Basis	$1,280	$1,301	$1,388	$1,111	$1,052	$1,256	($37)	($20)	$1	$2,354	$2,333	2,644
Adjustments [(a)]:												
Revenue related to noncontrolling interests [5]	-	-	-	(16)	(21)	(16)	-	-	-	(16)	(21)	(16)
(Gain) loss related to LFI and other similar arrangements	-	-	-	-	-	-	4	(3)	(23)	4	(3)	(23)
Interest expense	-	-	-	-	-	-	50	48	50	50	48	50
MBA Lazard acquisition and Private Equity revenue adjustment	-	-	-	(12)	-	-	-	(13)	-	(12)	(13)	-
Operating revenue	$1,280	$1,301	$1,388	$1,083	$1,031	$1,240	$17	$12	$27	$2,380	$2,344	$2,655
Operating Income - U.S. GAAP Basis	$274	$284	$244	$374	$281	$445	($665)	($48)	$136	($17)	$517	$825
Adjustments:												
Sum of Adjustments - Revenue - U.S. GAAP vs. Operating revenue (from above)	-	-	-	(28)	(21)	(16)	54	32	27	26	11	11
Sum of Adjustments - Compensation and benefits expense, as adjusted to awarded basis [(b)]	(14)	(14)	6	(4)	19	(1)	4	3	-	(14)	8	5
Charges pertaining to LFI and other similar arrangements [3]	-	-	-	-	-	-	(4)	4	23	(4)	4	23
Operating expenses related to noncontrolling interests[5]	-	-	-	7	14	10	-	-	-	7	14	10
Charges pertaining to Senior Debt refinancing [13]	-	-	-	-	-	-	60	3	-	60	3	-
Amortization and other acquisition-related costs[14]	-	4	9	7	32	-	-	-	-	7	36	9
Provision (benefit) pursuant to the tax receivable agreement [15]	-	-	-	-	-	-	968	-	(203)	968	-	(203)
Loss (gain) on partial extinguishment of TRA obligation [23]	-	-	-	-	-	-	(420)	-	-	(420)	-	-
Expenses related to office space reorganization [12]	-	-	-	-	-	-	-	-	11	-	-	11
Expenses associated with ERP system Implementation [28]	-	-	12	-	-	12			1			25
Corporate support group allocations to business segments	125	129	134	118	119	124	(243)	(248)	(256)	-	-	2
Total adjustments	111	119	161	100	163	129	419	(206)	(397)	630	76	(107)
Earnings from Operations, Awarded basis	$385	$403	$405	$474	$444	$574	($246)	($254)	($261)	$613	$593	$718
Operating Margin, Awarded basis	*30%*	*31%*	*29%*	*44%*	*43%*	*46%*	*nm*	*nm*	*nm*	*26%*	*25%*	*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.

For all numerical footnotes, see endnotes for information regarding non-GAAP adjustments.

Unaudited

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)]	(14)	17	36	18	(4)	(33)	(19)	4	(14)	(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	107	105	114	108	112	90	97	104	109	117
Total adjustments	114	122	227	174	108	58	82	121	108	107
Earnings from Operations, Awarded basis	**$283**	**$184**	**$218**	**$195**	**$337**	**$323**	**$350**	**$358**	**$443**	**$492**
Operating Margin, Awarded basis	***25%***	***19%***	***21%***	***20%***	***28%***	***39%***	***40%***	***41%***	***43%***	***44%***

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.

For all numerical footnotes, see endnotes for information regarding non-GAAP adjustments.

Unaudited

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]	(57)	(129)	(191)	(175)	84	(31)	(21)	(55)	(25)	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	82	85	94	105	102	65	72	81	85	82
Total adjustments	(38)	(44)	(74)	(65)	190	21	47	18	274	100
Earnings from Operations, Awarded basis	$238	$207	$245	$161	$178	$137	$182	$203	$211	$197
Operating Margin, Awarded basis	*28%*	*21%*	*20%*	*16%*	*18%*	*30%*	*33%*	*28%*	*34%*	*33%*

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.

For all numerical footnotes, see endnotes for information regarding non-GAAP adjustments.

Free Cash Flow Reconciliation

($ in millions)

	2010	2011	2012	2013	2014	2015	2016	2017
Net increase (decrease) in cash and cash equivalents [(a)]	$292	($206)	($154)	($9)	$225	$65	$27	$325
Add (Subtract):								
Purchase of Class A common stock / Repurchase of common membership interests from members of LAZ-MD Holdings	158	205	355	161	194	173	300	307
Class A common stock dividends / Distributions to noncontrolling interests[(b)]	60	75	140	123	146	291	336	341
Settlement of vested share-based incentive compensation	58	94	45	133	85	120	56	68
Payments for senior and subordinated debt / (Proceeds from) issuance of senior debt, net expenses	10	132	-	85	-	113	(195)	-
Free Cash Flow	$578	$300	$386	$493	$650	$762	$524	$1,041

Notes: (a) As reported in the Lazard Ltd. Consolidated statements of Cash Flow statements, for the respective periods.
(b) Distributions to noncontrolling interests include only those distributions to members of LAZ-MD Holdings that were of a similar nature to dividends to Class A common shareholders.

For all numerical footnotes, see endnotes for information regarding non-GAAP adjustments.

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 $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 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006 and 2005, respectively, and cash incentive compensation of $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 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007 and 2006 related to the 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 2010-2013 represent actual forfeiture experience. The 2014-2017 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).

14 Represents amortization of intangibles, and for 2016 and 2017, 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 TRA 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.

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.

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.

Endnotes related to non-GAAP adjustments (continued)

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.

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.