

# ***Lazard Ltd***

***June 18, 2012***



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# Introduction

# LAZARD

Share Price: \$23.09<sup>(1)</sup>

2011 Revenue: \$1.9bn<sup>(2)</sup>

Market Cap: \$3.2bn<sup>(1)</sup>

Enterprise Value: \$3.3bn<sup>(3)</sup>

Dividend Yield: 3.5%<sup>(1)</sup>

- **Triam is one of the largest shareholders of Lazard Ltd (“Lazard” or the “Company”)**
  - Triam has had several meetings with Lazard’s management to discuss its business and strategies to enhance shareholder value
  - Triam supports management’s strategic plan, announced on April 27, 2012, and believes it can allow Lazard to deliver superior total shareholder returns
- **Lazard is a premier global financial services company**
  - Significant brand and franchise value
  - Low capital intensity / fee based business model
  - Beneficiary of positive long term financial market trends
- **Operates in two businesses: advisory and asset management**
  - Revenue is split approximately 55/45 between advisory and asset management, respectively<sup>(4)</sup>
  - ~85% of 2011 EBIT from asset management<sup>(4)</sup>
- **Significant progress has been made under current management**
  - Meaningful increases in awarded operating margins and return of capital to shareholders
- **Triam believes the successful execution of management’s new strategic plan could result in Lazard earning slightly more than \$3.50 per share in 2014, which could translate into an implied value per share of more than double the current trading price of \$23.09 (closing price on June 15, 2012)**

Source: Bloomberg and SEC filings.

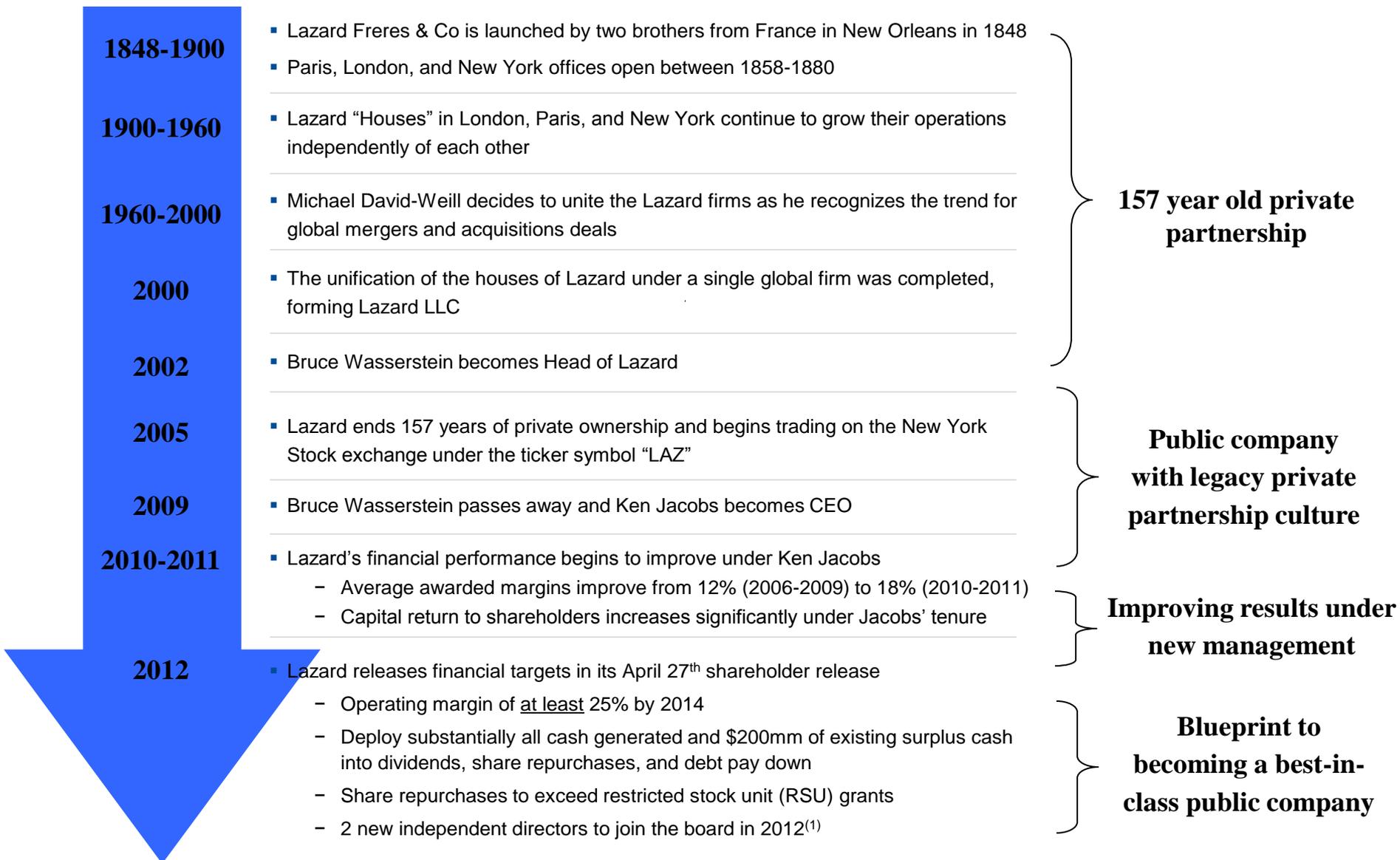
(1) As of June 15, 2012

(2) Note: Corporate revenue is reclassified below EBIT line. Includes only revenue from asset management and financial advisory

(3) Note: Enterprise value is net of investments and excludes accrued compensation and benefits

(4) Represents 12/31/2011 FY adjusted financials

# Lazard: Transition to Shareholder Centric Public Company



Source: Lazard company website

(1) On June 13, 2012, Lazard announced that it had elected Richard Parsons to the Board of Directors

# Lazard Highlights

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## A World Class Business

- **A brand that is globally recognized and trusted**
- **Essentially a 100% fee driven business model; low capital intensity**
- **Largest independent advisor in the world (well positioned to take share from bulge bracket firms)<sup>(1)</sup>**
- **\$157bn assets under management (AUM)<sup>(2)</sup>; strong record of fund flow growth**

## Favorable Industry Dynamics

- **Sweet spot of asset management: global and international equity are approximately 70% of AUM<sup>(2)</sup>**
  - Developing and emerging markets are approximately 40% of global GDP, but only 12% of industry AUM<sup>(3)</sup>
  - Institutional demand to diversify outside of US should lead to continued AUM growth
- **The Financial Crisis has reshaped Wall Street**
  - Compensation costs down, talent flight from bulge bracket to independents
  - Boards turning to independent advisory firms for conflict-free advice

Source: SEC filings.

(1) Largest by 2011 revenue per company SEC filings.

(2) As of 3/31/12

(3) BCG Report, "Global Asset Management 2011", CIA World Factbook

# Lazard Highlights (cont'd)

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## Attractive Point in the M&A Cycle

- **M&A activity depressed today; structural drivers in place for significant increases in volumes**
  - Attractive financing
  - Reasonable valuations
  - Limited organic growth
  - Improving CEO confidence
  - Record levels of cash on corporate balance sheets

## Attractive Valuation

- **Adjusting 2012 estimates for management's 25% margin target and ~\$46mm of interest expense<sup>(1)</sup>, Lazard's EPS would be ~\$2.50, a valuation less than 10x earnings<sup>(2)</sup>**
- **After deducting the value of Asset Management at 8.0x EBITDA, the implied value of Advisory is approximately 1.1x 2011 revenue (Evercore and Greenhill trade at an average multiple of 2.7x 2011 revenue)**
- **Paid to wait - dividend yield of 3.5%<sup>(3)</sup>**
- **Company has maintained/grown staffing to fully capitalize on the upturn**

Source: SEC filings, Lazard Shareholder Letter, Q&A Exhibit and related materials dated April 27, 2012

(1) Represents ~\$1.0bn of debt (\$1.17bn gross debt less \$200mm excess capital) at a 4.7% interest rate (current trading levels per Bloomberg). This represents a more normalized capital structure and interest cost for Lazard.

(2) Note: Independent advisors and asset managers trade at an average multiple of approximately 16x and 13x estimated 2012 Bloomberg consensus earnings per share, respectively.

(3) As of 6/15/2012

# Lazard Highlights (cont'd)

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## New Strategic Plan

- **Operating margins of at least 25% by 2014 (versus 16% in 2011)**
  - Driven by improvements in both compensation and non-compensation expense ratios
  - Reduction in corporate and support costs (Currently \$250mm or 13% of FY 2011 revenue)
- **All free cash flow from operations is expected to go towards dividends, share repurchases or debt pay down, and modest increases in seed investments**
- **Deploy \$200mm of excess cash towards dividends, share repurchases or debt repurchases by 2013**
- **Commitment to balance the economics of the business between shareholders and employees**
  - New long term incentive plan to better align pay and long term performance
- **Improved corporate governance**
  - 2 new outside directors (one named in June 2012)<sup>(1)</sup>
  - Adoption of a majority voting policy
- **Improved transparency (more detailed segment level financial reporting and allocation of capital)**
- **Current management has delivered meaningful improvements during their tenure (2010 – 2011)**
  - Average awarded operating margins increased to 18% (2010-2011) versus 12% (2006-2009)
  - Average capital returned to shareholders more than doubled to \$325mm per annum in 2010-2011 versus \$156mm average from 2006-2009

Source: SEC filings, Lazard Shareholder Letter, Q&A Exhibit and related materials dated April 27, 2012

(1) On June 13, 2012, Lazard announced that it had elected Richard Parsons to the Board of Directors.

# Stock Price Performance: 2011 - YTD

Lazard's recent share price is approximately 50% below its peak of ~\$46 in February 2011



Source: Bloomberg

LAZARD

**An Attractive Business with  
Significant Franchise Value**

# Lazard Overview

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## LAZARD

- **~\$2bn revenue; \$307mm EBIT<sup>(1)</sup>**
- 241 managing directors; 2,530 employees<sup>(2)</sup>
- \$3.2bn market capitalization, \$3.3bn enterprise value<sup>(3)</sup>
- Premier global financial services company
- 100% fee driven business model
- Mid-cap size and brand strength provide long runway for growth

### Asset Management

#### **\$897mm Revenue / \$257mm EBIT<sup>(1)</sup>**

- 79 managing directors<sup>(2)</sup>
- \$157bn assets under management (AUM)<sup>(2)</sup>
- 70% of AUM is global / international equity<sup>(2)</sup>
- 90% institutional clients / 47% non-US
- Strong track record of fund flow growth
- Significant fund capacity

Source: Company SEC Filings

(1) FYE 2011. Includes corporate expense allocation based on revenue

(2) As of 3/31/12

(3) As of 6/15/12

(4) Largest by 2011 revenue per company SEC filings

### Financial Advisory

#### **\$992mm Revenue / \$50mm EBIT<sup>(1)</sup>**

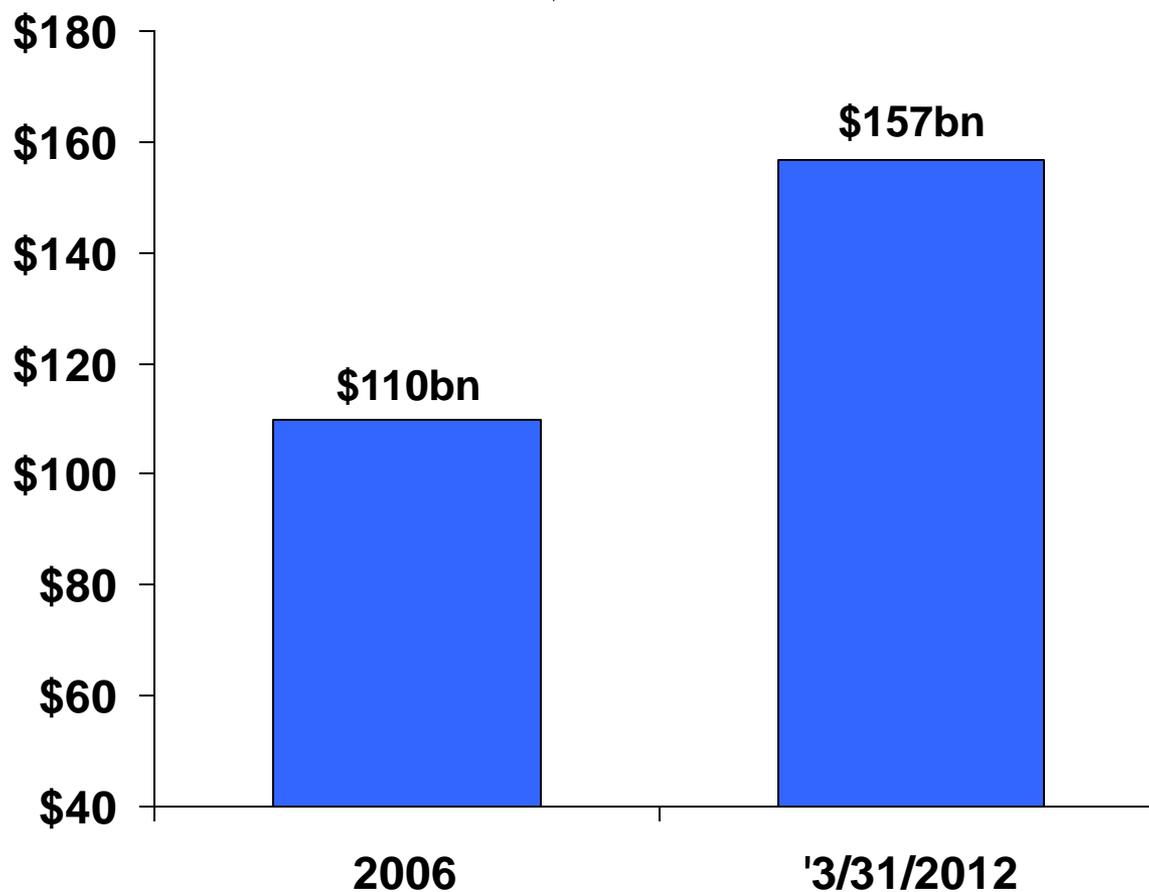
- 149 managing directors<sup>(2)</sup>
- Advised on 350 transactions in 2011
- #1 independent advisor in the world<sup>(4)</sup>
- 241 clients paying over \$1mm per year
- Well positioned to take share from bulge bracket firms

## Asset Management: Strong Asset Growth

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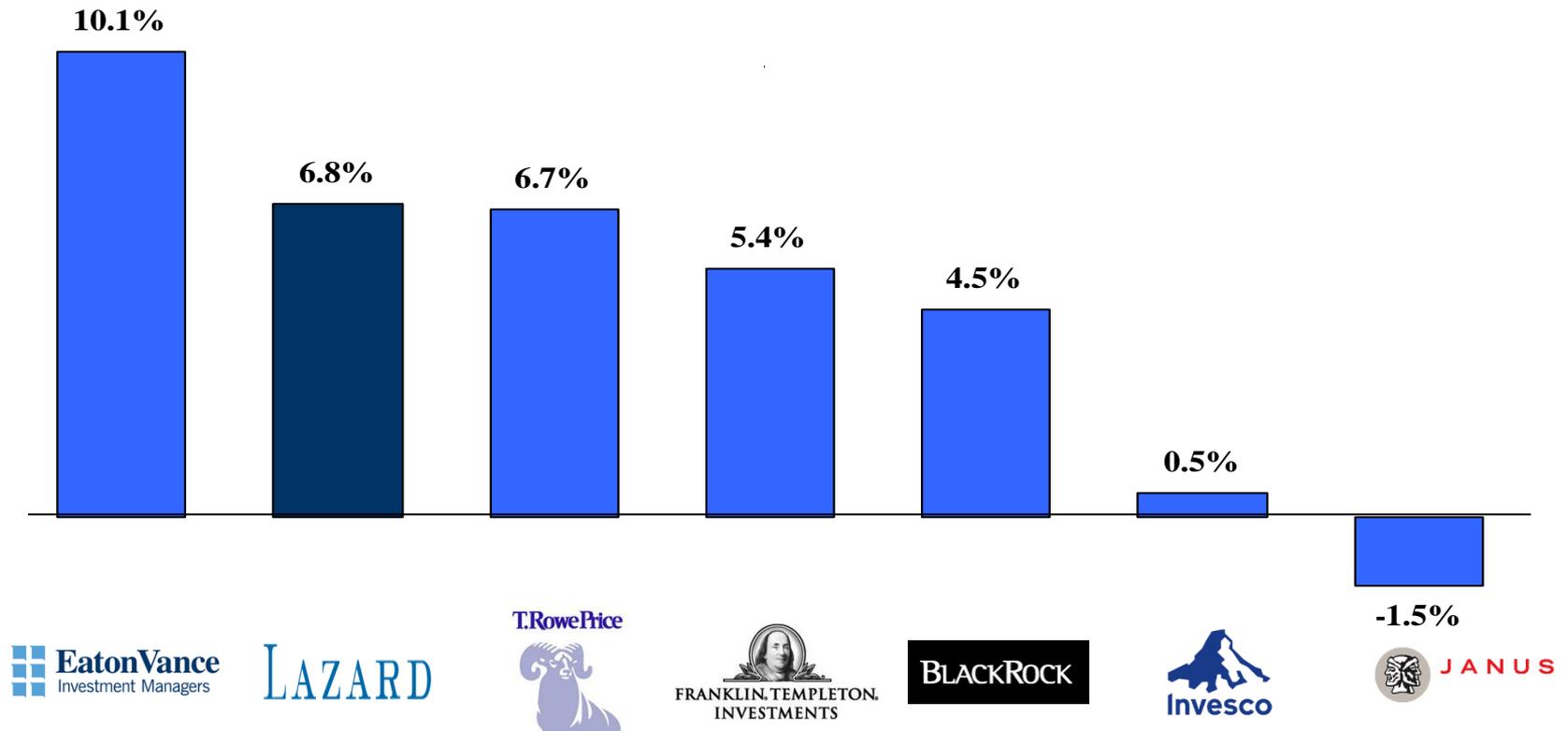
- \$37bn in net inflows over 5 years and a 7.0% AUM Growth CAGR (through 3/31/2012).
- Significant AUM growth despite weak capital markets

Ending Balance Assets Under Management (\$bn's)



# Organic Flow Growth is Among the Best in the Industry

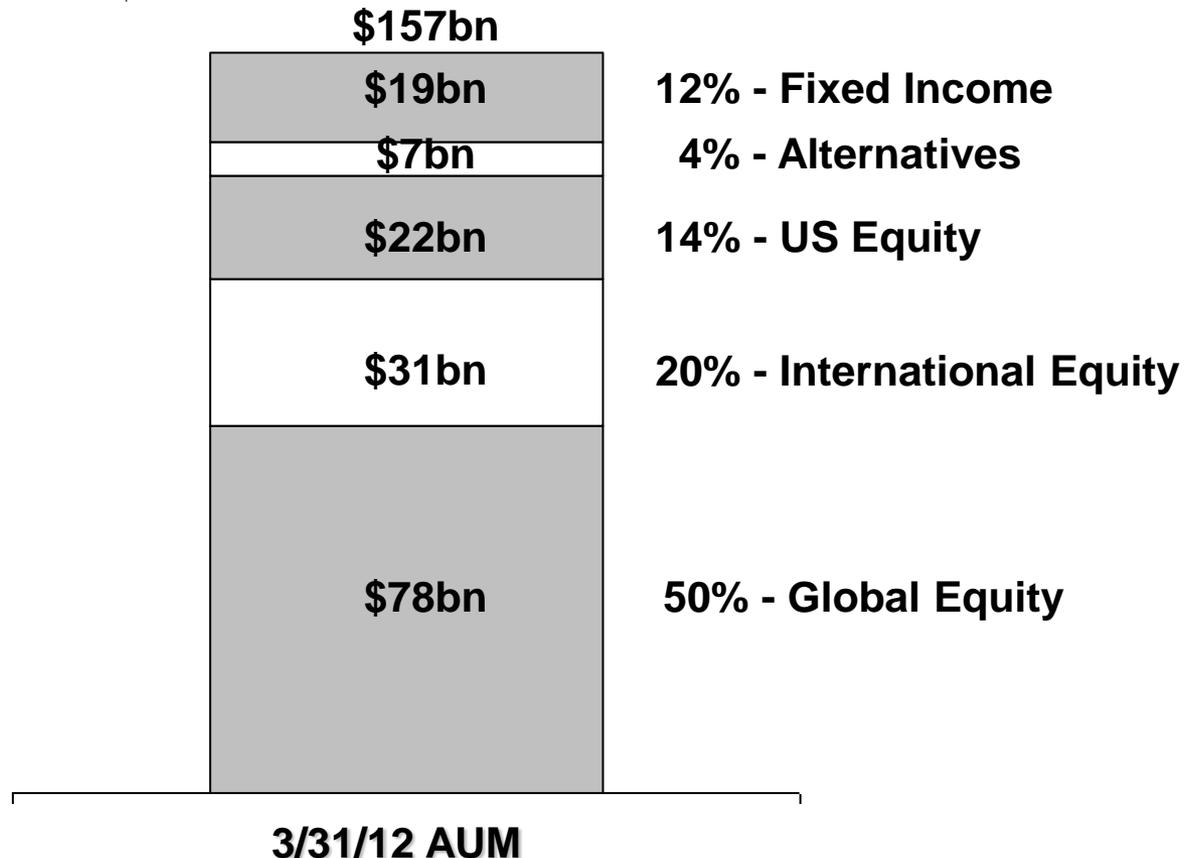
## Asset Managers: Average Annual Long Term Organic Fund Flow Growth (FYE '07-'11)



## Well Positioned AUM Mix

- Global and International equity asset mix (70% of AUM) place Lazard in the sweet spot of asset management
- High fee rate (60 bps) and 90% institutional mix (limited retail wholesaling force) should allow for strong operating margins and investment in employees

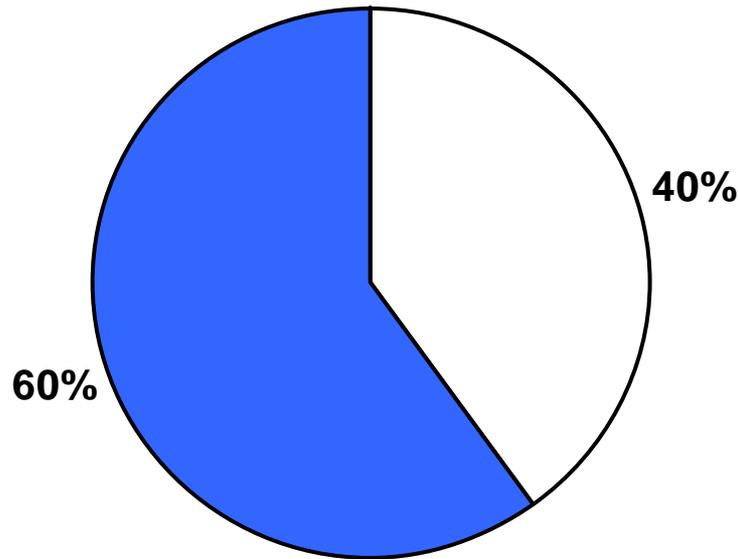
### Ending Balance Assets Under Management (\$bn's)



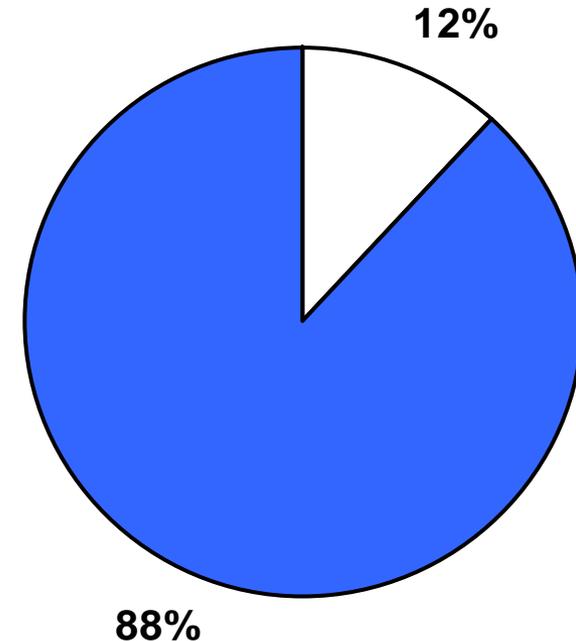
# Global Equity is Expected to Continue to Gain Share

- Developing and emerging markets represent 40% of global GDP but only 12% of industry assets under management
- Growing capital markets, strong GDP growth, and investor demand to diversify outside of US / Western European markets should lead to strong AUM growth in global and international assets

Global GDP: \$70 Trillion



Global AUM: \$56 Trillion



Source: BCG Report, "Global Asset Management 2011", CIA World Factbook

(1) Includes North America, Europe, Japan and Australia

(2) Includes \$2.9T Asia (excluding Japan and Australia), \$1.3T Latin America, \$1.0T South Africa and the Middle East and \$1.6T Other, which consists primarily of offshore AUM

# Financial Advisory: Lazard's Franchise Value Extends Beyond any Individual "Rainmaker"

		LAZARD	EVERCORE	Greenhill
<b>Long Institutional History</b>	Year Founded	1848 <sup>(1)</sup>	1996	1996
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<b>Unmatched Scale</b>	Advisory Revenue (\$mm's)	\$992	\$421 <sup>(3)</sup>	\$293
	Advisory Employees	1,105 <sup>(2)</sup>	774 <sup>(4)</sup>	316
	Managing Directors	140	95 <sup>(5)</sup>	65
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<b>Superior Client Breadth</b>	Top 10 Clients as a percent of revenue	14%	36% <sup>(6)</sup>	35%
	# Clients paying >\$1mm in fees	241	94	74

Source: SEC filings, press releases, Dealogic

Note: As of Fiscal Year Ending 12/31/2011

(1) Refers to formation of Lazard Freres & Co. in New Orleans, Louisiana

(2) Reflects 140 MDs, 730 non-MD professionals and an estimated 235 support staff. Advisory support staff for 2011 not disclosed, but was disclosed as 222 in 2010. Trian has assumed advisory support staff growth proportionate to company-wide support-staff growth of 6%

(3) Reflect Adjusted Pro Forma Results per Evercore Earnings Press Releases

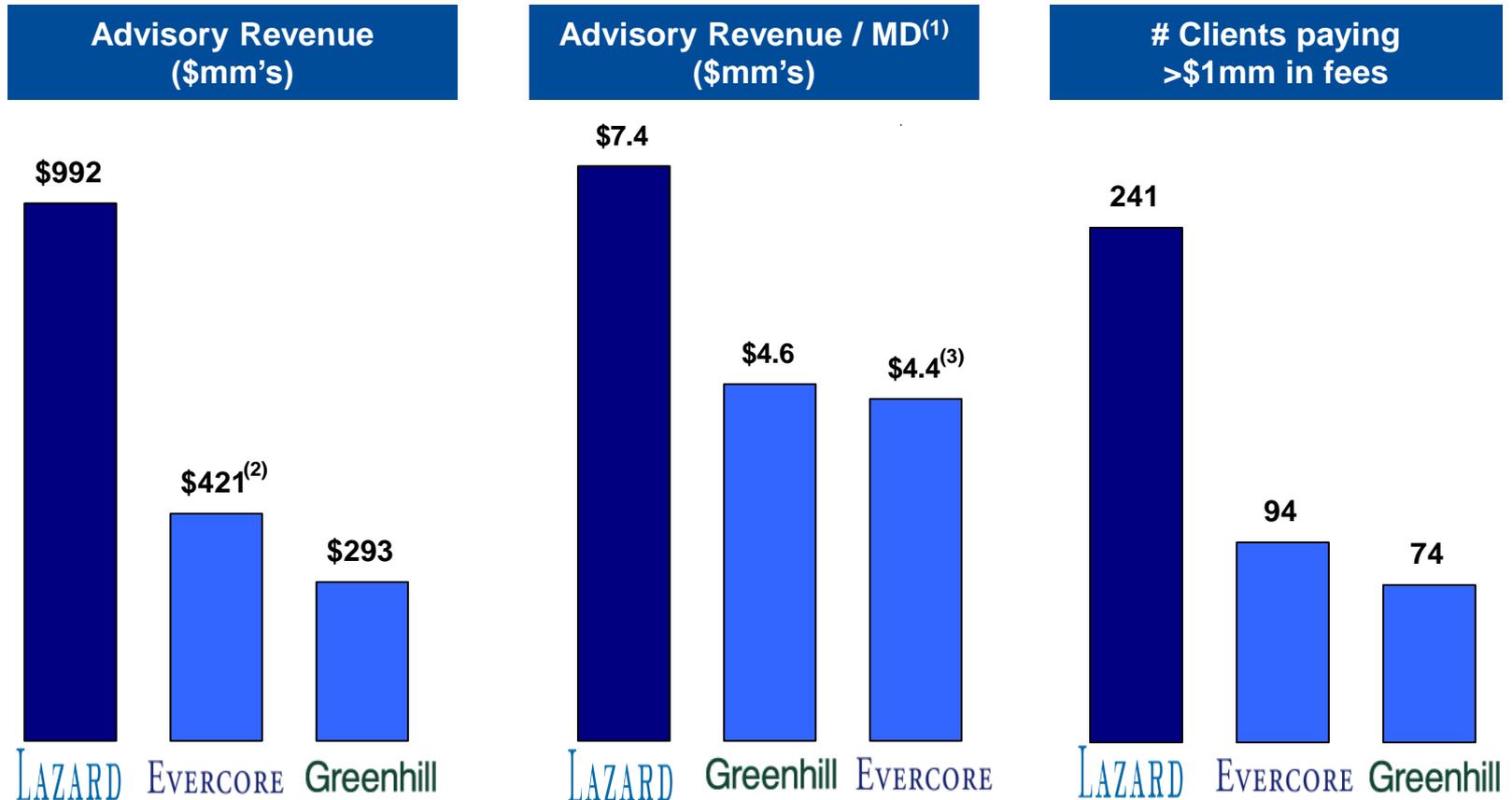
(4) Total employees of 825 per fourth quarter 2011 conference call, excluding 20 institutional equities professionals and 31 portfolio and client relationship managers per 2010 filings

(5) Represents advisory MD's and advisory Senior MD's as of 12/31/2011 (per company website and SEC filings)

(6) Trian estimates. Evercore discloses top 5, which represent 24% (assume next 5 represent 12%)

# Attractive Revenue Productivity Metrics

- Lazard has the most scale among the publicly-traded boutiques as measured by total advisory revenue
- Productivity metrics (revenue / managing director, high fee-paying clients) compare favorably to peers



Source: SEC filings, press releases, Dealogic

Note: As of Fiscal Year Ending 12/31/2011

(1) Represents average Managing Director (MD)

(2) Adjusted Pro Forma

(3) Represents advisory MD's and advisory Senior MD's as of 12/31/2011 (per company website and SEC filings)

# The Financial Crisis Has Reshaped Wall Street

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## The balance of power on Wall Street has shifted away from the bankers to the banks

- Nearly 600,000 financial services jobs have been eliminated since 2008
- Bear Stearns and Merrill Lynch have been consolidated under distressed mergers while Lehman Brothers has ceased to exist
- Balance sheet problems have caused UBS, RBS, Citigroup, and Deutsche Bank to retrench from the marketplace
- With more employees looking for fewer jobs at fewer firms, financial services companies should benefit from a classic supply / demand imbalance
- Compensation costs are expected to come down across the industry. Ken Jacobs, Lazard's CEO, recently acknowledged in a Bloomberg interview that "reducing costs is either cutting compensation or non-compensation costs. So in the end it's going to come down to a reduction in compensation"<sup>(1)</sup>

## Bulge Bracket firms are challenged by regulatory changes, balance sheet problems, and diminished brand value

- Boards are increasingly turning to independent advisory firms for conflict free advice
- The trend of pairing an independent advisor alongside a bulge bracket firm is gaining momentum
- Increased regulations and challenges in other business units are impacting advisory compensation and business
- Independent advisory firms are increasingly able to attract talent away from bulge bracket firms
- With approximately 25% market share of advisory fees, boutiques have significant growth potential

# Independent Advisors Are Well Positioned

## Bulge Bracket Firms



## Independent Advisors



### Legacy Issues

- Regulatory / political distractions
- Balance sheet problems

- Operate under less regulatory pressure
- No credit exposure

### Ability to Attract Talent

- Significant layoffs / talent drain
- Restrictions on cash compensation
- Significant impairment to deferred comp
- Compensation impacted by problems in non - advisory businesses

- Growing employee base
- Flexibility on cash compensation
- Limited impairment to deferred comp
- Pure advisory businesses

### Business Momentum

- Impaired brands
- Losing share

- Growing brand awareness
- Gaining share

## Significant Opportunity for Share Gains

- Lazard is the largest independent advisory firm yet has only a 9% share of the top 10 advisor global fee pool

2011 Top Global Advisory Fee Earners (\$mm's)			
<u>Rank</u>	<u>Firm</u>	<u>Revenue</u>	<u>% of Total</u>
1		\$1,987	17%
2		1,792	15%
3	Morgan Stanley	1,737	15%
4		1,246	11%
5	 <sup>(1)</sup>	1,044	9%
6	<b>LAZARD</b>	992	9%
7	 <sup>(1)</sup>	928	8%
8	 <sup>(2)</sup>	830	7%
9		684	6%
10	 <sup>(3)</sup>	421	4%
	<b><u>Total</u></b>	<b>\$11,662</b>	<b>100%</b>

Source: Company filings, press releases and financial supplements

(1) Translated from Swiss franc at average 2011 exchange rate of 1 USD = 0.923 CHF

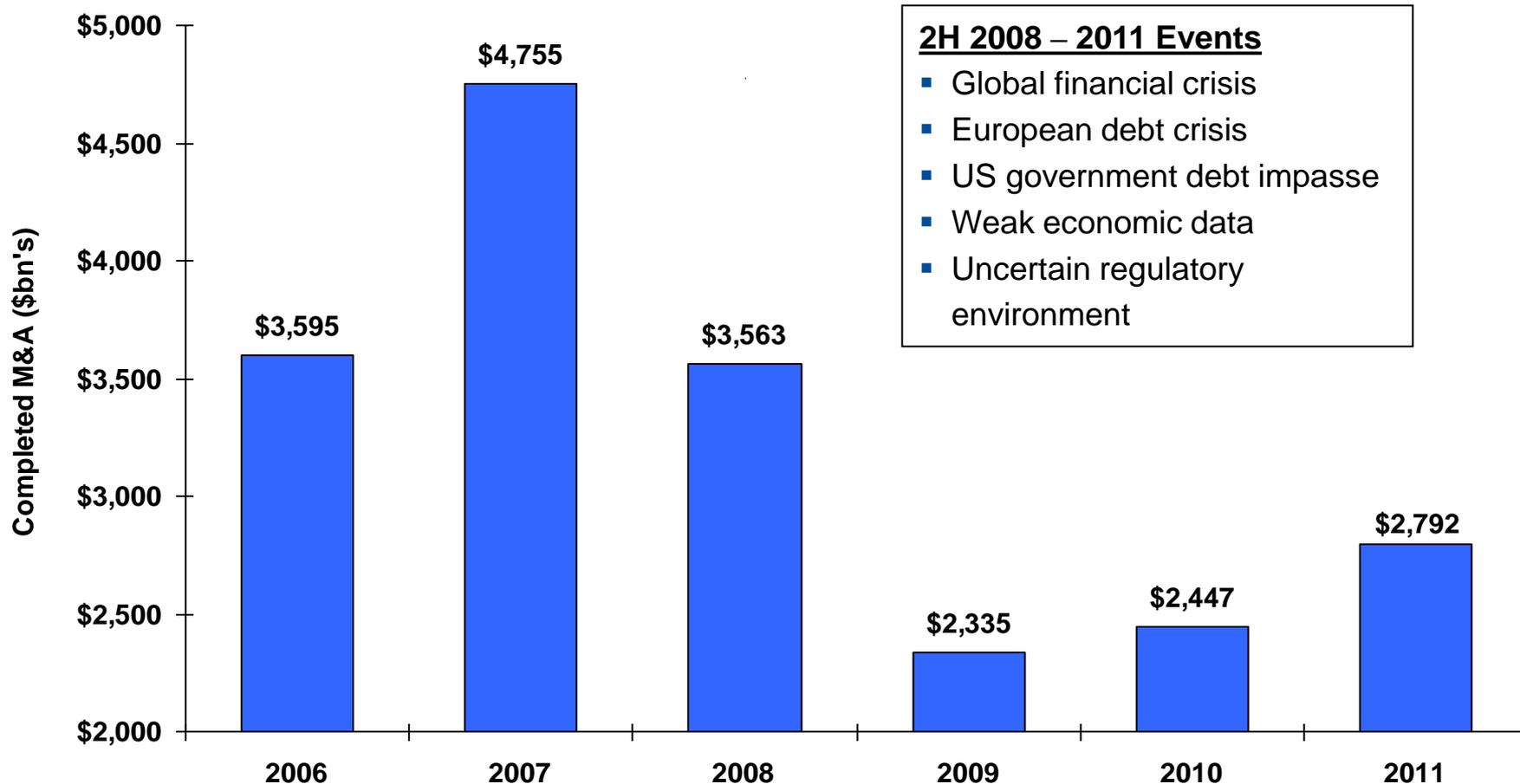
(2) Translated from Euros at average 2011 exchange rate of 1 USD = 0.748 EUR

(3) Reflects pro forma adjusted financials

# M&A Volumes Have been Muted Following the Financial Crisis

- Over the past three years M&A volumes have been curtailed by significant macroeconomic and market volatility

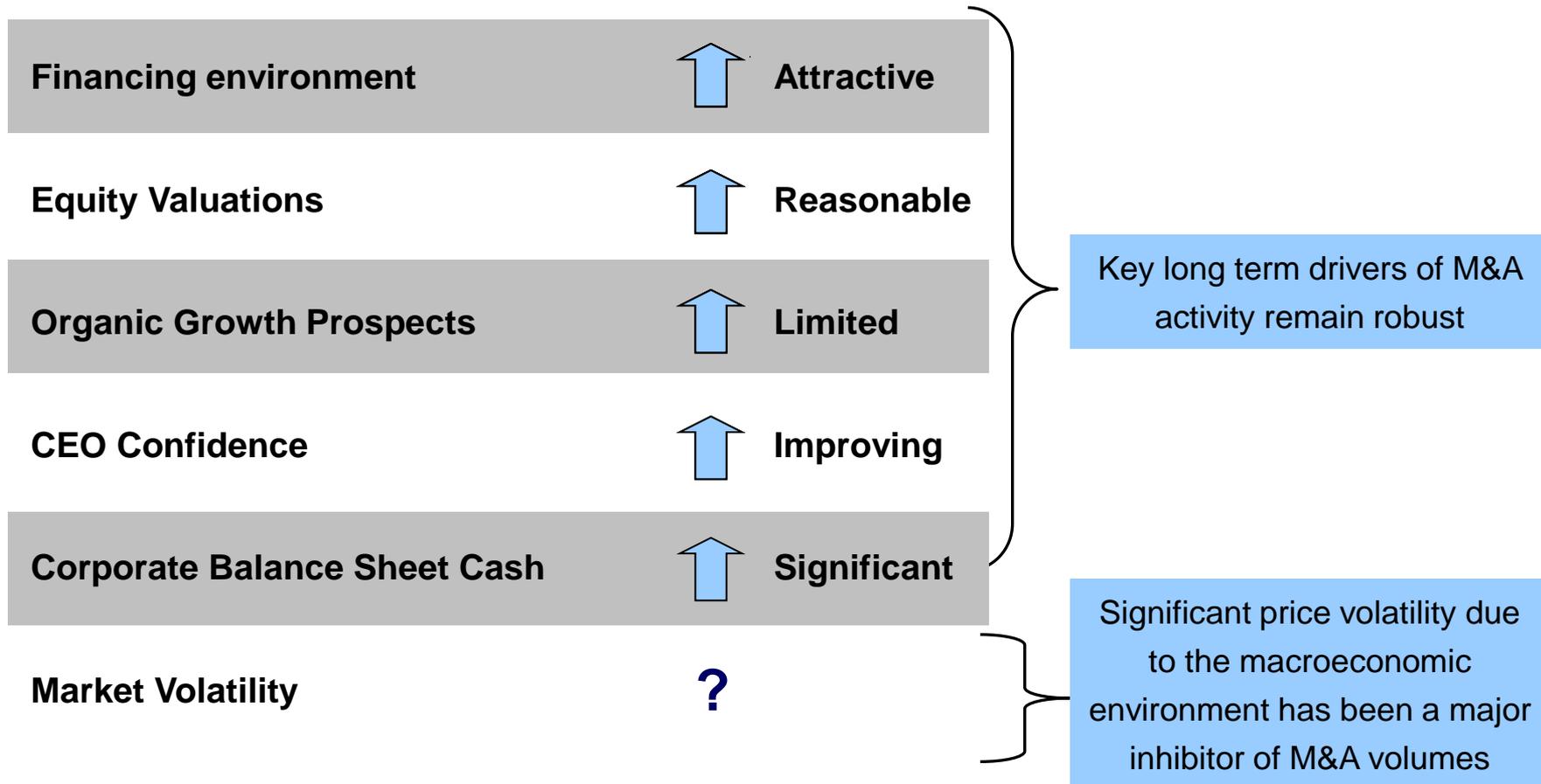
Global M&A Volumes (\$bn's)



## However, the Structural Drivers for M&A Remain Strong

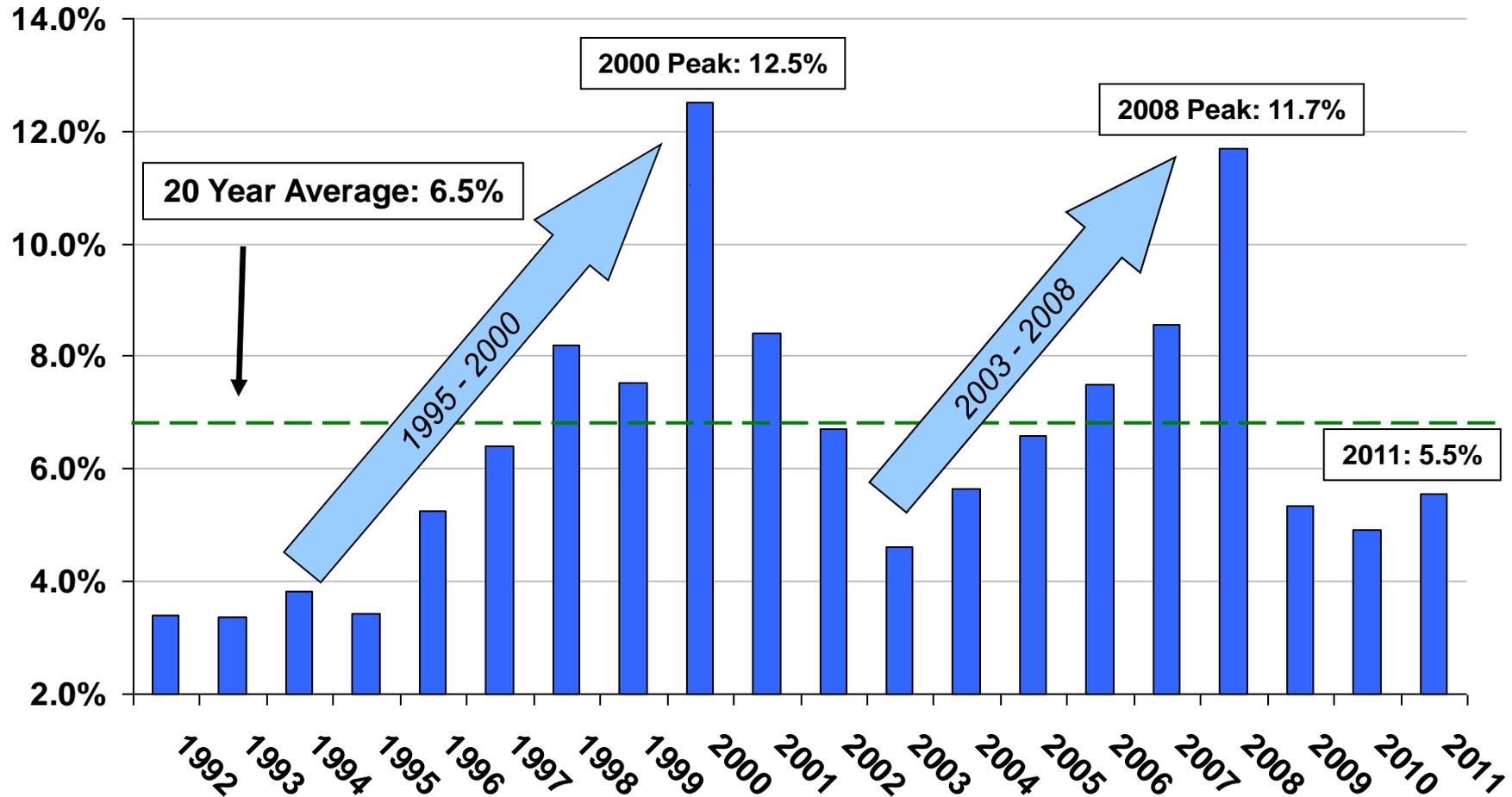
- An attractive financing environment, reasonable valuations, limited opportunities for organic growth, and improving CEO confidence provide an attractive backdrop to M&A

**Significant price volatility has moderated otherwise strong M&A drivers**



# Historically the M&A Cycle has Bounced Back with Multi-Year Growth

## Completed Global M&A as a Percentage of Market Capitalization



LAZARD

**A New Strategic Plan**

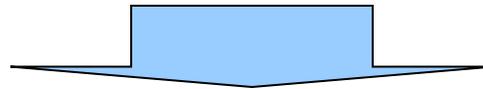
## Triam's Analysis of Lazard's New Strategic Plan

- Management at Lazard is relatively new; Ken Jacobs became CEO in November 2009, following the death of Bruce Wasserstein
- Ken Jacobs has been accelerating the organization's transition from a private partnership to a transparent, shareholder-friendly public company
- To that end, on April 27, 2012 Lazard issued a new strategic plan with the following components:

### 1. Margin Improvement



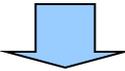
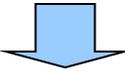
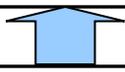
### 2. Shareholder Friendly Capital Allocation



### 3. Improved Corporate Governance and Transparency

## Margin Improvement: Committed to Improve EBIT Margin By +50%

- A significant improvement in cost management and modest revenue growth can drive nearly a 75% increase in EBIT by 2014

	Lazard 2011 Consolidated	Lazard New 2014 Targets	
<b>Revenue</b>	<b>\$1,890</b>	<b>\$2,125<sup>(1)</sup></b>	
<b>Compensation Expense</b>	<b>\$1,169</b>	<b>\$1,212</b>	
<i>% - Revenue</i>	62%	57%	
<b>Non-Compensation Expense</b>	<b>\$414</b>	<b>\$383</b>	
<i>% - Revenue</i>	22%	18%	
<b>Adjusted EBIT</b>	<b>\$307</b>	<b>\$531</b>	
<i>% - Revenue</i>	16%	25%	

(1) Triun assumes a 4.0% revenue CAGR in the base case where Lazard achieves a 25% margin (Lazard's target is at least a 25% margin by 2014).

Source: SEC filings and Lazard shareholder Q&A and Exhibits (4/27/2012)

# Trian Believes Lazard's Margin Target is Very Achievable

- Advisory and asset management businesses have formulaic cost structures
  - Two cost items: Compensation Expense and Non-Compensation Expense

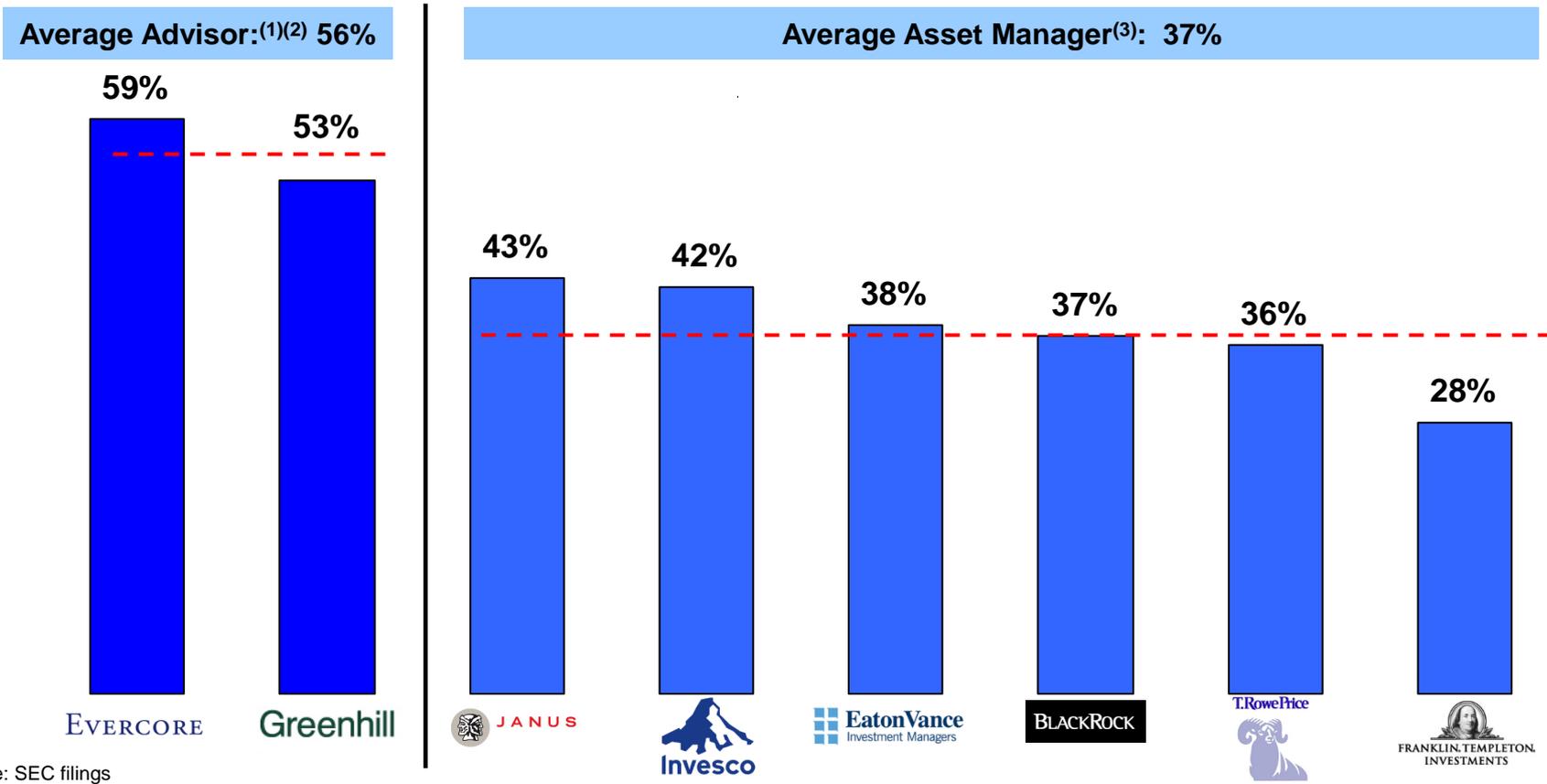
## Public Asset Management / Advisory Cost Structure (Per \$100 of Revenue)<sup>(1)</sup>

	Asset Manager	Advisory Firm	
Revenue:	\$100	\$100	
Compensation Expense	\$40	\$55	<i>Asset managers have lower compensation ratios due to the operating leverage in the model</i>
Travel			
Occupancy			
Marketing			
3 <sup>rd</sup> Party Professional Fees			
Other			
“Non-Compensation Expense”	\$20	\$20	<i>Non-compensation expense is similar for both businesses.</i>
<b>EBIT</b>	<b>~\$40</b>	<b>~\$25</b>	

# Compensation Expense Ratios are Similar Across Firms

- Public independent advisory firms target compensation ratios of 55% or less<sup>(1)(2)</sup>
- Asset managers have lower compensation ratios and typically pay out approximately 40% in comp
  - Trian excludes Alliance Bernstein (severe outflows), and Legg Mason and Affiliated Managers (revenue-share models) which make them not comparable to Lazard, an inflowing, integrated manager

## Compensation Expense Ratios (FYE 2011)



Source: SEC filings

(1) Trian estimates that 2011 awarded compensation ratios for Greenhill and Evercore were approximately 56% and 65% due to significant new hires at Evercore and a challenging market environment (See Appendix B). GAAP financials are reflected above.

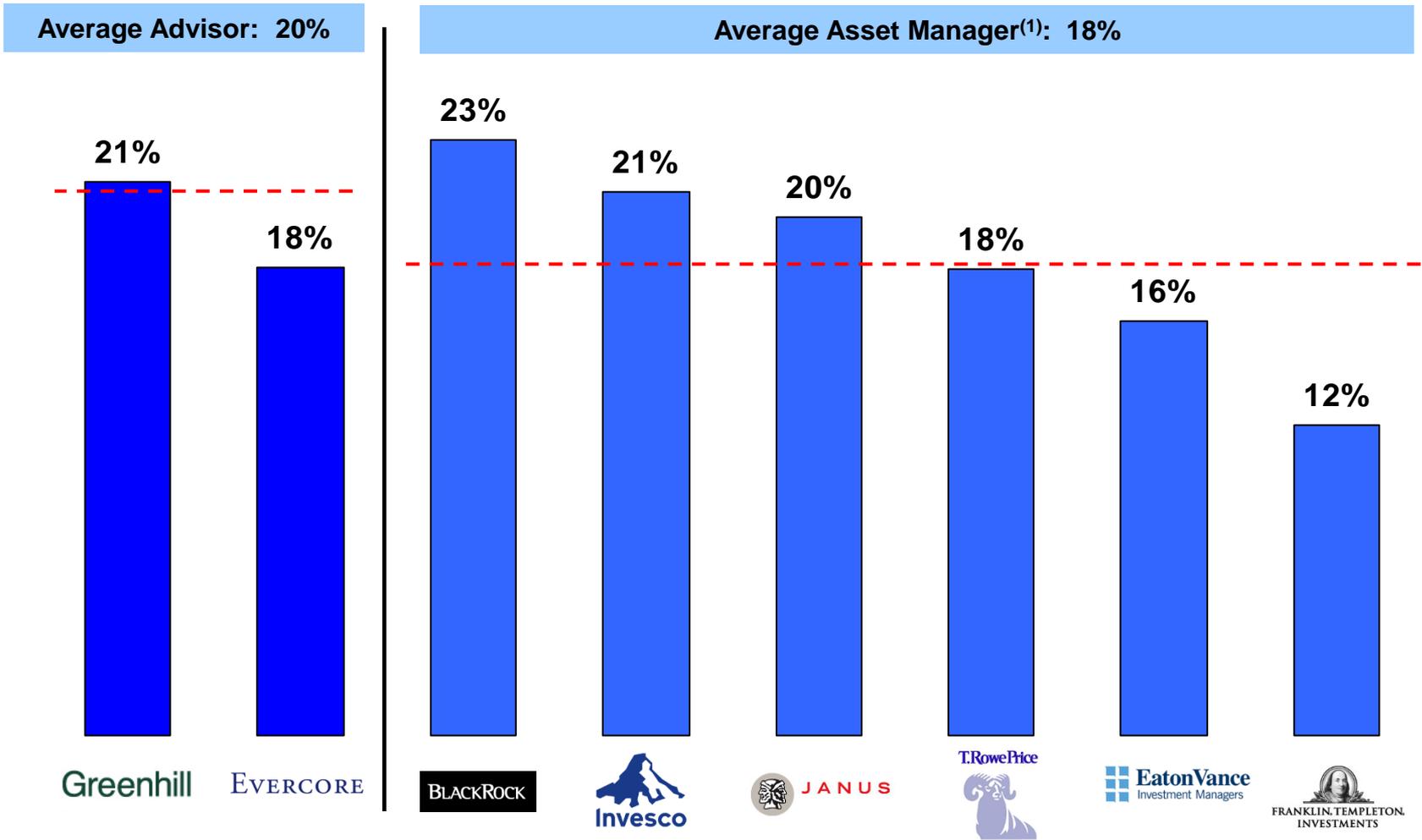
(2) Greenhill targets a compensation ratio “not to exceed 50% (per 2011 Form 10-K); Evercore targets a compensation ratio of 55% or below (GS Financial Services Conference (12/7/11))

(3) Asset management margins calculated on revenue net of distribution and servicing expense. Franklin Resources net revenue excludes marketing expense

# Non-Compensation Expense Ratios Average Around 20%

- For both advisory and asset management, non-compensation expense is approximately 20%

## Non-Compensation Expense Ratios (FYE 2011)



Source: SEC filings

(1) Asset management margins calculated on revenue net of distribution and servicing expense. Franklin Resources net revenue excludes marketing expense.

## Peer Comparables Suggest Lazard's Margins can be +30%

- Applying peer target compensation levels of 55% in advisory<sup>(1)</sup> and more than the peer average of 40% in asset management, we believe Lazard has the potential to achieve +30% margins over time

### Lazard FYE 2011 Income Statement Based on Peer Comparables

	Advisory	Asset Management	Consolidated
Revenue	\$992	\$897	\$1,890
Target Compensation Expense	\$546	\$359	\$905
<i>Target Compensation Ratio</i>	<i>55.0%</i>	<i>40.0%</i>	<i>47.9%</i>
Target Non Compensation Expense	\$198	\$179	\$378
<i>Target Non Compensation Ratio</i>	<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>
<b>Target EBIT</b>	<b>\$248</b>	<b>\$359</b>	<b>\$607</b>
<i>%- Margin</i>	<i>25.0%</i>	<i>40.0%</i>	<i>32.1%</i>

Source: SEC filings

(1) Greenhill targets a compensation ratio "not to exceed 50% (per 2011 Form 10-K);

Evercore targets a compensation ratio of 55% or below (GS Financial Services Conference (12/7/11))

# Shareholder Friendly Capital Deployment

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## Current Status<sup>(1)</sup>

- Low net leverage (~1.3x Net Debt<sup>(2)</sup> / LTM EBITDA)
- Significant cash (\$766mm)
- Strong cash flow (+\$400mm in 2010 and 2011 combined)
  - Cash flow typically exceeds net income
  - Limited capital needs (modest seed capital investments)

## Capital Plan

- Deploy substantially all free cash flow to dividends, repurchases, and debt pay down
- Deploy \$200 million of existing surplus cash toward dividends, share repurchases or debt pay down by 2013
- Share repurchases to exceed restricted stock unit (RSU) grants
- Potential to reduce high cost debt and interest expense over time

***Growth in asset management and advisory does not require meaningful investment in PP&E, inventories, or loans/securities. Going forward, Lazard is committing to manage its capital to capture the value inherent in its high ROI businesses.***

Source: SEC filings

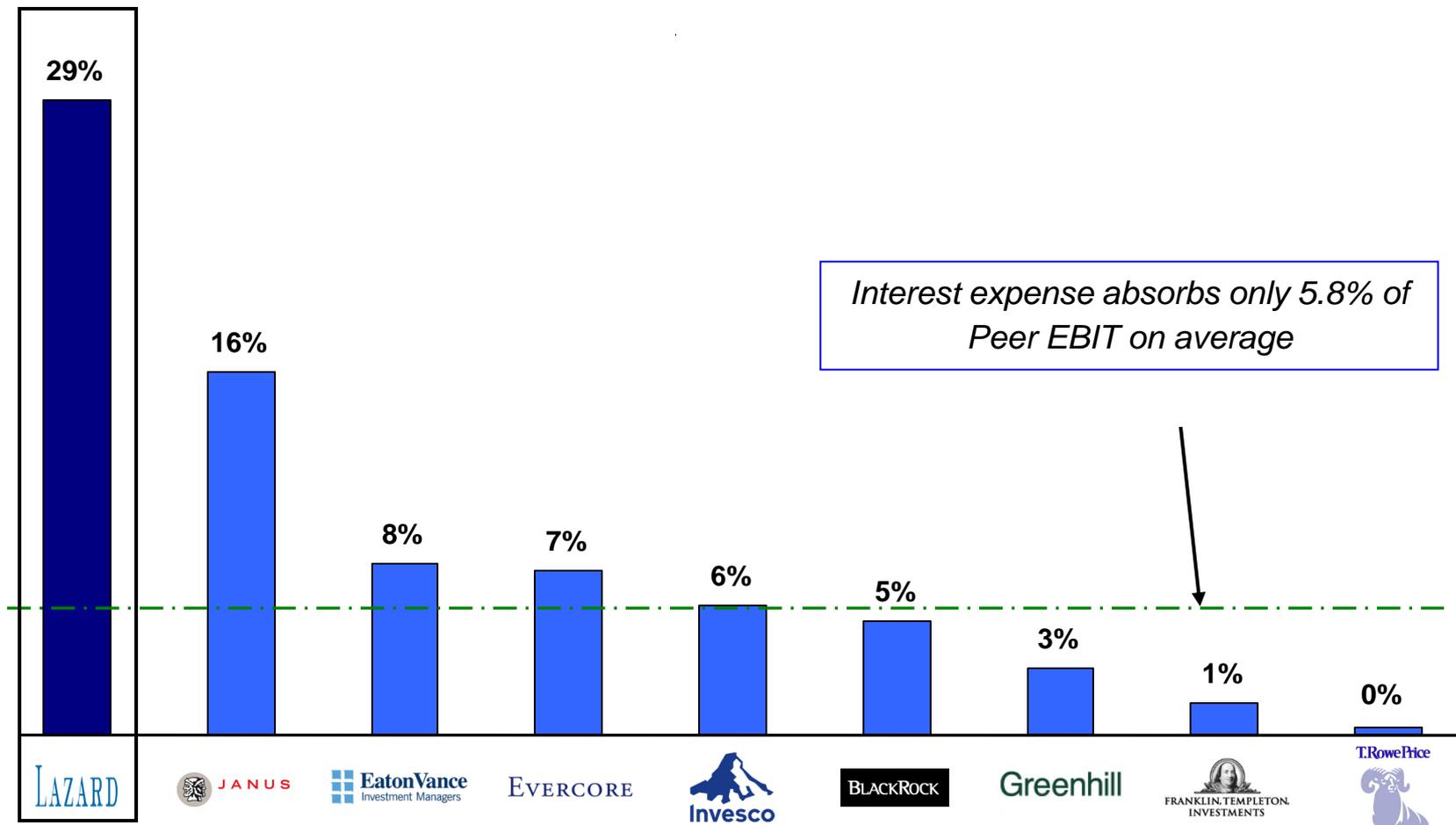
(1) As of 3/31/2012

(2) Includes cash and equivalents only.

# Lazard's Plan Can Result in a More Efficient Allocation of Capital

- In 2011, nearly 30% of Lazard's EBIT was used to pay interest expense
- As Lazard's debt gets closer to maturity, it has an opportunity to attractively deploy capital to reduce its interest expense

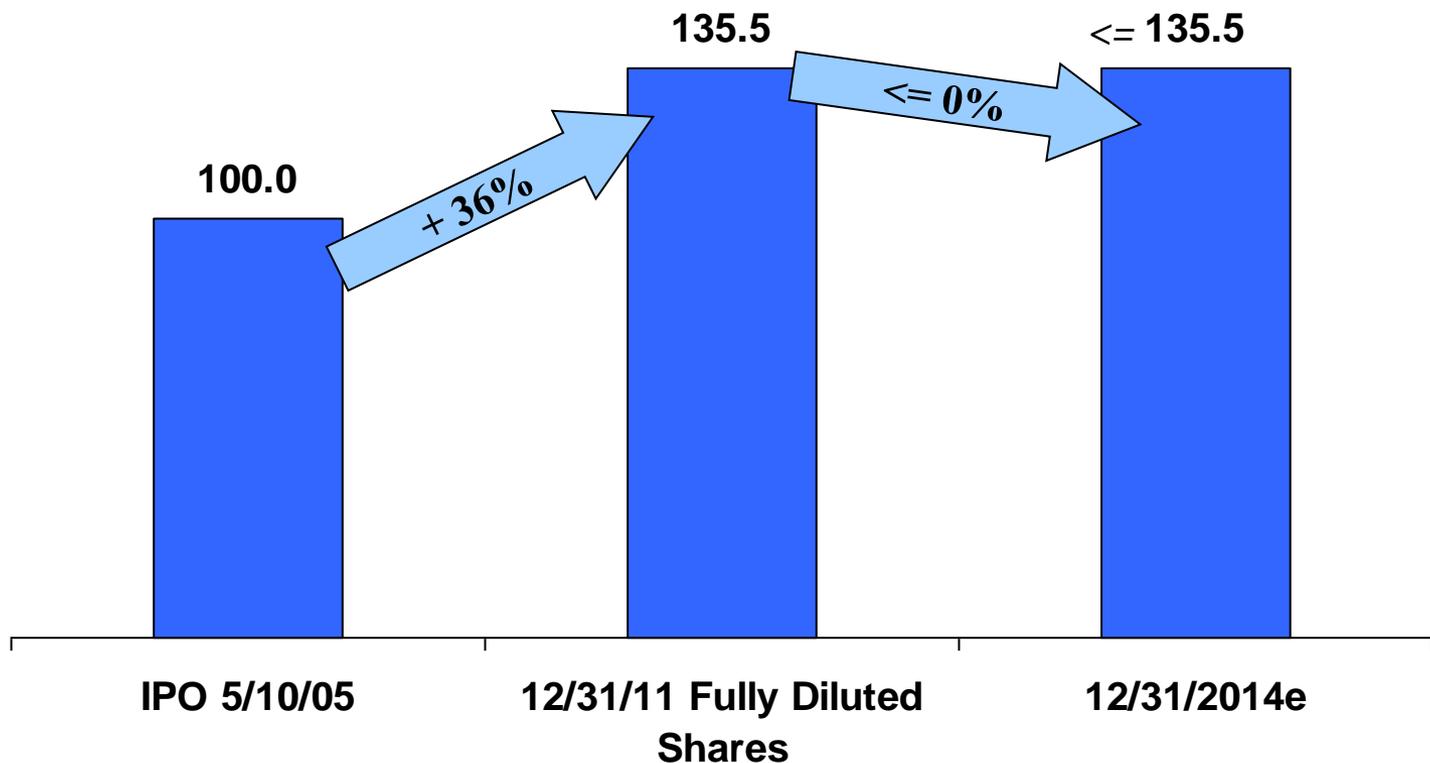
## 2011 Interest Expense as a Percentage of EBIT



## Lazard Management Commits Not To Dilute Shareholders

- “In the last two years [2010-2011], we have repurchased more shares than have been granted in the period. We intend to offset all new grants of RSU’s with buybacks.” - *Lazard Shareholder Q&A 4/27/12*
- A key financial target for Lazard going forward is for “share repurchases to exceed restricted stock unit (RSU) grants” - *Lazard Shareholder Q&A 4/27/12*
- **Triun believes that Lazard’s strong free cash flow and limited need for capital investment should allow the company to decrease its share count each year**

### Lazard Share Count Evolution



# Corporate Governance

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- **Lazard has also committed to several important initiatives to improving its corporate governance**
- **By the end of 2012, Lazard will increase the independence of its board and allow for shareholders to more easily change the constitution of the board**
  - Lazard is committing to add two new independent directors to its Board by year end 2012 and has already appointed one of them<sup>(1)</sup>
  - Lazard will adopt a majority voting policy with respect to electing directors
- **Triam continues to believe that Lazard should de-classify its board of directors**
  - Annual elections better allow shareholders to influence corporate governance policies and increase a board's accountability
  - Many U.S. company's have eliminated their classified board structures in recent years and today two-thirds of S&P 500 companies have de-classified boards<sup>(2)</sup>
- **A strong, independent board is essential in ensuring that shareholders receive an adequate return on their investment through:**
  - Providing objective assessment of management and the company's operating performance
  - Instituting proper incentive compensation to align management and shareholder interests
  - Ensuring that capital is deployed for the benefit of shareholders

(1) On June 13, 2012, Lazard announced that it had elected Richard Parsons to the Board of Directors

(2) ISS 2012 US Board Practices Study (3/2/2012)

# Lazard is Positioned For Strong EPS Growth

- Through revenue growth, improved operating margins, and consistent capital allocation, Trian believes Lazard has the potential to drive best-in-class shareholder returns

## Revenue Growth

- Growth in global/international products
- Independent advisor share gains
- Improvement in M&A cycle
- Lazard franchise growth and market share gains

## Operating Margins

- 2006 – 2009: 12% Average<sup>(1)</sup>
- 2010 – 2011: 18% Average<sup>(1)</sup>
- 2012 – 2014 Targets: +25% operating margins by 2014
- Peer comparables support +30% operating margins

## Capital Allocation

- 2006 – 2009: \$156mm average capital returned to shareholders
- 2010 – 2011: \$325mm average capital returned to shareholders
- 2012 – 2014 Targets: Substantially all capital returned to shareholders or to pay down debt; \$200mm of excess capital on balance sheet deployed by 2013

✓ *Significant progress under current management*

✓ *Achievement of 2012 - 2014 targets can drive strong EPS growth*

✓ *Opportunity to exceed 2014 targets*

Source: SEC filings, Lazard Shareholder Letter, Q&A Exhibit and related materials dated April 27, 2012

(1) Represent awarded operating margins

## Lazard 2014 EPS at Various Margins and Revenue Growth Assumptions

	Base	Mid	High
2011 Revenue	\$1,890	\$1,890	\$1,890
% - CAGR	4.0%	6.0%	8.0%
2014 Revenue	\$2,125	\$2,250	\$2,380
<b>2014 EBIT</b>	<b>\$531</b>	<b>\$641</b>	<b>\$762</b>
<i>% - Margin</i>	25.0%	28.5%	32.0%
Interest Expense <sup>(1)</sup>	\$34	\$31	\$28
Corporate (Income) / Loss <sup>(2)</sup>	(27)	(27)	(27)
EBT	\$524	\$637	\$760
Taxes	131	159	190
Net Income	\$393	\$478	\$570
Less: Non-controlling interest income / (loss) <sup>(3)</sup>	4	4	4
Net Income - Common	\$389	\$473	\$566
÷ Fully Diluted Shares Outstanding <sup>(4)</sup>	130.9	130.9	130.9
<b>2014 Adjusted EPS</b>	<b>\$2.97</b>	<b>\$3.62</b>	<b>\$4.32</b>
x Price Earnings Multiple	14.0x	14.0x	14.0x
<b>Implied Target Share Value</b>	<b>\$42</b>	<b>\$51</b>	<b>\$61</b>

**\$51 per share implied value is approximately 120% upside from current levels**

(1) Assumes \$275mm (Base Case) - \$500mm (High Case) of debt pay down and remaining debt is refinanced in beginning 2014

(2) Represents investment and interest income

(3) Represents non LAZ-MD Holdings non-controlling interests (Edgewater, GP interests, other)

(4) Assumes modest share repurchases (~1.7% annual reduction in fully diluted shares outstanding)

# Appendix A: Segment Level Financials Bridge

<b>FYE 12.31.11</b>	<b>Asset Management</b>	<b>Financial Advisory</b>	<b>Segment Total</b>
Revenue	\$897	\$992	\$1,890
Segment EBIT	\$268	\$62	\$331
Less: Allocated corporate <sup>(1)</sup>	11	13	24
<b>Post allocated adjusted EBIT</b>	<b>\$257</b>	<b>\$50</b>	<b>\$307</b>
<i>% - Margin</i>	28.6%	5.0%	16.2%
Less: Corporate interest expense			88
Less: (Gains) / losses at corporate			(10)
Adjusted pre-tax Income			\$229
Less: taxes			47
Net income			\$182
Less: Minority and noncontrolling interests			4
Net income - common			\$179
÷ Average diluted shares outstanding			137.6
<b>Adjusted EPS</b>			<b>\$1.31</b>
Adjusted pre-tax Income			\$229
Gain on repurchase of debt			18
Less: Write off of LAIH option prepayment			(6)
Less: Provision for onerous lease contract for UK facility			(6)
Less: Tax receivable provision			(0)
Reported pre-tax income			\$235
Less: Taxes			45
Reported net income			\$191
Minority and noncontrolling interests			16
Reported net income - common			\$175
(+) Adjustments related to incremental dilution <sup>(2)</sup>			13
Reported net income - common			\$188
Average diluted shares outstanding			137.6
<b>Reported EPS</b>			<b>\$1.36</b>
<b>Memo: Corporate<sup>(3)</sup></b>			
Interest income			\$6
Other revenue			22
Less: Gain on repurchase of subordinated debt			(18)
Adjusted net revenue / (loss)			\$10
Expenses			\$35
Less: Write off of LAIH option prepayment			6
Less: Provision for onerous lease contract for UK facility			6
Less: Tax receivable provision			0
Adjusted corporate expense			\$24

## Notes:

Source: Company SEC filings

(1) Allocated on a percentage of revenue basis

(2) Note: See page 126 of Form 10-K for year ended 12/31/11. Relates to dilutive effect on income statement associated with fully diluted share count.

(3) See SEC filings, 2011 non-recurring expenses are in corporate expense. Trian allocates “adjusted corporate expenses” to the divisions on a percentage of revenue basis

# Appendix A: Consolidated Financials Bridge

<b>FYE 12.31.11</b>	<b>\$</b>
Asset management revenue	\$897
Advisory revenue	992
Consolidated revenue	\$1,890
Compensation expense	\$1,169
Reported Non-compensation expansion	\$425
Less: Write off of LAIH option prepayment	(6)
Less: Provision for onerous lease contract for UK facility	(6)
Less: Tax receivable provision	(0)
Adjusted Non-compensation expense	\$414
<b>Adjusted EBIT</b>	<b>\$307</b>
<i>% - Margin</i>	16.2%
Less: Corporate interest expense	88
(+) Corporate interest (income)	(6)
(+) Corporate (gains) / losses excluding debt repurchases	(3)
Adjusted pre-tax income	\$229
Less: Taxes	47
Net income	\$182
Less: Minority and noncontrolling interests	4
Net income - common	\$179
÷ Average diluted shares outstanding	137.6
<b>Adjusted EPS</b>	<b>\$1.31</b>
Adjusted pre-tax income	\$229
Gain on repurchase of debt	18
Less: Write off of LAIH option prepayment	(6)
Less: Provision for onerous lease contract for UK facility	(6)
Less: Tax receivable provision	(0)
Reported pre-tax Income	\$235
Less: Taxes	45
Reported net income	\$191
Minority and noncontrolling interests	16
Reported net income - common	\$175
(+) Adjustments related to incremental dilution <sup>(1)</sup>	13
Reported net income - common	\$188
Average diluted shares outstanding	137.6
<b>Reported EPS</b>	<b>\$1.36</b>

Notes:

Source: Company SEC Filings

(1) Note: See page 126 of Form 10-K for year ended 12/31/11.

Relates to dilutive effect on income statement associated with fully diluted share count

## Appendix B: Peer Awarded Compensation Estimates

<b><u>FY 2011 Awarded Compensation Calculation (Trian Estimates)</u></b>	<b><u>Evercore</u></b>	<b><u>Greenhill</u></b>
Net Revenue	\$520	\$294
GAAP Compensation & Benefits	\$358	\$163
Less: Amortization of LP Units and Certain Other Awards <sup>(1)</sup>	(24)	-
Less: IPO Related Restricted Stock Unit Awards <sup>(1)</sup>	(11)	-
Less: Acquisition Related Compensation Charges <sup>(1)</sup>	(15)	-
Less: Acceleration of unamortized restricted stock units <sup>(2)</sup>	-	(7)
Adjusted Compensation & Benefits (GAAP)	\$308	\$156
% - Revenue	59%	53%
Adjusted Compensation & Benefits (GAAP)	\$308	\$156
Less: Equity-Based and Other Deferred Compensation	(94)	(53)
(+) Amortization of LP Units and Certain Other Awards included in deferred comp <sup>(1)</sup>	24	-
(+) IPO Related Restricted Stock Unit Awards included in deferred comp <sup>(1)</sup>	11	-
(+) Acquisition Related Compensation Charges included in deferred comp <sup>(1)(3)</sup>	7	-
(+) Acceleration of unamortized restricted stock units included in deferred comp	-	7
(+) Value of RSU granted	92	61
Less: Assumed forfeitures on RSUs granted	(9)	(6)
Awarded Compensation & Benefits (GAAP)	\$339	\$164
% - Revenue	65%	56%
<b><u>RSU Grants</u></b>		
FY 2011 RSUs granted	2.2	1.1
Less: Q1 2011 RSUs granted	(1.5)	(0.9)
(+) Q1 2012 RSUs granted	2.5	1.2
RSUs granted related to FY 2011 services	3.3	1.4
Estimated weighted average grant price <sup>(4)</sup>	\$28	\$44
\$ Value of RSU grants excluding forfeitures	\$92	\$61
Estimated RSU forfeiture rate	10%	10%

Source: SEC filings

(1) See Evercore SEC filings

(2) Refers to accelerated vesting of restricted stock awards previously granted to two Managing Directors who died in an airplane accident in 12/2011

(3) Trian assumes half of acquisition related compensation charges are equity-based and half are cash

(4) Estimated as an 80% weighting to average share price (Q1 2012) and a 20% weighting to the average share price (Q2 2011 - Q4 2011)