UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____________ to ____________

333-126751
(Commission File Number)

LAZARD GROUP LLC

(Exact name of registrant as specified in its charter)

Delaware	**51-0278097**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

30 Rockefeller Plaza
New York, NY 10112
(Address of principal executive offices)

Registrant's telephone number: (212)-632-6000

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 17, 2015, in addition to profit participation interests, there were 129,766,090 common membership interests and two managing member interests outstanding.

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When we use the terms "Lazard Group", "Lazard", "we", "us", "our" and "the Company", we mean Lazard Group LLC, a Delaware limited liability company that is the current holding company for the subsidiaries that conduct our businesses. Lazard Ltd is a Bermuda exempt company whose shares of Class A common stock (the "Class A common stock") are publicly traded on the New York Stock Exchange under the Symbol "LAZ". Lazard Ltd's subsidiaries include Lazard Group and their respective subsidiaries. Lazard Ltd's primary operating asset is its indirect ownership as of June 30, 2015 of all of the common membership interests in Lazard Group. Lazard Ltd controls Lazard Group through two of its indirect wholly-owned subsidiaries that are co-managing members of Lazard Group.

Lazard Group has granted profit participation interests in Lazard Group to certain of its managing directors. The profit participation interests are discretionary profits interests that are intended to enable Lazard Group to compensate its managing directors in a manner consistent with historical practices.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

LAZARD GROUP LLC

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
JUNE 30, 2015 AND DECEMBER 31, 2014
(UNAUDITED)
(dollars in thousands)

	June 30, 2015	December 31, 2014
ASSETS		
Cash and cash equivalents	$ 689,549	$ 917,212
Deposits with banks and short-term investments	287,677	207,760
Cash deposited with clearing organizations and other segregated cash	33,726	43,290
Receivables (net of allowance for doubtful accounts of $21,071 and $23,540 at June 30, 2015 and December 31, 2014, respectively):		
Fees	443,682	483,681
Customers and other	61,204	74,247
	504,886	557,928
Investments	546,553	609,226
Property (net of accumulated amortization and depreciation of $255,463 and $256,285 at June 30, 2015 and December 31, 2014, respectively)	213,744	222,569
Goodwill and other intangible assets (net of accumulated amortization of $54,629 and $51,754 at June 30, 2015 and December 31, 2014, respectively)	335,969	347,438
Deferred tax assets	64,064	59,041
Other assets	262,608	206,216
Total Assets	$ 2,938,776	$ 3,170,680

See notes to condensed consolidated financial statements.

LAZARD GROUP LLC

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
JUNE 30, 2015 AND DECEMBER 31, 2014
(UNAUDITED)
(dollars in thousands)

	June 30, 2015	December 31, 2014
LIABILITIES AND MEMBERS' EQUITY		
Liabilities:		
Deposits and other customer payables	$ 375,835	$ 316,602
Accrued compensation and benefits	387,467	606,290
Senior debt	998,350	1,048,350
Payable to Lazard Ltd subsidiaries	151,701	155,742
Capital lease obligations	10,089	12,015
Other liabilities	501,625	537,542
Total Liabilities	2,425,067	2,676,541
Commitments and contingencies		
MEMBERS' EQUITY		
Members' equity (net of 2,332,300 and 5,663,243 shares of Lazard Ltd Class A common stock, at a cost of $114,593 and $246,032 at June 30, 2015 and December 31, 2014, respectively)	649,096	594,834
Accumulated other comprehensive loss, net of tax	(193,842)	(163,288)
Total Lazard Group LLC Members' Equity	455,254	431,546
Noncontrolling interests	58,455	62,593
Total Members' Equity	513,709	494,139
Total Liabilities and Members' Equity	$2,938,776	$3,170,680

See notes to condensed consolidated financial statements.

LAZARD GROUP LLC

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
(UNAUDITED)
(dollars in thousands)

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
REVENUE				
Investment banking and other advisory fees	$ 314,277	$ 279,907	$ 615,649	$ 552,582
Asset management fees	268,754	275,877	530,709	528,908
Interest income	1,361	2,620	2,290	5,592
Other	36,071	25,701	65,809	47,891
Total revenue	620,463	584,105	1,214,457	1,134,973
Interest expense	12,512	17,300	29,653	34,873
Net revenue	607,951	566,805	1,184,804	1,100,100
OPERATING EXPENSES				
Compensation and benefits	336,707	345,911	665,197	667,461
Occupancy and equipment	27,267	28,354	54,602	56,661
Marketing and business development	18,324	20,894	37,514	40,127
Technology and information services	23,033	21,953	45,926	45,440
Professional services	12,264	12,996	23,470	20,360
Fund administration and outsourced services	17,493	16,002	33,641	31,456
Amortization of intangible assets related to acquisitions	1,857	706	2,890	1,926
Other	9,870	10,101	79,817	19,393
Total operating expenses	446,815	456,917	943,057	882,824
OPERATING INCOME	161,136	109,888	241,747	217,276
Provision for income taxes	14,464	15,878	25,922	33,735
NET INCOME	146,672	94,010	215,825	183,541
LESS - NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	1,043	553	7,736	4,673
NET INCOME ATTRIBUTABLE TO LAZARD GROUP LLC	$ 145,629	$ 93,457	$ 208,089	$ 178,868

See notes to condensed consolidated financial statements.

LAZARD GROUP LLC

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
(UNAUDITED)
(dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
NET INCOME	$ 146,672	$ 94,010	$ 215,825	$ 183,541
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:				
Currency translation adjustments	11,072	3,194	(18,314)	6,785
Employee benefit plans:				
Actuarial loss (net of tax benefit of $8,121 and $3,600 for the three months ended June 30, 2015 and 2014, respectively, and $8,006 and $3,650 for the six months ended June 30, 2015 and 2014, respectively)	(14,836)	(6,389)	(14,617)	(6,946)
Adjustment for items reclassified to earnings (net of tax expense of $538 and $331 for the three months ended June 30, 2015 and 2014, respectively, and $1,101 and $863 for the six months ended June 30, 2015 and 2014, respectively)	1,190	1,280	2,376	2,569
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	(2,574)	(1,915)	(30,555)	2,408
COMPREHENSIVE INCOME	144,098	92,095	185,270	185,949
LESS - COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	1,041	553	7,735	4,673
COMPREHENSIVE INCOME ATTRIBUTABLE TO LAZARD GROUP LLC	$ 143,057	$ 91,542	$ 177,535	$ 181,276

See notes to condensed consolidated financial statements.

LAZARD GROUP LLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
(UNAUDITED)
(dollars in thousands)

	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 215,825	$ 183,541
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization of property	15,900	17,656
Amortization of deferred expenses and share-based incentive compensation	170,700	157,272
Amortization of intangible assets related to acquisitions	2,890	1,926
Deferred tax provision (benefit)	(3,943)	3,796
Loss on extinguishment of debt	60,219	–
Gain on disposal of subsidiaries	(24,388)	–
(Increase) decrease in operating assets:		
Deposits with banks and short-term investments	(95,877)	(80,047)
Cash deposited with clearing organizations and other segregated cash	8,438	(5,331)
Receivables-net	36,000	(20,543)
Investments	52,746	(59,438)
Other assets	(96,693)	(94,441)
Increase (decrease) in operating liabilities:		
Deposits and other payables	78,229	51,460
Accrued compensation and benefits and other liabilities	(209,205)	(89,394)
Net cash provided by operating activities	210,841	66,457
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property	(13,438)	(5,830)
Disposals of property	336	350
Net cash used in investing activities	(13,102)	(5,480)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from:		
Contributions from noncontrolling interests	57	237
Issuance of senior debt, net of expenses	396,272	–
Excess tax benefits from share-based incentive compensation	9,516	1,925
Other financing activities	–	20,200
Payments for:		
Senior debt	(509,098)	–
Capital lease obligations	(1,019)	(1,168)
Distributions to noncontrolling interests	(11,930)	(5,685)
Purchase of Lazard Ltd Class A common stock	(141,323)	(141,192)
Distribution to members	(40,839)	(73,194)
Settlement of vested share-based incentive compensation	(102,634)	(82,526)
Other financing activities	(1,634)	(2,985)
Net cash used in financing activities	(402,632)	(284,388)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(22,770)	2,810
NET DECREASE IN CASH AND CASH EQUIVALENTS	(227,663)	(220,601)
CASH AND CASH EQUIVALENTS—January 1	917,212	832,277
CASH AND CASH EQUIVALENTS—June 30	$ 689,549	$ 611,676

See notes to condensed consolidated financial statements.

LAZARD GROUP LLC

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014
(UNAUDITED)
(dollars in thousands)

	Members' Equity	Accumulated Other Comprehensive Income (Loss), Net of Tax	Total Lazard Group Members' Equity	Noncontrolling Interests	Total Members' Equity
Balance – January 1, 2014 (*)	$ 571,668	$ (102,196)	$ 469,472	$ 66,654	$ 536,126
Comprehensive income:					
Net income	178,868		178,868	4,673	183,541
Other comprehensive income – net of tax		2,408	2,408	–	2,408
Amortization of share-based incentive compensation	112,308		112,308		112,308
Distributions to members and noncontrolling interests, net	(73,194)		(73,194)	(5,448)	(78,642)
Purchase of Lazard Ltd Class A common stock	(141,192)		(141,192)		(141,192)
Delivery of Lazard Ltd Class A common stock in connection with shared-based incentive compensation awards and related tax benefit of $1,776	(80,750)		(80,750)		(80,750)
Business acquisitions and related equity transactions:					
Lazard Ltd Class A common stock issuable (including related amortization)	258		258		258
Other	(2,785)		(2,785)		(2,785)
Balance – June 30, 2014 (*)	$ 565,181	$ (99,788)	$ 465,393	$ 65,879	$ 531,272

(*) Includes 129,766,090 common membership interests issued at both January 1, 2014 and June 30, 2014. Also includes profit participation interests and two managing member interests issued at each such date.

See notes to condensed consolidated financial statements.

LAZARD GROUP LLC

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2015
(UNAUDITED)
(dollars in thousands)

	Members' Equity	Accumulated Other Comprehensive Income (Loss), Net of Tax	Total Lazard Group Members' Equity	Noncontrolling Interests	Total Members' Equity
Balance – January 1, 2015 (*)	**$ 594,834**	**$ (163,288)**	**$ 431,546**	**$ 62,593**	**$ 494,139**
Comprehensive income (loss):					
Net income	208,089		208,089	7,736	215,825
Other comprehensive loss - net of tax		(30,554)	(30,554)	(1)	(30,555)
Amortization of share-based incentive compensation	122,793		122,793		122,793
Distributions to members and noncontrolling interests, net	(40,839)		(40,839)	(11,873)	(52,712)
Purchase of Lazard Ltd Class A common stock	(141,323)		(141,323)		(141,323)
Delivery of Lazard Ltd Class A common stock in connection with share-based incentive compensation awards and related tax benefit of $9,495	(93,139)		(93,139)		(93,139)
Business acquisitions and related equity transactions:					
Lazard Ltd Class A common stock issuable (including related amortization)	315		315		315
Other	(1,634)		(1,634)		(1,634)
Balance – June 30, 2015 (*)	**$ 649,096**	**$ (193,842)**	**$ 455,254**	**$ 58,455**	**$ 513,709**

(*) Includes 129,766,090 common membership interests issued at both January 1, 2015 and June 30, 2015. Also includes profit participation interests and two managing member interests issued at each such date.

See notes to condensed consolidated financial statements.

LAZARD GROUP LLC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in thousands, unless otherwise noted)

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization

The accompanying condensed consolidated financial statements are those of Lazard Group LLC and its subsidiaries (collectively referred to with its subsidiaries as "Lazard Group" or the "Company"). Lazard Group is a Delaware limited liability company and is governed by an Operating Agreement dated as of May 10, 2005, as amended (the "Operating Agreement").

Lazard Ltd, a Bermuda holding company, and its subsidiaries (collectively referred to as "Lazard Ltd"), including its indirect investment in Lazard Group, is one of the world's preeminent financial advisory and asset management firms and has long specialized in crafting solutions to the complex financial and strategic challenges of our clients. We serve a diverse set of clients around the world, including corporations, governments, institutions, partnerships and individuals.

Lazard Ltd indirectly held 100% of all outstanding Lazard Group common membership interests as of June 30, 2015 and December 31, 2014. Lazard Ltd, through its control of the managing members of Lazard Group, controls Lazard Group. LAZ-MD Holdings LLC ("LAZ-MD Holdings"), an entity formerly owned by Lazard Group's current and former managing directors, held approximately 0.5% of the outstanding Lazard Group common membership interests as of January 1, 2014. As of January 1, 2014, LAZ-MD Holdings was also the sole owner of the one issued and outstanding share of Lazard Ltd's Class B common stock (the "Class B common stock"). In May 2014, the remaining outstanding Lazard Group common membership interests held by LAZ-MD Holdings were exchanged for shares of Lazard Ltd's Class A common stock, par value $0.01 per share ("Class A common stock"), and the sole issued and outstanding share of Lazard Ltd's Class B common stock was automatically converted into one share of Lazard Ltd's Class A common stock pursuant to the provisions of Lazard Ltd's bye-laws, resulting in only one outstanding class of common stock (the "Final Exchange of LAZ-MD Interests"). Following the Final Exchange of LAZ-MD Interests, Lazard Group became a wholly-owned indirect subsidiary of Lazard Ltd.

Lazard Group's principal operating activities are included in two business segments:

- Financial Advisory, which offers corporate, partnership, institutional, government, sovereign and individual clients across the globe a wide array of financial advisory services regarding mergers and acquisitions ("M&A") and other strategic matters, restructurings, capital structure, capital raising and various other financial matters, and
- Asset Management, which offers a broad range of global investment solutions and investment management services in equity and fixed income strategies, alternative investments and private equity funds to corporations, public funds, sovereign entities, endowments and foundations, labor funds, financial intermediaries and private clients.

In addition, we record selected other activities in our Corporate segment, including management of cash, investments, deferred tax assets, outstanding indebtedness and assets associated with Lazard Group's Paris-based subsidiary Lazard Frères Banque SA ("LFB").

LFB is a registered bank regulated by the Autorité de Contrôle Prudentiel et de Résolution ("ACPR"). It is engaged primarily in commercial and private banking services for clients and funds managed by Lazard Frères Gestion SAS ("LFG") and other clients, investment banking activities, including participation in underwritten offerings of securities in France, and asset-liability management.

LAZARD GROUP LLC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)
(dollars in thousands, unless otherwise noted)

Basis of Presentation

The accompanying condensed consolidated financial statements of Lazard Group have been prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission (the "SEC") regarding interim financial reporting. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America ("U.S. GAAP") for complete financial statements and should be read in conjunction with the audited consolidated financial statements and notes thereto included in Lazard Group's Annual Report on Form 10-K for the year ended December 31, 2014 (the "Form 10-K"). The accompanying December 31, 2014 unaudited condensed consolidated statement of financial condition data was derived from audited consolidated financial statements, but does not include all disclosures required by U.S. GAAP for annual financial statement purposes. The accompanying condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented.

Preparing financial statements requires management to make estimates and assumptions that affect the amounts that are reported in the financial statements and the accompanying disclosures. For example, discretionary compensation and benefits expense for interim periods is accrued based on the year-to-date amount of revenue earned, and an assumed annual ratio of compensation and benefits expense to revenue, with the applicable amounts adjusted for certain items. Although these estimates are based on management's knowledge of current events and actions that Lazard may undertake in the future, actual results may differ materially from the estimates.

The consolidated results of operations for the three month and six month periods ended June 30, 2015 are not necessarily indicative of the results to be expected for any future interim or annual period.

The condensed consolidated financial statements include Lazard Group and Lazard Group's principal operating subsidiaries: Lazard Frères & Co. LLC ("LFNY"), a New York limited liability company, along with its subsidiaries, including Lazard Asset Management LLC and its subsidiaries (collectively referred to as "LAM"); the French limited liability companies Compagnie Financière Lazard Frères SAS ("CFLF") along with its subsidiaries, LFB and LFG, and Maison Lazard SAS and its subsidiaries; and Lazard & Co., Limited ("LCL"), through Lazard & Co., Holdings Limited ("LCH"), an English private limited company, together with their jointly owned affiliates and subsidiaries.

The Company's policy is to consolidate entities in which it has a controlling financial interest. The Company consolidates (i) a voting interest entity ("VOE") where the Company either holds a majority of the voting interest in such entity or is the general partner in such entity and the third-party investors do not have the right to replace the general partner and (ii) a variable interest entity ("VIE") where the Company absorbs a majority of the expected losses, expected residual returns, or both, of such entity. When the Company does not have a controlling interest in an entity, but exerts significant influence over such entity's operating and financial decisions, the Company applies the equity method of accounting in which it records in earnings its share of earnings or losses of the entity. Intercompany transactions and balances have been eliminated.

Certain prior period amounts have been reclassified to conform to the current period presentation, primarily by separately presenting deferred tax assets in the condensed consolidated statements of financial condition and the condensed consolidated statements of cash flows.

LAZARD GROUP LLC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)
(dollars in thousands, unless otherwise noted)

2. RECENT ACCOUNTING DEVELOPMENTS

Revenue from Contracts with Customers—In May 2014, the Financial Accounting Standards Board (the "FASB") issued comprehensive new revenue recognition guidance. The guidance requires a company to recognize revenue when it transfers promised services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those services and requires enhanced disclosures. The new guidance is effective for annual and interim periods beginning after December 15, 2016, and early adoption is not permitted. On July 9, 2015, the FASB approved the deferral of the effective date of the new revenue guidance by one year to annual reporting periods beginning after December 15, 2017, with early adoption being permitted for annual periods beginning after December 15, 2016. The Company is currently evaluating the new guidance.

Amendments to the Consolidation Analysis—In February 2015, the FASB issued updated guidance for the consolidation of certain legal entities. The updated guidance eliminates the deferral of certain consolidation standards for entities considered to be investment companies and modifies the evaluation of whether limited partnerships and similar legal entities are VIEs or VOEs. The new guidance is effective for annual reporting periods beginning after December 15, 2015, with early adoption permitted. The Company does not expect that the adoption of this guidance will have a material impact on our consolidated financial statements or related disclosures.

Interest—Imputation of Interest—In April 2015, the FASB issued updated guidance which requires a company to classify debt issuance costs related to a recognized debt liability in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The new guidance is effective for financial statements issued for fiscal years beginning after December 15, 2015, with early adoption permitted. The new guidance is to be applied on a retrospective basis. The Company does not expect that the adoption of this guidance will have a material impact on our consolidated financial statements or related disclosures.

Fair Value Measurement—In May 2015, the FASB issued updated guidance for the classification and disclosure of certain investments using the net asset value ("NAV"), as a practical expedient, to measure the fair value of the investment. The guidance requires a company to remove from within the fair value hierarchy all investments for which fair value is measured using NAV. The new guidance is effective for financial statements issued for fiscal years beginning after December 15, 2015, with early adoption permitted. The new guidance is to be applied on a retrospective basis. The Company does not expect that the adoption of this guidance will have a material impact on our consolidated financial statements, but does expect that this guidance will affect the disclosures related to investments and fair value measurements.

LAZARD GROUP LLC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)
(dollars in thousands, unless otherwise noted)

3. *RECEIVABLES*

The Company's receivables represent fee receivables and amounts due from customers and other receivables.

Receivables are stated net of an estimated allowance for doubtful accounts, for past due amounts and for specific accounts deemed uncollectible, which may include situations where a fee is in dispute. Activity in the allowance for doubtful accounts for the three month and six month periods ended June 30, 2015 and 2014 was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Beginning balance	$18,459	$31,324	$23,540	$28,777
Bad debt expense, net of recoveries	2,061	(1,633)	3,293	7,503
Charge-offs, foreign currency translation and other adjustments	551	252	(5,762)	(6,337)
Ending balance	$21,071	$29,943	$21,071	$29,943

Bad debt expense, net of recoveries is included in "investment banking and other advisory fees" on the condensed consolidated statements of operations.

At June 30, 2015 and December 31, 2014, the Company had receivables past due or deemed uncollectible of $22,833 and $24,578, respectively.

Of the Company's fee receivables at June 30, 2015 and December 31, 2014, $81,302 and $86,221, respectively, represented interest-bearing financing receivables. Based upon our historical loss experience, the credit quality of the counterparties, and the lack of past due or uncollectible amounts, there was no allowance for doubtful accounts required at those dates related to such receivables.

The aggregate carrying amount of our non-interest bearing receivables of $423,584 and $471,707 at June 30, 2015 and December 31, 2014, respectively, approximates fair value.

LAZARD GROUP LLC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)
(dollars in thousands, unless otherwise noted)

4. *INVESTMENTS*

The Company's investments and securities sold, not yet purchased, consist of the following at June 30, 2015 and December 31, 2014:

	June 30, 2015	December 31, 2014
Interest-bearing deposits	$ 56,411	$ 84,575
Debt	1,870	10,426
Equities	53,147	57,302
Funds:		
Alternative investments (a)	32,247	34,705
Debt (a)	61,979	71,763
Equity (a)	232,244	228,209
Private equity	101,802	114,470
	428,272	449,147
Equity method	6,853	7,776
Total investments	546,553	609,226
Less:		
Interest-bearing deposits	56,411	84,575
Equity method	6,853	7,776
Investments, at fair value	$483,289	$ 516,875
Securities sold, not yet purchased, at fair value (included in "other liabilities")	$ 3,515	$ 9,290

(a) Interests in alternative investment funds, debt funds and equity funds include investments with fair values of $12,153, $32,226 and $170,003, respectively, at June 30, 2015 and $8,321, $42,070 and $162,798, respectively, at December 31, 2014, held in order to satisfy the Company's liability upon vesting of previously granted Lazard Fund Interests ("LFI") and other similar deferred compensation arrangements. LFI represent grants by the Company to eligible employees of actual or notional interests in a number of Lazard-managed funds, subject to service-based vesting conditions (see Notes 6 and 12 of Notes to Condensed Consolidated Financial Statements).

Interest-bearing deposits have original maturities of greater than three months but equal to or less than one year and are carried at cost that approximates fair value due to their short-term maturities.

Debt securities primarily consist of seed investments invested in debt securities held within separately managed accounts related to our Asset Management business.

Equities primarily consist of seed investments invested in marketable equity securities of large-, mid- and small-cap domestic, international and global companies held within separately managed accounts related to our Asset Management business.

Alternative investment funds primarily consist of interests in various Lazard-managed hedge funds and funds of funds.

(dollars in thousands, unless otherwise noted)

Debt funds primarily consist of seed investments in funds related to our Asset Management business that invest in debt securities, amounts related to LFI discussed above and an investment in a debt fund held by the Company's broker-dealer subsidiary.

Equity funds primarily consist of seed investments in funds related to our Asset Management business that invest in equity securities, and amounts related to LFI discussed above.

Private equity investments include those owned by Lazard and those consolidated but not owned by Lazard. Private equity investments owned by Lazard are primarily comprised of investments in private equity funds. Such investments primarily include (i) a mezzanine fund, which invests in mezzanine debt of a diversified selection of small- to mid-cap European companies, (ii) Corporate Partners II Limited ("CP II"), a fund targeting significant noncontrolling-stake investments in established private companies, (iii) Edgewater Growth Capital Partners III, L.P. ("EGCP III"), a fund primarily making equity and buyout investments in middle market companies and (iv) Lazard Australia Corporate Opportunities Fund 2 ("COF2"), an Australian fund targeting Australian mid-market investments. The Company disposed of its private equity business in Australia in the second quarter of 2015 in a transaction with the management of the disposed business. Revenue of $24,388 relating to the disposal of the business primarily represents the realization of carried interest at fair value and is included in " revenue-other" on the condensed consolidated statements of operations for the three month and six month periods ended June 30, 2015. See Note 5 of Notes to Condensed Consolidated Financial Statements.

Private equity investments consolidated but not owned by Lazard relate to the economic interests that are owned by the management team and other investors in the Edgewater Funds ("Edgewater").

During the three month and six month periods ended June 30, 2015 and 2014, the Company reported in "revenue-other" on its condensed consolidated statements of operations net unrealized investment gains and losses pertaining to "trading" securities still held as of the reporting date as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net unrealized investment gains (losses)	$(3,206)	$12,754	$(1,211)	$12,858

5. *FAIR VALUE MEASUREMENTS*

Lazard categorizes its investments and certain other assets and liabilities recorded at fair value into a three-level fair value hierarchy as follows:

Level 1. Assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that Lazard has the ability to access.

Level 2. Assets and liabilities whose values are based on (i) quoted prices for similar assets or liabilities in an active market, or quoted prices for identical or similar assets or liabilities in non-active markets, (ii) assets valued based on NAV or its equivalent redeemable at the measurement date or within the near term without redemption restrictions, or (iii) inputs other than quoted prices that are directly observable or derived principally from, or corroborated by, market data.

Level 3. Assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect our own assumptions about the assumptions a market participant would use in pricing the asset or liability. Items included in Level 3 include securities or other financial assets whose trading volume and level of activity have significantly decreased when compared with normal market activity and there is no longer sufficient frequency or volume to provide pricing information on an ongoing basis, as well as assets valued based on NAV or its equivalent, but not redeemable within the near term as a result of redemption restrictions.

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The Company's investments in debt securities are classified as Level 1 when their respective fair values are based on unadjusted quoted prices in active markets and are classified as Level 2 when their fair values are primarily based on prices as provided by external pricing services.

The fair value of equities is classified as Level 1 or Level 3 as follows: marketable equity securities are classified as Level 1 and are valued based on the last trade price on the primary exchange for that security as provided by external pricing services; equity securities in private companies are generally classified as Level 3.

The fair value of investments in alternative investment funds is classified as Level 1 when the fair values are primarily based on the publicly reported closing price for the fund, and classified as Level 2 when (i) the fair values are primarily based on NAV or its equivalent, which is primarily determined based on information provided by external fund administrators, and (ii) the investments are redeemable within the near term.

The fair value of investments in debt funds is classified as Level 1 when the fair values are primarily based on the publicly reported closing price for the fund, and classified as Level 2 when the fair values are primarily based on NAV or its equivalent and are redeemable within the near term.

The fair value of investments in equity funds is classified as Level 1 or 2 as follows: publicly traded asset management funds are classified as Level 1 and are valued based on the reported closing price for the fund; and investments in asset management funds redeemable in the near term are classified as Level 2 and are valued at NAV or its equivalent, which is primarily determined based on information provided by external fund administrators.

The fair value of investments in private equity funds is classified as Level 3, and is primarily based on NAV or its equivalent, except for certain investments that are valued based on potential transaction value. Such investments are not redeemable within the near term.

The fair values of derivatives entered into by the Company are classified as Level 2 and are based on the values of the related underlying assets, indices or reference rates as follows: the fair value of forward foreign currency exchange rate contracts is a function of the spot rate and the interest rate differential of the two currencies from the trade date to settlement date; the fair value of total return swaps is based on the change in fair values of the related underlying equity security, financial instrument or index and a specified notional holding; the fair value of interest rate swaps is based on the interest rate yield curve; and the fair value of derivative liabilities related to LFI and other similar deferred compensation arrangements is based on the value of the underlying investments, adjusted for forfeitures. See Note 6 of Notes to Condensed Consolidated Financial Statements.

Where reported information regarding an investment is based on data received from external fund administrators or pricing services, the Company reviews such information and classifies the investment at the relevant level within the fair value hierarchy.

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The following tables present the classification of investments and certain other assets and liabilities measured at fair value on a recurring basis as of June 30, 2015 and December 31, 2014 within the fair value hierarchy:

	June 30, 2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Debt	$ 1,868	$ 2	$ –	$ 1,870
Equities	51,848	–	1,299	53,147
Funds:				
Alternative investments	7,191	25,056	–	32,247
Debt	61,973	6	–	61,979
Equity	232,197	47	–	232,244
Private equity	–	–	101,802	101,802
Derivatives	–	1,582	–	1,582
Total	$ 355,077	$ 26,693	$ 103,101	$ 484,871
Liabilities:				
Securities sold, not yet purchased	$ 3,515	$ –	$ –	$ 3,515
Derivatives	–	203,273	–	203,273
Total	$ 3,515	$ 203,273	$ –	$ 206,788

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Debt	$ 5,540	$ 4,886	$ –	$ 10,426
Equities	55,987	–	1,315	57,302
Funds:				
Alternative investments	–	34,705	–	34,705
Debt	71,759	4	–	71,763
Equity	228,166	43	–	228,209
Private equity	–	–	114,470	114,470
Derivatives	–	2,355	–	2,355
Total	$ 361,452	$ 41,993	$ 115,785	$ 519,230
Liabilities:				
Securities sold, not yet purchased	$ 9,290	$ –	$ –	$ 9,290
Derivatives	–	208,093	–	208,093
Total	$ 9,290	$ 208,093	$ –	$ 217,383

There were no transfers between any of the Level 1, 2 and 3 categories in the fair value measurement hierarchy during the three month and six month periods ended June 30, 2015 and 2014.

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The following tables provide a summary of changes in fair value of the Company's Level 3 assets for the three month and six month periods ended June 30, 2015 and 2014:

	Three Months Ended June 30, 2015					
	Beginning Balance	Net Unrealized/ Realized Gains (Losses) Included In Revenue-Other (a)	Purchases/ Acquisitions	Sales/ Dispositions	Foreign Currency Translation Adjustments	Ending Balance
Investments:						
Equities	$ 1,289	$ 8	$ –	$ –	$ 2	$ 1,299
Private equity funds	107,440	54	138	(7,354)	1,524	101,802
Total Level 3 Assets	$ 108,729	$ 62	$ 138	$ (7,354)	$ 1,526	$103,101

	Six Months Ended June 30, 2015					
	Beginning Balance	Net Unrealized/ Realized Gains (Losses) Included In Revenue-Other (a)	Purchases/ Acquisitions	Sales/ Dispositions	Foreign Currency Translation Adjustments	Ending Balance
Investments:						
Equities	$ 1,315	$ 10	$ –	$ –	$ (26)	$ 1,299
Private equity funds	114,470	7,902	847	(17,885)	(3,532)	101,802
Total Level 3 Assets	$ 115,785	$ 7,912	$ 847	$ (17,885)	$ (3,558)	$103,101

	Three Months Ended June 30, 2014					
	Beginning Balance	Net Unrealized/ Realized Gains (Losses) Included In Revenue-Other (a)	Purchases/ Acquisitions	Sales/ Dispositions	Foreign Currency Translation Adjustments	Ending Balance
Investments:						
Equities	$ 1,337	$ 12	$ –	$ –	$ 21	$ 1,370
Private equity funds	115,537	1,254	864	(416)	(344)	116,895
Total Level 3 Assets	$ 116,874	$ 1,266	$ 864	$ (416)	$ (323)	$118,265

	Six Months Ended June 30, 2014					
	Beginning Balance	Net Unrealized/ Realized Gains (Losses) Included In Revenue-Other (a)	Purchases/ Acquisitions	Sales/ Dispositions	Foreign Currency Translation Adjustments	Ending Balance
Investments:						
Equities	$ 1,340	$ 14	$ –	$ –	$ 16	$ 1,370
Private equity funds	114,193	6,836	1,211	(5,085)	(260)	116,895
Total Level 3 Assets	$ 115,533	$ 6,850	$ 1,211	$ (5,085)	$ (244)	$118,265

(a) Earnings for the three month and six month periods ended June 30, 2015 and the three month and six month periods ended June 30, 2014 include net unrealized gains (losses) of $(1,418), $4,679, $1,123 and $5,536, respectively.

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Fair Value of Certain Investments Based on NAV—The Company's Level 2 and Level 3 investments at June 30, 2015 and December 31, 2014 include certain investments that are valued using NAV or its equivalent as a practical expedient in determining fair value. Information with respect thereto was as follows:

	June 30, 2015							
				Estimated Liquidation Period of Investments Not Redeemable			Investments Redeemable	
	Fair Value	Unfunded Commitments	% of Fair Value Not Redeemable	% Next 5 Years	% 5-10 Years	% Thereafter	Redemption Frequency	Redemption Notice Period
Alternative investment funds:								
Hedge funds	$ 22,893	$ –	NA	NA	NA	NA	(a)	<30-60 days
Funds of funds	484	–	NA	NA	NA	NA	(b)	<30-90 days
Other	1,679	–	NA	NA	NA	NA	(c)	<30-60 days
Debt funds	6	–	NA	NA	NA	NA	(d)	30 days
Equity funds	47	–	NA	NA	NA	NA	(e)	<30-90 days
Private equity funds:								
Equity growth	44,682	5,131(f)	100%	7%	91%	2%	NA	NA
Mezzanine debt	34,853	–	100%	–	–	100%	NA	NA
Total	$104,644	$ 5,131						

(a) weekly (22%), monthly (61%) and quarterly (17%)
(b) monthly (98%) and quarterly (2%)
(c) daily (19%) and monthly (81%)
(d) daily (100%)
(e) daily (13%), monthly (60%) and quarterly (27%)
(f) Unfunded commitments to private equity investments consolidated but not owned by Lazard of $6,588 are excluded. Such commitments are required to be funded by capital contributions from noncontrolling interest holders.

	December 31, 2014							
				Estimated Liquidation Period of Investments Not Redeemable			Investments Redeemable	
	Fair Value	Unfunded Commitments	% of Fair Value Not Redeemable	% Next 5 Years	% 5-10 Years	% Thereafter	Redemption Frequency	Redemption Notice Period
Alternative investment funds:								
Hedge funds	$ 31,042	$ –	NA	NA	NA	NA	(a)	<30-60 days
Funds of funds	475	–	NA	NA	NA	NA	(b)	<30-90 days
Other	3,188	–	NA	NA	NA	NA	(c)	<30-60 days
Debt funds	4	–	NA	NA	NA	NA	(d)	30 days
Equity funds	43	–	NA	NA	NA	NA	(e)	30-90 days
Private equity funds:								
Equity growth	75,578	18,676(f)	100%	10%	63%	27%	NA	NA
Mezzanine debt	38,892	–	100%	–	–	100%	NA	NA
Total	$149,222	$ 18,676						

(a) weekly (15%), monthly (66%) and quarterly (19%)
(b) monthly (98%) and quarterly (2%)
(c) daily (11%), weekly (3%) and monthly (86%)
(d) daily (100%)
(e) daily (14%), monthly (58%) and quarterly (28%)
(f) Unfunded commitments to private equity investments consolidated but not owned by Lazard of $6,888 are excluded. Such commitments are required to be funded by capital contributions from noncontrolling interest holders.

See Note 4 of Notes to Condensed Consolidated Financial Statements for discussion of significant investment strategies for investments with value based on NAV.

Investment Capital Funding Commitments—At June 30, 2015, the Company's maximum unfunded commitments for capital contributions to investment funds arose from (i) commitments to CP II, which amounted to $570 for potential "follow-on investments" and/or for fund expenses through the earlier of February 25, 2017 or the liquidation of the fund, (ii) commitments to EGCP III, which amounted to $12,036, through the earlier of October 12, 2016 (*i.e*., the end of the investment period) for investments and/or expenses (with a portion of the undrawn amount of such commitments as of that date remaining committed until October 12, 2023 in respect of "follow-on investments" and/or fund expenses) or the liquidation of the fund and (iii) commitments to COF2, which amounted to $4,192, through the earlier of November 11, 2016 (*i.e*., the end of the investment period) for investments and/or fund expenses (with a portion of the undrawn amount of such commitments as of that date remaining committed until November 11, 2019 in respect of "follow-on investments" and/or fund expenses) or the liquidation of the fund.

In July 2015, our commitments to COF2 were reduced to approximately $230.

6. DERIVATIVES

The Company enters into forward foreign currency exchange rate contracts, interest rate swaps, interest rate futures, total return swap contracts on various equity and debt indices and other derivative contracts to economically hedge exposures to fluctuations in currency exchange rates, interest rates and equity and debt prices. The Company reports its derivative instruments separately as assets and liabilities unless a legal right of set-off exists under a master netting agreement enforceable by law. The Company's derivative instruments are recorded at their fair value, and are included in "other assets" and "other liabilities" on the condensed consolidated statements of financial condition. Gains and losses on the Company's derivative instruments not designated as hedging instruments are included in "interest income" and "interest expense", respectively, or "revenue-other", depending on the nature of the underlying item, in the condensed consolidated statements of operations.

In addition to the derivative instruments described above, the Company records derivative liabilities relating to its obligations pertaining to LFI and other similar deferred compensation arrangements, the fair value of which is based on the value of the underlying investments, adjusted for estimated forfeitures, and is included in "accrued compensation and benefits" in the condensed consolidated statements of financial condition. Changes in the fair value of the derivative liabilities are included in "compensation and benefits" in the condensed consolidated statements of operations, the impact of which equally offsets the changes in the fair value of investments which are currently expected to be delivered upon settlement of LFI and other similar deferred compensation arrangements, which are reported in "revenue-other" in the condensed consolidated statements of operations.

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The tables below present the fair values of the Company's derivative instruments reported within "other assets" and "other liabilities" and the fair values of the Company's derivative liabilities relating to its obligations pertaining to LFI and other similar deferred compensation arrangements (see Note 12 of Notes to Condensed Consolidated Financial Statements) on the accompanying condensed consolidated statements of financial condition as of June 30, 2015 and December 31, 2014:

	June 30, 2015	December 31, 2014
Derivative Assets:		
Forward foreign currency exchange rate contracts	$ 480	$ 2,355
Total return swaps and other	1,102	–
Total	$ 1,582	$ 2,355
Derivative Liabilities:		
Forward foreign currency exchange rate contracts	$ 1,210	$ 124
Total return swaps and other (a)	–	663
LFI and other similar deferred compensation arrangements	202,063	207,306
	$203,273	$ 208,093

(a) For total return swaps, amounts represent the netting of gross derivative assets and liabilities of $1,323 and $221 as of June 30, 2015, respectively, and $1,123 and $1,786 as of December 31, 2014, respectively, for contracts with the same counterparty under legally enforceable master netting agreements. Such amounts are recorded "net" in "other assets", with receivables for net cash collateral under such contracts of $9,954 and $12,364 as of June 30, 2015 and December 31, 2014, respectively.

Net gains (losses) with respect to derivative instruments (predominantly reflected in "revenue-other") and the Company's derivative liabilities relating to its obligations pertaining to LFI and other similar deferred compensation arrangements (included in "compensation and benefits" expense) as reflected on the accompanying condensed consolidated statements of operations for the three month and six month periods ended June 30, 2015 and 2014, were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Forward foreign currency exchange rate contracts	$(4,023)	$ 178	$11,377	$ (975)
LFI and other similar deferred compensation arrangements	1,894	(8,906)	(2,242)	(11,532)
Total return swaps and other	(133)	(5,698)	(3,064)	(7,272)
Total	$(2,262)	$(14,426)	$ 6,071	$(19,779)

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7. *PROPERTY*

At June 30, 2015 and December 31, 2014, property consists of the following:

	Estimated Depreciable Life in Years	June 30, 2015	December 31, 2014
Buildings	33	$140,986	$ 152,982
Leasehold improvements	3-20	168,192	167,837
Furniture and equipment	3-10	153,106	150,457
Construction in progress		6,923	7,578
Total		469,207	478,854
Less - Accumulated depreciation and amortization		255,463	256,285
Property		$213,744	$ 222,569

8. *GOODWILL AND OTHER INTANGIBLE ASSETS*

The components of goodwill and other intangible assets at June 30, 2015 and December 31, 2014 are presented below:

	June 30, 2015	December 31, 2014
Goodwill	$326,822	$ 335,402
Other intangible assets (net of accumulated amortization)	9,147	12,036
	$335,969	$ 347,438

At June 30, 2015 and December 31, 2014, goodwill of $262,281 and $270,861, respectively, was attributable to the Company's Financial Advisory segment and, at each such respective date, $64,541 of goodwill was attributable to the Company's Asset Management segment.

Changes in the carrying amount of goodwill for the six month periods ended June 30, 2015 and 2014 are as follows:

	Six Months Ended June 30,	
	2015	2014
Balance, January 1	$335,402	$345,453
Foreign currency translation adjustments	(8,580)	6,590
Balance, June 30	$326,822	$352,043

All changes in the carrying amount of goodwill for the six month periods ended June 30, 2015 and 2014 are attributable to the Company's Financial Advisory segment.

(dollars in thousands, unless otherwise noted)

The gross cost and accumulated amortization of other intangible assets as of June 30, 2015 and December 31, 2014, by major intangible asset category, are as follows:

	June 30, 2015			December 31, 2014		
	Gross Cost	Accumulated Amortization	Net Carrying Amount	Gross Cost	Accumulated Amortization	Net Carrying Amount
Performance fees	$30,740	$ 22,985	$ 7,755	$30,740	$ 21,116	$ 9,624
Management fees, customer relationships and non-compete agreements	33,036	31,644	1,392	33,050	30,638	2,412
	$63,776	$ 54,629	$ 9,147	$63,790	$ 51,754	$12,036

Amortization expense of intangible assets for the three month and six month periods ended June 30, 2015 was $1,857 and $2,890, respectively, and for the three month and six month periods ended June 30, 2014 was $706 and $1,926, respectively. Estimated future amortization expense is as follows:

Year Ending December 31,	Amortization Expense (a)
2015 (July 1 through December 31)	$ 3,668
2016	5,479
Total amortization expense	$ 9,147

(a) Approximately 45% of intangible asset amortization is attributable to a noncontrolling interest.

9. *SENIOR DEBT*

Senior debt is comprised of the following as of June 30, 2015 and December 31, 2014:

	Initial Principal Amount	Maturity Date	Annual Interest Rate	Outstanding As Of June 30, 2015	Outstanding As Of December 31, 2014
Lazard Group 6.85% Senior Notes	600,000	6/15/17	6.85%	98,350	548,350
Lazard Group 4.25% Senior Notes	500,000	11/14/20	4.25%	500,000	500,000
Lazard Group 3.75% Senior Notes (a)	400,000	2/13/25	3.75%	400,000	–
Lazard Group Credit Facility	150,000	9/25/15	0.79%	–	–
Total				$ 998,350	$ 1,048,350

(a) During February 2015, Lazard Group completed an offering of $400,000 aggregate principal amount of 3.75% senior notes due 2025 (the “2025 Notes”). Lazard Group also issued a notice to redeem $450,000 of Lazard Group’s 6.85% senior notes due June 15, 2017 (the “2017 Notes”) in February 2015. Interest on the 2025 Notes is payable semi-annually on March 1 and September 1 of each year beginning September 1, 2015. Lazard Group used the net proceeds of the 2025 Notes, together with cash on hand, to redeem or otherwise retire $450,000 of the 2017 Notes, which, including the recognition of unamortized issuance costs, resulted in a loss on debt extinguishment of $60,219. Such loss on debt extinguishment was recorded in “operating expenses—other” on the condensed consolidated statement of operations for the six month period ended June 30, 2015.

On September 25, 2012, Lazard Group entered into a $150,000, three-year senior revolving credit facility with a group of lenders (the “Credit Facility”). The Credit Facility replaced a similar revolving credit facility which was terminated as a condition to effectiveness of the Credit Facility. Interest rates under the Credit Facility vary and are based on either a Federal Funds rate or a Eurodollar rate, in each case plus an applicable margin. As of June 30, 2015, the annual interest rate for a loan accruing interest (based on the Federal Funds overnight rate), including the applicable margin, was 0.79%. At June 30, 2015 and December 31, 2014, no amounts were outstanding under the Credit Facility.

The Credit Facility expires in September 2015 and contains customary terms and conditions, including certain financial covenants. In addition, the Credit Facility, the indenture and the supplemental indentures relating to Lazard Group's senior notes contain certain covenants, events of default and other customary provisions, including a customary make-whole provision in the event of early redemption, where applicable. As of June 30, 2015, the Company was in compliance with such provisions. All of the Company's senior debt obligations are unsecured.

As of June 30, 2015, the Company had approximately $247,000 in unused lines of credit available to it, including the Credit Facility, and unused lines of credit available to LFB of approximately $39,000 (at June 30, 2015 exchange rates) and Edgewater of $55,000. In addition, LFB has access to the Eurosystem Covered Bond Purchase Program of the Banque de France.

The Company's senior debt at June 30, 2015 and December 31, 2014 is carried at historical amounts. At those dates, the fair value of such senior debt was approximately $1,010,000 and $1,135,000, respectively, and exceeded the aggregate carrying value by approximately $12,000 and $87,000, respectively. The fair value of the Company's senior debt is based on market quotations. The Company's senior debt would be categorized within Level 2 of the hierarchy of fair value measurements if carried at fair value.

10. COMMITMENTS AND CONTINGENCIES

Leases—The Company has various leases and other contractual commitments arising in the ordinary course of business.

Guarantees—In the normal course of business, LFB provides indemnifications to third parties to protect them in the event of non-performance by its clients. At June 30, 2015, LFB had $4,868 of such indemnifications and held $4,429 of collateral/counter-guarantees to secure these commitments. The Company believes the likelihood of loss with respect to these indemnities is remote. Accordingly, no liability is recorded in the condensed consolidated statement of financial condition.

Certain Business Transactions—On July 15, 2009, the Company established a private equity business with Edgewater. Edgewater manages funds primarily focused on buy-out and growth equity investments in middle market companies. The acquisition was structured as a purchase by Lazard Group of interests in a holding company that in turn owns interests in the general partner and management company entities of the current Edgewater private equity funds (the "Edgewater Acquisition"). Following the Edgewater Acquisition, Edgewater's leadership team retained a substantial economic interest in such entities.

The aggregate fair value of the consideration recognized by the Company at the acquisition date was $61,624. Such consideration consisted of (i) a one-time cash payment, (ii) 1,142,857 shares of Class A common stock (the "Initial Shares") and (iii) up to 1,142,857 additional shares of Class A common stock (the "Earnout Shares") that are subject to earnout criteria and payable over time. The Earnout Shares will be issued only if certain performance thresholds are met. As of June 30, 2015 and December 31, 2014, 913,722 shares are issuable on a contingent basis, and 1,371,992 shares have been earned because applicable performance thresholds have been satisfied. As of June 30, 2015 and December 31, 2014, 1,371,992 of the earned shares have been settled.

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Contingent Consideration Relating To Other Business Acquisitions—For a business acquired in 2012, at December 31, 2012, 170,988 shares of Class A common stock (including dividend equivalent shares) were issuable on a non-contingent basis. Such shares were delivered in the first quarter of 2013. During the second quarter of 2015, the achievement of certain performance thresholds related to the acquired business were satisfied, resulting in the issuance of 27,316 shares of Class A common stock.

Other Commitments—The Company has various other contractual commitments arising in the ordinary course of business. In addition, from time to time, each of LFB and LFNY may enter into underwriting commitments in which it will participate as an underwriter. At June 30, 2015, LFB and LFNY had no such underwriting commitments.

See Notes 5 and 13 of Notes to Condensed Consolidated Financial Statements for information regarding commitments relating to investment capital funding commitments and obligations to fund our pension plans, respectively.

In the opinion of management, the fulfillment of the commitments described herein will not have a material adverse effect on the Company's condensed consolidated financial position or results of operations.

Legal—The Company is involved from time to time in judicial, regulatory and arbitration proceedings and inquiries concerning matters arising in connection with the conduct of our businesses, including proceedings initiated by former employees alleging wrongful termination. The Company reviews such matters on a case-by-case basis and establishes any required accrual if a loss is probable and the amount of such loss can be reasonably estimated. The Company experiences significant variation in its revenue and earnings on a quarterly basis. Accordingly, the results of any pending matter or matters could be significant when compared to the Company's earnings in any particular fiscal quarter. The Company believes, however, based on currently available information, that the results of any pending matters, in the aggregate, will not have a material effect on its business or financial condition.

11. MEMBERS' EQUITY

Lazard Group Distributions—As previously described, Lazard Group's common membership interests are held by subsidiaries of Lazard Ltd and, until May 2014, also were held by LAZ-MD Holdings. Pursuant to provisions of the Operating Agreement, Lazard Group distributions in respect of its common membership interests are allocated to the holders of such interests on a pro rata basis. Such distributions represent amounts necessary to fund (i) any dividends Lazard Ltd may declare on its Class A common stock and (ii) tax distributions in respect of income taxes that Lazard Ltd's subsidiaries incur and, until May 2014, that the members of LAZ-MD Holdings incurred as a result of holding Lazard Group common membership interests.

During the six month periods ended June 30, 2015 and 2014, Lazard Group distributed the following amounts to LAZ-MD Holdings and the subsidiaries of Lazard Ltd (none of which related to tax distributions):

	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Subsidiaries of Lazard Ltd	$40,839	$72,981
LAZ-MD Holdings	–	213
	$40,839	$73,194

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Pursuant to Lazard Group's Operating Agreement, Lazard Group allocates and distributes to its members a substantial portion of its distributable profits in installments, as soon as practicable after the end of each fiscal year. Such installment distributions usually begin in February.

Share Repurchase Program—During the six month period ended June 30, 2015 and for the years ended December 31, 2014, 2013, and 2012, the Board of Directors of Lazard authorized the repurchase of Class A common stock and Lazard Group common membership interests as set forth in the table below.

Date	Repurchase Authorization	Expiration
October 2012	$ 200,000	December 31, 2014
October 2013	$ 100,000	December 31, 2015
April 2014	$ 200,000	December 31, 2015
February 2015	$ 150,000	December 31, 2016

The Company expects that the share repurchase program will primarily be used to offset a portion of the shares that have been or will be issued under the Lazard Ltd 2005 Equity Incentive Plan (the "2005 Plan") and the Lazard Ltd 2008 Incentive Compensation Plan (the "2008 Plan"). Pursuant to the share repurchase program, purchases have been made in the open market or through privately negotiated transactions. The rate at which the Company purchases shares in connection with the share repurchase program may vary from quarter to quarter due to a variety of factors. Purchases with respect to such program are set forth in the table below:

Six Months Ended June 30:	Number of Shares Purchased	Average Price Per Share
2014	4,114,206	$46.83
2015	2,306,694	$51.04

The shares purchased in the six months ended June 30, 2014 included 1,000,000 shares purchased from Natixis S.A. on June 26, 2014 for $50,340 in connection with the sale by Natixis S.A. of its entire investment in Lazard Ltd's Class A common stock. The purchase transaction closed on July 1, 2014.

As of June 30, 2015, a total of $161,199 of share repurchase authorizations remained available under the share repurchase program, $11,199 of which will expire on December 31, 2015 and $150,000 of which will expire on December 31, 2016.

During the six month period ended June 30, 2015, Lazard Ltd had in place trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934, pursuant to which it effected stock repurchases in the open market.

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Accumulated Other Comprehensive Income (Loss), Net of Tax ("AOCI")—The tables below reflect changes in the balances of each component of AOCI during the six month periods ended June 30, 2015 and 2014:

	Currency Translation Adjustments	Employee Benefit Plans	Total AOCI	Amount Attributable to Noncontrolling Interests	Total Lazard Group AOCI
Balance, January 1, 2015	$ (8,625)	$(154,665)	$(163,290)	$ (2)	$ (163,288)
Activity January 1 to June 30, 2015:					
Other comprehensive loss before reclassifications	(18,314)	(14,617)	(32,931)	(1)	(32,930)
Adjustments for items reclassified to earnings, net of tax	–	2,376	2,376	–	2,376
Net other comprehensive loss	(18,314)	(12,241)	(30,555)	(1)	(30,554)
Balance, June 30, 2015	$ (26,939)	$(166,906)	$(193,845)	$ (3)	$ (193,842)

	Currency Translation Adjustments	Employee Benefit Plans	Total AOCI	Amount Attributable to Noncontrolling Interests	Total Lazard Group AOCI
Balance, January 1, 2014	$ 35,236	$(137,431)	$(102,195)	$ 1	$ (102,196)
Activity January 1 to June 30, 2014:					
Other comprehensive income (loss) before reclassifications	6,785	(6,946)	(161)	–	(161)
Adjustments for items reclassified to earnings, net of tax	–	2,569	2,569	–	2,569
Net other comprehensive income (loss)	6,785	(4,377)	2,408	–	2,408
Balance, June 30, 2014	$ 42,021	$(141,808)	$ (99,787)	$ 1	$ (99,788)

The table below reflects adjustments for items reclassified out of AOCI, by component, for the three month and six month periods ended June 30, 2015 and 2014:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Amortization relating to employee benefit plans (a)	$ 1,728	$ 1,611	$ 3,477	$ 3,432
Less – related income taxes	538	331	1,101	863
Total reclassifications, net of tax	$ 1,190	$ 1,280	$ 2,376	$ 2,569

(a) Included in the computation of net periodic benefit cost (see Note 13 of Notes to Condensed Consolidated Financial Statements). Such amount is included in "compensation and benefits" expense on the condensed consolidated statement of operations.

Noncontrolling Interests—Noncontrolling interests principally represent interests held in Edgewater's management vehicles that the Company is deemed to control, but does not own.

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The tables below summarize net income attributable to noncontrolling interests for the three month and six month periods ended June 30, 2015 and 2014 and noncontrolling interests as of June 30, 2015 and December 31, 2014 in the Company's condensed consolidated financial statements:

	Net Income Attributable to Noncontrolling Interests			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Edgewater	$ 1,041	$ 552	$ 7,734	$ 4,672
Other	2	1	2	1
Total	$ 1,043	$ 553	$ 7,736	$ 4,673

	Noncontrolling Interests As Of	
	June 30, 2015	December 31, 2014
Edgewater	$ 58,446	$ 62,584
Other	9	9
Total	$ 58,455	$ 62,593

12. INCENTIVE PLANS

Share-Based Incentive Plan Awards

A description of Lazard Ltd's 2005 Plan and 2008 Plan and activity with respect thereto during the three month and six month periods ended June 30, 2015 and 2014, is presented below.

Shares Available Under the 2008 Plan and the 2005 Plan

The 2008 Plan authorizes the issuance of shares of Class A common stock pursuant to the grant or exercise of stock options, stock appreciation rights, restricted stock units ("RSUs") and other equity-based awards. Under the 2008 Plan, the maximum number of shares available is based on a formula that limits the aggregate number of shares that may, at any time, be subject to awards that are considered "outstanding" under the 2008 Plan to 30% of the then-outstanding shares of Class A common stock.

The 2005 Plan authorized the issuance of up to 25,000,000 shares of Class A common stock pursuant to the grant or exercise of stock options, stock appreciation rights, RSUs and other equity-based awards. Each stock unit or similar award granted under the 2005 Plan represented a contingent right to receive one share of Class A common stock, at no cost to the recipient. The fair value of such awards was generally determined based on the closing market price of Class A common stock at the date of grant. The 2005 Plan expired in the second quarter of 2015.

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The following reflects the amortization expense recorded with respect to share-based incentive plans within "compensation and benefits" expense (with respect to RSUs, performance-based restricted stock units ("PRSUs") and restricted stock awards) and "professional services" expense (with respect to deferred stock units ("DSUs")) within the Company's accompanying condensed consolidated statements of operations for the three month and six month periods ended June 30, 2015 and 2014:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Share-based incentive awards:				
RSUs	$ 32,263	$ 40,931	$ 91,334	$ 93,216
PRSUs	8,414	4,902	14,612	6,700
Restricted Stock	2,830	4,244	15,453	10,856
DSUs	681	717	697	768
Total	$ 44,188	$ 50,794	$122,096	$111,540

The ultimate amount of compensation and benefits expense relating to share-based awards is dependent upon the actual number of shares of Class A common stock that vest. The Company periodically assesses the forfeiture rates used for such estimates. A change in estimated forfeiture rates results in a cumulative adjustment to previously recorded compensation and benefits expense and also would cause the aggregate amount of compensation expense recognized in future periods to differ from the estimated unrecognized compensation expense described below.

The Company's incentive plans are described below.

RSUs and DSUs

RSUs generally require future service as a condition for the delivery of the underlying shares of Class A common stock (unless the recipient is then eligible for retirement under the Company's retirement policy) and convert into shares of Class A common stock on a one-for-one basis after the stipulated vesting periods. PRSUs, which are RSUs that are also subject to service-based vesting conditions, have additional performance conditions, and are described below. The grant date fair value of the RSUs, net of an estimated forfeiture rate, is amortized over the vesting periods or requisite service periods (generally one-third after two years, and the remaining two-thirds after the third year), and is adjusted for actual forfeitures over such period.

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RSUs generally include a dividend participation right that provides that during vesting periods each RSU is attributed additional RSUs (or fractions thereof) equivalent to any dividends paid on Class A common stock during such period. During the six month periods ended June 30, 2015 and 2014, dividend participation rights required the issuance of 529,616 and 203,537 RSUs, respectively.

Non-executive members of the Board of Directors of Lazard Group, who are the same Non-Executive Directors of Lazard Ltd ("Non-Executive Directors"), receive approximately 55% of their annual compensation for service on the Board of Directors and its committees in the form of DSUs, which resulted in 23,961 and 26,360 DSUs granted in connection with annual compensation during the six month periods ended June 30, 2015 and 2014, respectively. Their remaining compensation is payable in cash, which they may elect to receive in the form of additional DSUs under the Directors' Fee Deferral Unit Plan described below. DSUs are convertible into shares of Class A common stock at the time of cessation of service to the Board of Directors. DSUs include a cash dividend participation right equivalent to any ordinary quarterly dividends paid on Class A common stock.

The Company's Directors' Fee Deferral Unit Plan permits the Non-Executive Directors to elect to receive additional DSUs in lieu of some or all of their cash fees. The number of DSUs that shall be granted to a Non-Executive Director pursuant to this election will equal the value of cash fees that the applicable Non-Executive Director has elected to forego pursuant to such election, divided by the market value of a share of Class A common stock on the date immediately preceding the date of the grant. During the six month periods ended June 30, 2015 and 2014, 1,183 and 4,383 DSUs, respectively, had been granted pursuant to such Plan.

DSU awards are expensed at their fair value on their date of grant, inclusive of amounts related to the Directors' Fee Deferral Unit Plan.

The following is a summary of activity relating to RSUs and DSUs during the six month periods ended June 30, 2015 and 2014:

	RSUs		DSUs	
	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value
Balance, January 1, 2015	13,529,116	$ 35.19	286,227	$ 34.21
Granted (including 529,616 RSUs relating to dividend participation)	3,982,135	$ 48.83	25,144	$ 55.45
Forfeited	(397,637)	$ 43.04	–	–
Vested	(6,873,352)	$ 30.79	–	–
Balance, June 30, 2015	10,240,262	$ 43.14	311,371	$ 35.92
Balance, January 1, 2014	16,630,009	$ 34.51	251,434	$ 32.02
Granted (including 203,537 RSUs relating to dividend participation)	3,625,734	$ 42.87	30,743	$ 49.97
Forfeited	(77,368)	$ 37.01	–	–
Vested	(6,381,080)	$ 37.98	–	–
Balance, June 30, 2014	13,797,295	$ 35.09	282,177	$ 33.97

In connection with RSUs that vested during the six month periods ended June 30, 2015 and 2014, the Company satisfied its minimum statutory tax withholding requirements in lieu of issuing 1,895,301 and

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1,853,416 shares of Class A common stock in the respective six month periods. Accordingly, 4,978,051 and 4,527,664 shares of Class A common stock held by the Company were delivered during the six month periods ended June 30, 2015 and 2014, respectively.

As of June 30, 2015, estimated unrecognized RSU compensation expense was approximately $192,787, with such expense expected to be recognized over a weighted average period of approximately 1.0 year subsequent to June 30, 2015.

Restricted Stock

The following is a summary of activity related to shares of restricted Class A common stock associated with compensation arrangements during the six month periods ended June 30, 2015 and 2014:

	Restricted Shares	Weighted Average Grant Date Fair Value
Balance, January 1, 2015	729,827	$ 38.63
Granted	576,886	$ 50.88
Forfeited	(44,769)	$ 50.23
Vested	(501,298)	$ 39.19
Balance, June 30, 2015	760,646	$ 46.87
Balance, January 1, 2014	575,054	$ 32.72
Granted	449,911	$ 45.52
Forfeited	(9,438)	$ 41.45
Vested	(205,075)	$ 35.23
Balance, June 30, 2014	810,452	$ 39.09

In connection with shares of restricted Class A common stock that vested during the six month periods ended June 30, 2015 and 2014, the Company satisfied its minimum statutory tax withholding requirements in lieu of delivering 92,500 and 29,999 shares of Class A common stock during such respective six month periods. Accordingly, 408,798 and 175,076 shares of Class A common stock held by the Company were delivered during the six month periods ended June 30, 2015 and 2014, respectively.

The restricted stock awards include a cash dividend participation right equivalent to any ordinary dividends paid on Class A common stock during the period, which will vest concurrently with the underlying restricted stock award. At June 30, 2015, estimated unrecognized restricted stock expense was approximately $21,470, with such expense to be recognized over a weighted average period of approximately 1.1 years subsequent to June 30, 2015.

PRSUs

PRSUs are subject to both performance-based and service-based vesting conditions. The number of shares of Class A common stock that a recipient will receive upon vesting of a PRSU will be calculated by reference to certain performance metrics that relate to Lazard Ltd's performance over a three-year period. The target number of shares of Class A common stock subject to each PRSU is one; however, based on the achievement of the performance criteria, the number of shares of Class A common stock that may be received in connection with each PRSU generally can range from zero to two times the target number (with the exception of the PRSUs granted in 2013, for which (i) the performance period ended on December 31, 2014 and (ii) the number of shares of Class A common stock that may be received is equal to approximately 2.2 times the target number). The PRSUs granted in 2015 and 2014 will vest on a single date three years following the date of the grant and the PRSUs granted in 2013 vested 33% in March 2015 and will vest 67% in March 2016, in each case provided the applicable service and performance conditions are satisfied, other than with respect to the PRSUs granted in 2013, which performance conditions have been satisfied as of December 31, 2014. In addition, the performance metrics applicable to each PRSU will be evaluated on an annual basis at the end of each fiscal year during the performance period and, if Lazard Ltd has achieved a threshold level of performance with respect to the fiscal year, 25% of the target number of shares of Class A common stock subject to each PRSU award will no longer be at risk of forfeiture based on the achievement of performance criteria. PRSUs include dividend participation rights that provide that during vesting periods the target number of PRSUs (or, following the relevant performance period, the actual number of shares of Class A common stock that are no longer subject to performance conditions) receive dividend equivalents at the same rate that dividends are paid on Class A common stock during such period. These dividend equivalents are credited as RSUs that are not subject to the performance-based vesting criteria but are otherwise subject to the same restrictions as the underlying PRSUs to which they relate.

(dollars in thousands, unless otherwise noted)

The following is a summary of activity relating to PRSUs during the six month periods ended June 30, 2015 and 2014:

	PRSUs	Weighted Average Grant Date Fair Value
Balance January 1, 2015	1,347,148	$ 37.79
Granted	368,389	$ 52.85
Vested	(696,499)	$ 35.96
Balance June 30, 2015	1,019,038	$ 44.49
Balance, January 1, 2014	448,128	$ 36.11
Granted	360,783	$ 44.46
Balance, June 30, 2014	808,911	$ 39.83

In connection with PRSUs that vested during the six month period ended June 30, 2015, the Company satisfied its minimum statutory tax withholding requirements in lieu of issuing 32,086 shares of Class A common stock in the period. Accordingly, 664,413 shares of Class A common stock held by the Company were delivered during the six month period ended June 30, 2015.

Compensation expense recognized for PRSU awards is determined by multiplying the number of shares of Class A common stock underlying such awards that, based on the Company’s estimate, are considered probable of vesting, by the grant date fair value. As of June 30, 2015, the total estimated unrecognized compensation expense was approximately $24,406, and the Company expects to amortize such expense over a weighted-average period of approximately 0.8 years subsequent to June 30, 2015.

LFI and Other Similar Deferred Compensation Arrangements

Commencing in February 2011, the Company granted LFI to eligible employees. In connection with LFI and other similar deferred compensation arrangements, which generally require future service as a condition for vesting, the Company recorded a prepaid compensation asset and a corresponding compensation liability on the grant date based upon the fair value of the award. The prepaid asset is amortized on a straight-line basis over the applicable vesting periods or requisite service periods (which are generally similar to the comparable periods for RSUs), and is charged to "compensation and benefits" expense within the Company's condensed consolidated statement of operations. LFI and similar deferred compensation arrangements that do not require future service are expensed immediately. The related compensation liability is accounted for at fair value as a derivative liability, which contemplates the impact of estimated forfeitures, and is adjusted for changes in fair value primarily related to changes in value of the underlying investments.

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The following is a summary of activity relating to LFI and other similar deferred compensation arrangements during the six month periods ended June 30, 2015 and 2014:

	Prepaid Compensation Asset	Compensation Liability
Balance, January 1, 2015	$ 73,278	$ 207,306
Granted	89,817	89,817
Settled	–	(92,893)
Forfeited	(3,259)	(6,290)
Amortization	(44,522)	–
Change in fair value related to:		
Increase in fair value of underlying investments	–	2,242
Adjustment for estimated forfeitures	–	3,433
Other	176	(1,552)
Balance, June 30, 2015	$ 115,490	$ 202,063

	Prepaid Compensation Asset	Compensation Liability
Balance, January 1, 2014	$ 60,433	$ 162,422
Granted	92,711	92,711
Settled	–	(52,944)
Forfeited	(1,189)	(1,659)
Amortization	(39,457)	–
Change in fair value related to:		
Increase in fair value of underlying investments	–	11,532
Adjustment for estimated forfeitures	–	2,929
Other	37	172
Balance, June 30, 2014	$ 112,535	$ 215,163

The amortization of the prepaid compensation asset will generally be recognized over a weighted average period of approximately 1.0 year subsequent to June 30, 2015.

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The following is a summary of the impact of LFI and other similar deferred compensation arrangements on “compensation and benefits” expense within the accompanying condensed consolidated statements of operations for the three month and six month periods ended June 30, 2015 and 2014:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Amortization, net of forfeitures	$18,260	$21,603	$44,924	$41,916
Change in the fair value of underlying investments	(1,894)	8,906	2,242	11,532
Total	$16,366	$30,509	$47,166	$53,448

13. *EMPLOYEE BENEFIT PLANS*

The Company provides retirement and other post-retirement benefits to certain of its employees through defined benefit pension plans (the “pension plans”) and, in the U.S., a partially funded contributory post-retirement plan covering qualifying U.S. employees (the “medical plan” and together with the pension plans, the “post-retirement plans”). The Company also offers defined contribution plans to its employees. The post-retirement plans generally provide benefits to participants based on average levels of compensation. Expenses related to the Company’s employee benefit plans are included in “compensation and benefits” expense on the condensed consolidated statements of operations.

Employer Contributions to Pension Plans—The Company’s funding policy for its U.S. and non-U.S. pension plans is to fund when required or when applicable upon an agreement with the plans’ trustees (the “Trustees”). Management also evaluates from time to time whether to make voluntary contributions to the plans.

On March 31, 2015, the Company and the Trustees of the U.K. defined benefit pension plans concluded the December 31, 2013 triennial valuations of the plans. In connection with such valuations, the Company and the Trustees agreed upon pension funding terms pursuant to which the Company agreed, among other things, (i) to make contributions of 11.2 million British pounds into the plans by way of three equal contributions at June 30, September 30 and December 31, 2015, and (ii) that the Company’s existing account security arrangement would be dissolved and the cash balance within such accounts would be paid into the plans by June 30, 2015. On June 4, 2015, the full balance of 11.2 million British pounds in the account security arrangement was paid into the plans. At December 31, 2014, the balance of the account security arrangement was $17,500 and was recorded in “cash deposited with clearing organizations and other segregated cash” on the accompanying condensed consolidated statements of financial condition. Income on the account security arrangement accreted to the Company and is recorded in interest income.

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The following table summarizes the components of net periodic benefit cost (credit) related to the Company's post-retirement plans for the three month and six month periods ended June 30, 2015 and 2014:

	Pension Plans		Medical Plan	
	Three Months Ended June 30,			
	2015	2014	2015	2014
Components of Net Periodic Benefit Cost (Credit):				
Service cost	$ 353	$ 228	$ 5	$ 5
Interest cost	6,153	7,640	41	44
Expected return on plan assets	(7,019)	(8,228)	–	–
Amortization of:				
Prior service cost	591	735	–	–
Net actuarial loss (gain)	1,137	1,118	–	(242)
Net periodic benefit cost (credit)	$ 1,215	$ 1,493	$ 46	$ (193)

	Pension Plans		Medical Plan	
	Six Months Ended June 30,			
	2015	2014	2015	2014
Components of Net Periodic Benefit Cost (Credit):				
Service cost	$ 713	$ 451	$ 13	$ 17
Interest cost	12,259	15,171	90	97
Expected return on plan assets	(14,090)	(16,307)	–	–
Amortization of:				
Prior service cost	1,194	1,468	–	–
Net actuarial loss (gain)	2,283	2,229	–	(265)
Net periodic benefit cost (credit)	$ 2,359	$ 3,012	$ 103	$ (151)

14. INCOME TAXES

Although a portion of Lazard Group's income is subject to U.S. federal income taxes, Lazard Group primarily operates in the U.S. as a limited liability company that is treated as a partnership for U.S. federal income tax purposes. As a result, Lazard Group's income from its U.S. operations is generally not subject to U.S. federal income taxes because such income is attributable to its partners. Outside the U.S., Lazard Group operates principally through subsidiary corporations that are subject to local income taxes in foreign jurisdictions. Lazard Group is also subject to New York City Unincorporated Business Tax ("UBT") attributable to its operations apportioned to New York City.

The Company recorded income tax provisions of $14,464 and $25,922 for the three month and six month periods ended June 30, 2015, respectively, and $15,878 and $33,735 for the three month and six month periods ended June 30, 2014, respectively, representing effective tax rates of 9.0%, 10.7%, 14.4% and 15.5%, respectively. The difference between the U.S. federal statutory rate of 35.0% and the effective tax rates reflected above principally relates to (i) Lazard Group primarily operating as a limited liability company in the U.S., (ii) change in the valuation allowance affecting the provision for income taxes, (iii) taxes payable to foreign jurisdictions, and (iv) U.S. state and local taxes (primarily UBT), which are incremental to the U.S. federal statutory tax rate.

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Substantially all of Lazard's operations outside the U.S. are conducted in "pass-through" entities for U.S. income tax purposes. The Company provides for U.S. income taxes on a current basis for the relevant portion of those earnings. The repatriation of prior earnings attributable to "non-pass-through" entities would not result in the recognition of a material amount of additional U.S. income taxes.

15. PAYABLE TO LAZARD LTD SUBSIDIARIES

As of June 30, 2015 and December 31, 2014, Lazard Group's payables to subsidiaries of Lazard Ltd included interest-bearing loans, plus accrued interest thereon, of approximately $148,700 and $152,600, respectively. Interest expense relating to interest-bearing loans with subsidiaries of Lazard Ltd amounted to $1,025 and $2,046 for the three month and six month periods ended June 30, 2015, respectively, and $1,595 and $3,216 for the three month and six month periods ended June 30, 2014, respectively. In addition, as of both June 30, 2015 and December 31, 2014, Lazard Group's payables to subsidiaries of Lazard Ltd included $2,840 in connection with Lazard Group's prior year business acquisitions.

16. REGULATORY AUTHORITIES

LFNY is a U.S. registered broker-dealer and is subject to the net capital requirements of Rule 15c3-1 under the Securities Exchange Act of 1934. Under the basic method permitted by this rule, the minimum required net capital, as defined, is a specified fixed percentage ($6\ ^{2}/_{3}$%) of total aggregate indebtedness recorded in LFNY's Financial and Operational Combined Uniform Single ("FOCUS") report filed with the Financial Industry Regulatory Authority ("FINRA"), or $100, whichever is greater. In addition, the ratio of aggregate indebtedness (as defined) to net capital may not exceed 15:1. At June 30, 2015, LFNY's regulatory net capital was $112,976, which exceeded the minimum requirement by $110,110. LFNY's aggregate indebtedness to net capital ratio was 0.38:1 as of June 30, 2015.

Certain U.K. subsidiaries of the Company, including LCL, Lazard Fund Managers Limited and Lazard Asset Management Limited (collectively, the "U.K. Subsidiaries") are regulated by the Financial Conduct Authority. At June 30, 2015, the aggregate regulatory net capital of the U.K. Subsidiaries was $115,445, which exceeded the minimum requirement by $97,014.

CFLF, under which asset management and commercial banking activities are carried out in France, is subject to regulation by the ACPR for its banking activities conducted through its subsidiary, LFB. The investment services activities of the Paris group, exercised through LFB and other subsidiaries of CFLF, primarily LFG (asset management), also are subject to regulation and supervision by the Autorité des Marchés Financiers. At June 30, 2015, the consolidated regulatory net capital of CFLF was $133,985, which exceeded the minimum requirement set for regulatory capital levels by $95,785. In addition, pursuant to the consolidated supervision rules in the European Union, LFB, in particular, as a French credit institution, is required to be supervised by a regulatory body, either in the U.S. or in the European Union. During the third quarter of 2013, the Company and the ACPR agreed on terms for the consolidated supervision of LFB and certain other non-Financial Advisory European subsidiaries of the Company (referred to herein, on a combined basis, as the "combined European regulated group") under such rules. Under this new supervision, the combined European regulated group is required to comply with minimum requirements for regulatory net capital to be reported on a quarterly basis and satisfy periodic financial and other reporting obligations. At March 31, 2015, the regulatory net capital of the combined European regulated group was $201,766, which exceeded the minimum requirement set for regulatory capital levels by $126,478. Additionally, the combined European regulated group, together with our European Financial Advisory entities, is required to perform an annual risk assessment and provide certain other information on a periodic basis, including financial reports and information relating to financial performance, balance sheet data and capital structure (which is similar to the information that the Company had already been providing informally). This new supervision under, and provision of information to, the ACPR became effective December 31, 2013.

Certain other U.S. and non-U.S. subsidiaries are subject to various capital adequacy requirements promulgated by various regulatory and exchange authorities in the countries in which they operate. At June 30, 2015, for those subsidiaries with regulatory capital requirements, their aggregate net capital was $116,436, which exceeded the minimum required capital by $89,831.

At June 30, 2015, each of these subsidiaries individually was in compliance with its regulatory capital requirements.

Any new or expanded rules and regulations that may be adopted in countries in which we operate (including regulations that have not yet been proposed) could affect us in other ways.

17. SEGMENT INFORMATION

The Company's reportable segments offer different products and services and are managed separately as different levels and types of expertise are required to effectively manage the segments' transactions. Each segment is reviewed to determine the allocation of resources and to assess its performance. The Company's principal operating activities are included in its Financial Advisory and Asset Management business segments, as described in Note 1 of Notes to Condensed Consolidated Financial Statements. In addition, as described in Note 1 of Notes to Condensed Consolidated Financial Statements, the Company records selected other activities in its Corporate segment.

The Company's segment information for the three month and six month periods ended June 30, 2015 and 2014 is prepared using the following methodology:

- Revenue and expenses directly associated with each segment are included in determining operating income.
- Expenses not directly associated with specific segments are allocated based on the most relevant measures applicable, including headcount, square footage and other factors.
- Segment assets are based on those directly associated with each segment, and include an allocation of certain assets relating to various segments, based on the most relevant measures applicable, including headcount, square footage and other factors.

The Company allocates investment gains and losses, interest income and interest expense among the various segments based on the segment in which the underlying asset or liability is reported.

Each segment's operating expenses include (i) compensation and benefits expenses incurred directly in support of the businesses and (ii) other operating expenses, which include directly incurred expenses for occupancy and equipment, marketing and business development, technology and information services, professional services, fund administration and outsourced services and indirect support costs (including compensation and other operating expenses related thereto) for administrative services. Such administrative services include, but are not limited to, accounting, tax, human resources, legal, facilities management and senior management activities.

LAZARD GROUP LLC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)
(dollars in thousands, unless otherwise noted)

Management evaluates segment results based on net revenue and operating income (loss) and believes that the following information provides a reasonable representation of each segment's contribution with respect to net revenue, operating income (loss) and total assets:

		Three Months Ended June 30,		Six Months Ended June 30,	
		2015	2014	2015	2014
Financial Advisory	Net Revenue	$316,384	$280,769	$ 617,903	$ 556,265
	Operating Expenses	253,221	253,804	496,156	499,219
	Operating Income	$ 63,163	$ 26,965	$ 121,747	$ 57,046
Asset Management	Net Revenue	$305,838	$288,164	$ 585,645	$ 556,728
	Operating Expenses	193,791	185,237	375,583	360,998
	Operating Income	$112,047	$102,927	$ 210,062	$ 195,730
Corporate	Net Revenue	$ (14,271)	$ (2,128)	$ (18,744)	$ (12,893)
	Operating Expenses	(197)	17,876	71,318	22,607
	Operating Loss	$ (14,074)	$ (20,004)	$ (90,062)	$ (35,500)
Total	Net Revenue	$607,951	$566,805	$1,184,804	1,100,100
	Operating Expenses	446,815	456,917	943,057	882,824
	Operating Income	$161,136	$109,888	$ 241,747	$ 217,276

	As Of	
	June 30, 2015	December 31, 2014
Total Assets		
Financial Advisory	$ 773,432	$ 785,557
Asset Management	486,851	588,403
Corporate	1,678,493	1,796,720
Total	$2,938,776	$3,170,680

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with Lazard Group's condensed consolidated financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q (the "Form 10-Q"), as well as Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") included in our Annual Report on Form 10-K for the year ended December 31, 2014 (the "Form 10-K"). All references to "2015", "2014", "second quarter", "first half" or "the period" refer to, as the context requires, the three month and six month periods ended June 30, 2015 and June 30, 2014.

Forward-Looking Statements and Certain Factors that May Affect Our Business

Management has included in Parts I and II of this Form 10-Q, including in its MD&A, statements that are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as "may," "might," "will," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," "target," "goal" or "continue," and the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance based on our growth strategies, business plans and initiatives and anticipated trends in our business. These statements are only predictions 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 or achievements expressed or implied by the forward-looking statements. These factors include, but are not limited to, those discussed in our Form 10-K under the caption "Risk Factors," including the following:

- a decline in general economic conditions or global or regional financial markets;
- 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");
- losses caused by financial or other problems experienced by third parties;
- losses due to unidentified or unanticipated risks;
- a lack of liquidity, *i.e.*, ready access to funds, for use in our businesses; and
- competitive pressure on our businesses and on our ability to retain and attract employees at current compensation levels.

These risks and uncertainties are not exhaustive. Other sections of the Form 10-K and this Form 10-Q describe additional factors that could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for our management to predict all risks and uncertainties, nor can management assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, 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 after the date of this Form 10-Q to conform our prior statements to actual results or revised expectations and we do not intend to do so.

Forward-looking statements include, but are not limited to, statements about:

- financial goals, including the ratio of awarded compensation and benefits expense to operating revenue;
- ability to deploy surplus cash through distributions to members, purchases of Lazard Ltd Class A common stock and debt repurchases;
- ability to offset stockholder dilution through share repurchases;

- possible or assumed future results of operations and operating cash flows;
- strategies and investment policies;
- financing plans and the availability of short-term borrowing;
- competitive position;
- future acquisitions, including the consideration to be paid and the timing of consummation;
- potential growth opportunities available to our businesses;
- recruitment and retention of our managing directors and employees;
- potential levels of compensation expense and non-compensation expense;
- potential operating performance, achievements, productivity improvements, efficiency and cost reduction efforts;
- likelihood of success and impact of litigation;
- expected tax rates, including effective tax rates;
- changes in interest and tax rates;
- availability of certain tax benefits, including certain potential deductions;
- potential impact of certain events or circumstances on our financial statements;
- expectations with respect to the economy, the securities markets, the market for mergers, acquisitions and strategic advisory and restructuring activity, the market for asset management activity and other macroeconomic and industry trends;
- effects of competition on our business; and
- impact of future legislation and regulation on our business.

The Company is committed to providing timely and accurate information to the investing public, consistent with our legal and regulatory obligations. To that end, the Company uses its websites to convey information about our businesses, including the anticipated release of quarterly financial results, quarterly financial, statistical and business-related information, and the posting of updates of AUM in various mutual funds, hedge funds and other investment products managed by Lazard Asset Management LLC (together with its subsidiaries, "LAM") and Lazard Frères Gestion SAS ("LFG"). Investors can link to Lazard Ltd, Lazard Group and their operating company websites through *http://www.lazard.com*. Our websites and the information contained therein or connected thereto shall not be deemed to be incorporated into this Form 10-Q.

Business Summary

Lazard is one of the world's preeminent financial advisory and asset management firms. We have long specialized in crafting solutions to the complex financial and strategic challenges of a diverse set of clients around the world, including corporations, governments, institutions, partnerships and individuals. Founded in 1848 in New Orleans, we currently operate from 43 cities in key business and financial centers across 27 countries throughout North America, Europe, Asia, Australia, the Middle East, and Central and South America.

Our primary business purpose is to serve our clients. Our deep roots in business centers around the world form a global network of relationships with key decision-makers in corporations, governments and investing institutions. This network is both a competitive strength and a powerful resource for Lazard and our clients. As a firm that competes on the quality of our advice, we have two fundamental assets: our people and our reputation.

We operate in cyclical businesses across multiple geographies, industries and asset classes. In recent years, we have expanded our geographic reach, bolstered our industry expertise and continued to build in growth areas. Companies, government bodies and investors seek independent advice with a geographic perspective, deep understanding of capital structure, informed research and knowledge of global economic conditions. We believe that our business model as an independent advisor will continue to create opportunities for us to attract new clients and key personnel.

Our principal sources of revenue are derived from activities in the following business segments:

- Financial Advisory, which offers corporate, partnership, institutional, government, sovereign and individual clients across the globe a wide array of financial advisory services regarding M&A and other strategic matters, restructurings, capital structure, capital raising and various other financial matters, and
- Asset Management, which offers a broad range of global investment solutions and investment management services in equity and fixed income strategies, alternative investments and private equity funds to corporations, public funds, sovereign entities, endowments and foundations, labor funds, financial intermediaries and private clients.

In addition, we record selected other activities in our Corporate segment, including management of cash, investments, deferred tax assets, outstanding indebtedness and assets associated with Lazard Group's Paris-based subsidiary, Lazard Frères Banque SA ("LFB").

LFB is a registered bank regulated by the Autorité de Contrôle Prudentiel et de Résolution ("ACPR"). It is engaged primarily in commercial and private banking services for clients and funds managed by LFG and other clients, investment banking activities, including participation in underwritten offerings of securities in France, and asset-liability management.

Our consolidated net revenue was derived from the following segments:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Financial Advisory	52%	49%	52%	50%
Asset Management	50	51	49	51
Corporate	(2)	–	(1)	(1)
Total	100%	100%	100%	100%

We also invest our own capital from time to time, generally alongside capital of qualified institutional and individual investors in alternative investments or private equity investments, and, since 2005, we have engaged in a number of alternative investments and private equity activities, including, historically, investments through (i) the Edgewater Funds ("Edgewater"), our Chicago-based private equity firm (see Note 10 of Notes to Condensed Consolidated Financial Statements), (ii) Lazard Australia Corporate Opportunities Fund 2 ("COF2"), an Australian fund targeting Australasian mid-market investments, (iii) a mezzanine fund, which invests in mezzanine debt of a diversified selection of small-to mid-cap European companies and (iv) a fund targeting significant noncontrolling-stake investments in established private companies. We also make investments to seed our Asset Management strategies.

Business Environment and Outlook

Economic and global financial market conditions can materially affect our financial performance. As described above, our principal sources of revenue are derived from activities in our Financial Advisory and Asset Management business segments. As our Financial Advisory revenues are primarily dependent on the successful completion of merger, acquisition, restructuring, capital raising or similar transactions, and our Asset Management revenues are primarily driven by the levels of AUM, weak economic and global financial market conditions can result in a challenging business environment for M&A and capital-raising activity as well as our Asset Management business, but may provide opportunities for our restructuring business.

Despite market volatility in the early part of the first half of 2015, equity market indices for developed markets at June 30, 2015 generally increased or remained stable as compared to such indices at December 31, 2014. Emerging markets indices at June 30, 2015 have generally increased as compared to December 31, 2014.

In the global M&A markets during the first half of 2015, the value of all completed M&A transactions increased as compared to the same period in the prior year, as did the subset of such transactions involving values greater than $500 million. During the same time, the value of all announced M&A transactions, including the subset of such transactions involving values greater than $500 million, also increased, reflecting an active global M&A environment. While the value of completed and announced transactions increased as compared to the prior period, the number of announced transactions (excluding the subset of announced transactions involving values greater than $500 million) decreased. During the first half of 2015, global restructuring activity remained low, consistent with the last several years.

In the first half of 2015, corporate cash balances remain high and interest rates remain low. The U.S. macroeconomic environment has improved, but Europe and many of the developing markets remain unsettled, particularly with respect to foreign exchange markets. Although market and foreign currency volatility may continue, the longer-term trends appear to remain favorable for both of our businesses.

We intend to leverage our existing infrastructure to capitalize on any global macroeconomic recovery, positive momentum in the M&A cycle, and strength in the global equity markets. We believe that we can generate revenue growth by remaining adequately staffed to capitalize on any macroeconomic recovery and deploying our intellectual capital to generate new revenue streams.

Our outlook with respect to our Financial Advisory and Asset Management businesses is described below.

- ***Financial Advisory*** – The fundamentals for continued growth of a strategic M&A cycle appear to remain in place. Demand continues for expert, independent strategic advice that can be levered across geographies and our range of advisory capabilities. The global scale and breadth of our Financial Advisory business allows us to advise on large, complex cross-border transactions across a variety of industries. In addition, we believe our businesses throughout the emerging markets, Japan and Australia position us for growth in these markets, while enhancing our relationships with, and the services that we can provide to, clients in developed economies.
- ***Asset Management*** – Generally, we have seen increased investor demand across regions and investment platforms. In the short to intermediate term, we expect most of our growth will come from defined benefit and defined contribution plans in the developed economies because of their sheer scope and size. Over the longer term, we expect an increasing share of our AUM to come from the developing economies in Asia, Latin America and the Middle East, as their retirement systems evolve and individual wealth is increasingly deployed in the financial markets. Our global footprint is already well established in the developed economies and we expect our business in the developing economies will continue to expand. Given our globally diversified platform and our ability to provide investment solutions for a global mix of clients, we believe we are positioned to benefit from growth that may occur in the asset management industry. In recent years, we have expanded the global footprint of our Asset Management business by opening offices in Singapore, Dubai and Dublin. We are continually developing and seeding new investment strategies that extend our existing platforms. Recent examples of growth initiatives include the following investment strategies: Emerging Markets Debt, Emerging Markets Small Cap Equity, Middle East North African Equities, Asian Equities, U.S. Long/Short Equity and International Concentrated Equity.

We operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge continuously, and it is not possible for our management to predict all risks and uncertainties, nor can we assess the impact of all potentially applicable factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. See Item 1A, “Risk Factors” in our Form 10-K. Furthermore, net income and revenue in any period may not be indicative of full-year results or the results of any other period and may vary significantly from year to year and quarter to quarter.

Overall, we continue to focus on the development of our business, including the generation of stable revenue growth, earnings growth and member returns, the prudent management of our costs and expenses, the efficient use of our assets and the return of equity to our members.

Certain data with respect to our Financial Advisory and Asset Management businesses is included below.

Financial Advisory

As reflected in the following table, which sets forth global M&A industry statistics, the value of all completed transactions, including completed transactions with values greater than $500 million, increased in the first half of 2015 as compared to the first half of 2014, while the number of all completed transactions decreased over the same period. With respect to announced M&A transactions, the value of all announced transactions, including announced transactions with values greater than $500 million, increased in the first half of 2015 as compared to the first half of 2014, while the number of all announced transactions decreased over the same period.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2015	2014	% Incr / (Decr)	2015	2014	% Incr / (Decr)
	($ in billions)					
Completed M&A Transactions:						
All deals:						
Value	$ 903	$ 613	47%	$ 1,756	$ 1,354	30%
Number	7,925	10,083	(21)%	17,254	19,754	(13)%
Deals Greater than $500 million:						
Value	$ 715	$ 401	78%	$ 1,380	$ 959	44%
Number	263	229	15%	526	491	7%
Announced M&A Transactions:						
All deals:						
Value	$1,375	$ 1,010	36%	$ 2,277	$ 1,671	36%
Number	8,819	10,474	(16)%	18,650	20,301	(8)%
Deals Greater than $500 million:						
Value	$1,133	$ 772	47%	$ 1,828	$ 1,246	47%
Number	330	308	7%	602	551	9%

Source:Dealogic as of July 6, 2015.

Global restructuring activity during the first half of 2015, as measured by the number of corporate defaults, increased as compared to the first half of 2014, however, the aggregate value of debt defaults remained low, consistent with the last several years. The number of defaulting issuers increased to 38 in the 2015 period, according to Moody’s Investors Service, Inc., as compared to 25 in the 2014 period.

Asset Management

The percentage change in major equity market indices at June 30, 2015, as compared to such indices at March 31, 2015, December 31, 2014, and at June 30, 2014, is shown in the table below.

	Percentage Changes June 30, 2015 vs.		
	March 31, 2015	December 31, 2014	June 30, 2014
Euro Stoxx	(7.4)%	8.8%	6.1%
MSCI Emerging Market	(0.2)%	1.7%	(7.5)%
MSCI World Index	(0.3)%	1.5%	(0.5)%
S&P 500	(0.2)%	0.2%	5.3%

The fees that we receive for providing investment management and advisory services are primarily driven by the level of AUM and the nature of the AUM product mix. Accordingly, market movements, foreign currency exchange rate volatility and changes in our AUM product mix will impact the level of revenues we receive from our Asset Management business when comparing periodic results. A substantial portion of our AUM is invested in equities. Movements in AUM during the period generally reflect the changes in equity market indices. Our AUM at June 30, 2015 increased 3% versus AUM at December 31, 2014, primarily due to market appreciation and net inflows, partially offset by adverse foreign exchange movements. Average AUM in the first half of 2015 increased 5% as compared to average AUM in the 2014 period.

Financial Statement Overview

Net Revenue

The majority of Lazard’s Financial Advisory net revenue historically has been earned from the successful completion of M&A transactions, strategic advisory matters, restructuring and capital structure advisory services, capital raising and similar transactions. The main drivers of Financial Advisory net revenue are overall M&A activity, the level of corporate debt defaults and the environment for capital raising activities, particularly in the industries and geographic markets in which Lazard focuses. In some client engagements, often those involving financially distressed companies, revenue is earned in the form of retainers and similar fees that are contractually agreed upon with each client for each assignment and are not necessarily linked to the completion of a transaction. In addition, Lazard also earns fees from providing strategic advice to clients, with such fees not being dependent on a specific transaction, and may also earn fees in connection with public and private securities offerings. Significant fluctuations in Financial Advisory net revenue can occur over the course of any given year, because a significant portion of such net revenue is earned upon the successful completion of a transaction, restructuring or capital raising activity, the timing of which is uncertain and is not subject to Lazard’s control.

Lazard’s Asset Management segment principally includes LAM, LFG and Edgewater. Asset Management net revenue is derived from fees for investment management and advisory services provided to clients. As noted above, the main driver of Asset Management net revenue is the level and product mix of AUM, which is generally influenced by the performance of the global equity markets and, to a lesser extent, fixed income markets as well as Lazard’s investment performance, which impacts its ability to successfully attract and retain assets. As a result, fluctuations (including timing thereof) in financial markets and client asset inflows and outflows have a direct effect on Asset Management net revenue and operating income. Asset Management fees are generally based on the level of AUM measured daily, monthly or quarterly, and an increase or reduction in AUM, due to market price fluctuations, currency fluctuations, changes in product mix, or net client asset flows will result in a corresponding increase or decrease in management fees. The majority of our investment advisory contracts are generally terminable at any time or on notice of 30 days or less. Institutional and individual clients, and firms with which we have strategic alliances, can terminate their relationship with us, reduce the aggregate amount of AUM or shift their funds to other types of accounts with different rate structures for a number of reasons, including investment performance, changes in prevailing interest rates and financial market performance. In addition, as Lazard's AUM includes significant amounts of assets that are denominated in currencies other than U.S. Dollars, changes in the value of the U.S. Dollar relative to foreign currencies will impact the value of Lazard's AUM. Fees vary with the type of assets managed and the vehicle in which they are managed, with higher fees earned on equity assets and alternative investment funds, such as hedge funds and private equity funds, and lower fees earned on fixed income and cash management products.

The Company earns performance-based incentive fees on various investment products, including traditional products and alternative investment funds, such as hedge funds and private equity funds.

For hedge funds, incentive fees are calculated based on a specified percentage of a fund's net appreciation, in some cases in excess of established benchmarks or thresholds. The Company records incentive fees on traditional products and hedge funds at the end of the relevant performance measurement period, when potential uncertainties regarding the ultimate realizable amounts have been determined. The incentive fee measurement period is generally an annual period (unless an account terminates or a redemption occurs during the year). The incentive fees received at the end of the measurement period are not subject to reversal or payback. Incentive fees on hedge funds are often subject to loss carryforward provisions in which losses incurred by the hedge funds in any year are applied against certain gains realized by the hedge funds in future periods before any incentive fees can be earned.

For private equity funds, incentive fees may be earned in the form of a "carried interest" if profits arising from realized investments exceed a specified threshold. Typically, such carried interest is ultimately calculated on a whole-fund basis and, therefore, clawback of carried interest during the life of the fund can occur. As a result, incentive fees earned on our private equity funds are not recognized until potential uncertainties regarding the ultimate realizable amounts have been determined, including any potential for clawback.

Corporate segment net revenue consists primarily of investment gains and losses on the Company's "seed investments" related to our Asset Management business, principal investments in private equity funds and "equity method" investments, net of hedging activities, as well as gains and losses on investments held in connection with Lazard Fund Interests ("LFI") and on the extinguishment of debt (to the extent applicable), interest income and interest expense. Corporate net revenue also can fluctuate due to changes in the fair value of investments classified as "trading", as well as due to changes in interest and currency exchange rates and in the levels of cash, investments and indebtedness.

Although Corporate segment net revenue during the first half of 2015 represented (1)% of Lazard's net revenue, total assets in the Corporate segment represented 57% of Lazard's consolidated total assets as of June 30, 2015, which are attributable to cash and cash equivalents, investments in debt and equity securities, interests in alternative investment, debt, equity and private equity funds, deferred tax assets and assets associated with LFB.

Operating Expenses

The majority of Lazard's operating expenses relate to compensation and benefits for managing directors and employees. Our compensation and benefits expense includes (i) salaries and benefits, (ii) amortization of the relevant portion of previously granted deferred incentive compensation awards, including (a) share-based incentive compensation under the Lazard Ltd 2008 Incentive Compensation Plan (the "2008 Plan") and the Lazard Ltd 2005 Equity Incentive Plan (the "2005 Plan"), which expired in the second quarter of 2015, and (b) LFI and other similar deferred compensation arrangements (see Note 12 of Notes to Condensed Consolidated Financial Statements), (iii) a provision for discretionary or guaranteed cash bonuses and profit pools and (iv) when applicable, severance payments. Compensation expense in any given period is dependent on many factors, including general economic and market conditions, our actual and forecasted operating and financial performance, staffing levels, estimated forfeiture rates, competitive pay conditions and the nature of revenues earned, as well as the mix between current and deferred compensation.

For interim periods, we use “adjusted compensation and benefits expense” and the ratio of “adjusted compensation and benefits expense” to “operating revenue,” both non-U.S. GAAP measures, for comparison of compensation and benefits expense between periods. For the reconciliations and calculations with respect to “adjusted compensation and benefits expense” and related ratios to “operating revenue,” see the table under “Consolidated Results of Operations” below.

We believe that “awarded compensation and benefits expense” and the ratio of “awarded compensation and benefits expense” to “operating revenue,” both non-U.S. GAAP measures, are the most appropriate measures to assess the annual cost of compensation and provide the most meaningful basis for comparison of compensation and benefits expense between present, historical and future years. “Awarded compensation and benefits expense” for a given year is calculated using “adjusted compensation and benefits expense,” also a non-U.S. GAAP measure, as modified by the following items:

- We deduct amortization expense recorded for accounting principles generally accepted in the United States of America (“U.S. GAAP”) purposes in each fiscal year associated with the vesting of deferred incentive compensation awards,
- We add (i) the deferred incentive compensation awards granted applicable to the relevant year-end compensation process (*e.g.* deferred incentive compensation awards granted in 2015, 2014 and 2013 related to the 2014, 2013 and 2012 year-end compensation processes, respectively) and (ii) investments in people (*e.g.* “sign-on” bonuses) and other special deferred incentive compensation awards granted throughout the applicable year, with such amounts in (i) and (ii) reduced by an estimate of future forfeitures of such awards, and
- We adjust for year-end foreign exchange fluctuations.

Compensation and benefits expense is the largest component of our operating expenses. Our goal is for annual awarded compensation and benefits expense to rise at a slower rate than operating revenue growth, and if operating revenue declines, awarded compensation and benefits expense should also decline. In addition, we seek to maintain discipline with respect to the rate at which we award deferred compensation. We believe that over the cycle we can attain a ratio of awarded compensation and benefits expense to operating revenue in the mid-to-high-50s percentage range, which compares to 55.6% for the year ended December 31, 2014. While we have implemented initiatives that we believe will assist us in attaining a ratio within this range, there can be no guarantee that such a ratio will be attained or that our policies or initiatives will not change in the future. We may benefit from pressure on compensation costs within the financial services industry in future periods; however, increased competition for senior professionals, changes in the macroeconomic environment or the financial markets generally, lower operating revenue resulting from, for example, a decrease in M&A activity, our share of the M&A market or our AUM levels, changes in the mix of revenues from our businesses or various other factors could prevent us from attaining this goal.

Our operating expenses also include “non-compensation expense,” which includes costs for occupancy and equipment, marketing and business development, technology and information services, professional services, fund administration and outsourced services and other expenses. In 2015, non-compensation expense also included the expenses related to the redemption of a substantial majority of the Company’s 6.85% senior notes due 2017 (the “2017 Notes”) (see Note 9 of Notes to Condensed Consolidated Financial Statements). For all periods, the amortization of intangible assets related to acquisitions pertains primarily to the acquisition of Edgewater.

We believe that “adjusted non-compensation expense,” a non-U.S. GAAP measure, provides a more meaningful basis for assessing our operating results. For calculations with respect to “adjusted non-compensation expense” see the table under “Consolidated Results of Operations” below.

Provision for Income Taxes

Lazard Group primarily operates in the U.S. as a limited liability company that is treated as a partnership for U.S. federal income tax purposes. As a result, Lazard Group’s income pertaining to the limited liability company is not subject to U.S. federal income taxes because taxes associated with such income represent obligations of the individual partners. Outside the U.S., Lazard Group operates principally through subsidiary corporations that are subject to local income taxes in foreign jurisdictions. Lazard Group is also subject to Unincorporated Business Tax ("UBT") attributable to its operations apportioned to New York City (see Note 14 of Notes to Condensed Consolidated Financial Statements for additional information).

Noncontrolling Interests

Noncontrolling interests primarily consist of amounts related to Edgewater's management vehicles that the Company is deemed to control but not own. See Note 11 of Notes to Condensed Consolidated Financial Statements for information regarding the Company's noncontrolling interests.

Consolidated Results of Operations

Lazard's condensed consolidated financial statements are presented in U.S. Dollars. Many of our non-U.S. subsidiaries have a functional currency (*i.e*., the currency in which operational activities are primarily conducted) that is other than the U.S. Dollar, generally the currency of the country in which the subsidiaries are domiciled. Such subsidiaries' assets and liabilities are translated into U.S. Dollars using exchange rates as of the respective balance sheet date, while revenue and expenses are translated at average exchange rates during the respective periods based on the daily closing exchange rates. Adjustments that result from translating amounts from a subsidiary's functional currency are reported as a component of members' equity. Foreign currency remeasurement gains and losses on transactions in non-functional currencies are included in the condensed consolidated statements of operations.

A portion of our net revenue is derived from transactions that are denominated in currencies other than the U.S. dollar. Since the middle of 2014, the value of the U.S. dollar has strengthened against many other major currencies. As a result, net revenue for the three month and six month periods ended June 30, 2015 was negatively impacted in comparison to the prior year periods. The majority of the negative impact in each period was offset by the positive impact of the exchange rate movements on our operating expenses denominated in currencies other than the U.S. dollar.

The condensed consolidated financial statements are prepared in conformity with U.S. GAAP. Selected financial data from the Company's reported condensed consolidated results of operations is set forth below, followed by a more detailed discussion of both the consolidated and business segment results.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	($ in thousands)			
Net Revenue	$607,951	$566,805	$1,184,804	$1,100,100
Operating Expenses:				
Compensation and benefits	336,707	345,911	665,197	667,461
Non-compensation	108,251	110,300	274,970	213,437
Amortization of intangible assets related to acquisitions	1,857	706	2,890	1,926
Total operating expenses	446,815	456,917	943,057	882,824
Operating Income	161,136	109,888	241,747	217,276
Provision for income taxes	14,464	15,878	25,922	33,735
Net Income	146,672	94,010	215,825	183,541
Less – Net Income Attributable to Noncontrolling Interests	1,043	553	7,736	4,673
Net Income Attributable to Lazard Group	$145,629	$ 93,457	$ 208,089	$ 178,868
Operating Income as a % of net revenue	26.5%	19.4%	20.4%	19.8%

The tables below describe the components of operating revenue, adjusted compensation and benefits expense, adjusted non-compensation expense, earnings from operations and related key ratios, which are non-U.S. GAAP measures used by the Company to manage its business. We believe such non-U.S. GAAP measures provide the most meaningful basis for comparison between present, historical and future periods, as described above.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	($ in thousands)			
Operating Revenue:				
Net revenue	$ 607,951	$ 566,805	$ 1,184,804	$ 1,100,100
Adjustments:				
Interest expense (a)	12,452	17,150	29,533	34,486
Revenue related to noncontrolling interests (b)	(3,588)	(2,512)	(12,322)	(8,778)
Private equity revenue adjustment (c)	(12,203)	–	(12,203)	–
(Gains) losses on investments pertaining to LFI (d)	1,894	(8,906)	(2,242)	(11,532)
Operating revenue	$ 606,506	$ 572,537	$ 1,187,570	$ 1,114,276

(a) Interest expense (excluding interest expense incurred by LFB) is added back in determining operating revenue because such expense relates to corporate financing activities and is not considered to be a cost directly related to the revenue of our business.

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

(c) The Company disposed of its private equity business in Australia in the second quarter of 2015 in a transaction with the management team of the disposed business. Revenue of $24,388 relating to the disposal of the business (which primarily represents the realization of carried interest at fair value) is adjusted for the recognition of an obligation of $12,203 with the management of the disposed business, which obligation was previously recognized for U.S. GAAP.

(d) Represents 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.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	($ in thousands)			
Adjusted Compensation and Benefits Expense:				
Total compensation and benefits expense	$336,707	$345,911	$665,197	$667,461
Adjustments:				
Noncontrolling interests (a)	(1,184)	(1,098)	(2,401)	(2,246)
(Charges) credits pertaining to LFI (b)	1,894	(8,906)	(2,242)	(11,532)
Adjusted compensation and benefits expense	$337,417	$335,907	$660,554	$653,683
Adjusted compensation and benefits expense, as a % of operating revenue	55.6%	58.7%	55.6%	58.7%

(a) Expenses related to the consolidation of noncontrolling interests are excluded because Lazard has no economic interest in such amounts.

(b) Represents changes in fair value of the compensation liability recorded in connection with LFI and other similar deferred incentive compensation awards for which a corresponding equal amount is excluded from operating revenue.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	($ in thousands)			
Adjusted Non-Compensation Expense:				
Total non-compensation expense	$108,251	$110,300	$274,970	$213,437
Adjustments:				
Noncontrolling interests (a)	(352)	(567)	(715)	(1,001)
Charges pertaining to senior debt refinancing (b)	–	–	(60,219)	–
Adjusted non-compensation expense	$107,899	$109,733	$214,036	$212,436
Adjusted non-compensation expense, as a % of operating revenue	17.8%	19.2%	18.0%	19.1%

(a) Expenses related to the consolidation of noncontrolling interests are excluded because the Company has no economic interest in such amounts.

(b) Charges pertaining to the redemption of a substantial majority of the Company's 2017 Notes are excluded because of the non-recurring nature of such transaction. See "—Liquidity and Capital Resources—Financing Activities."

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	($ in thousands)			
Earnings From Operations:				
Operating revenue	$ 606,506	$ 572,537	$1,187,570	1,114,276
Deduct:				
Adjusted compensation and benefits expense	(337,417)	(335,907)	(660,554)	(653,683)
Adjusted non-compensation expense	(107,899)	(109,733)	(214,036)	(212,436)
Earnings from operations	$ 161,190	$ 126,897	$ 312,980	$ 248,157
Earnings from operations, as a % of operating revenue	26.6%	22.2%	26.4%	22.3%

Headcount information is set forth below:

	As Of		
	June 30, 2015	December 31, 2014	June 30, 2014
Headcount:			
Managing Directors:			
Financial Advisory	145	139	140
Asset Management	90	81	82
Corporate	17	16	17
Total Managing Directors	252	236	239
Other Employees:			
Business segment professionals	1,147	1,139	1,100
All other professionals and support staff	1,169	1,148	1,122
Total	2,568	2,523	2,461

Operating Results

The Company's quarterly revenue and profits can fluctuate materially depending on the number, size and timing of completed transactions on which it advised, as well as seasonality, the performance of equity markets and other factors. Accordingly, the revenue and profits in any particular quarter may not be indicative of future results. Lazard management believes that annual results are the most meaningful basis for comparison among present, historical and future periods.

Three Months Ended June 30, 2015 versus June 30, 2014

The Company reported net income attributable to Lazard Group of $146 million, as compared to net income of $93 million in the 2014 period. The changes in the Company's operating results during these periods are described below.

Net revenue increased $41 million, or 7%, with operating revenue increasing $34 million, or 6%, as compared to the 2014 period. Fee revenue from investment banking and other advisory activities increased $34 million, or 12%, primarily due to increases in M&A and Other Advisory fees. The increase in M&A and Other Advisory fee revenue was primarily due to an increase in the average transaction fee with respect to completed transactions involving fees greater than $1 million as compared to the 2014 period. Asset management fees, including incentive fees, decreased $7 million, or 3%, as compared to the 2014 period, principally reflecting a decrease in incentive fees relating to traditional investment products. In the aggregate, interest income, other revenue and interest expense increased $14 million as compared to the 2014 period, primarily due to a $24 million gain on the disposal of the Company's Australian private equity business (which primarily relates to the realization of carried interest at fair value), partially offset by investment losses due to LFI. Interest expense was lower due to the refinancing of the 2017 Notes.

Compensation and benefits expense decreased $9 million, or 3%, as compared to the 2014 period, primarily driven by a decrease in amortization of deferred compensation expense, partially offset by an increase in discretionary compensation.

Adjusted compensation and benefits expense (which excludes certain items and which we believe allows for improved comparability between periods, as described above) was $337 million, an increase of $1 million as compared to $336 million in the 2014 period. The ratio of adjusted compensation and benefits expense to operating revenue was 55.6% for the 2015 period, as compared to 58.7% for the 2014 period and 55.5% for full-year 2014.

Non-compensation expense decreased $2 million, or 2%, as compared to the 2014 period, on both a U.S. GAAP and adjusted basis, including noncontrolling interests. The ratio of adjusted non-compensation expense to operating revenue was 17.8%, as compared to 19.2% in the 2014 period.

Amortization of intangible assets increased $1 million as compared to the 2014 period.

Operating income increased $51 million, or 47%, as compared to the 2014 period, and, as a percentage of net revenue, was 26.5%, as compared to 19.4% in the 2014 period.

Earnings from operations increased $34 million, or 27%, as compared to the 2014 period, and, as a percentage of operating revenue, was 26.6%, as compared to 22.2% in the 2014 period.

The provision for income taxes reflects an effective tax rate of 9.0%, as compared to 14.4% for the 2014 period (see Note 14 of Notes to Condensed Consolidated Financial Statements for additional information).

Net income attributable to noncontrolling interests remained substantially unchanged as compared to the 2014 period.

Six Months Ended June 30, 2015 versus June 30, 2014

The Company reported net income attributable to Lazard Group of $208 million, as compared to net income of $179 million in the 2014 period. The changes in the Company's operating results during these periods are described below.

Net revenue increased $85 million, or 8%, with operating revenue increasing $73 million, or 7%, as compared to the 2014 period. Fee revenue from investment banking and other advisory activities increased $63 million, or 11%, primarily due to increases in M&A and Other Advisory fees. The increase in M&A and Other Advisory fee revenue was primarily due to an increase in the average transaction fee with respect to completed transactions involving fees greater than $1 million as compared to the 2014 period. Asset management fees, including incentive fees, were substantially unchanged as compared to the 2014 period. In the aggregate, interest income, other revenue and interest expense increased $20 million as compared to the 2014 period, primarily due to a $24 million gain on the disposal of the Company's Australian private equity business (which primarily relates to the realization of carried interest at fair value), partially offset by lower investment gains due to LFI. Interest expense was lower due to the refinancing of the 2017 Notes.

Compensation and benefits expense decreased $2 million as compared to the 2014 period, primarily driven by a decrease in discretionary compensation, partially offset by an increase in amortization of deferred compensation expense.

Adjusted compensation and benefits expense (which excludes certain items and which we believe allows for improved comparability between periods, as described above) was $661 million, an increase of $7 million, or 1%, as compared to $654 million in the 2014 period, primarily driven by an increase in amortization of deferred compensation, partially offset by a decrease in discretionary compensation. The ratio of adjusted compensation and benefits expense to operating revenue was 55.6% for the 2015 period, as compared to 58.7% for the 2014 period and 55.5% for full-year 2014.

Non-compensation expense increased $62 million, or 29%, as compared to the 2014 period. In the 2015 period, non-compensation expense included a charge of $60 million related to the redemption of a substantial majority of the Company's 2017 Notes. When excluding such charge, as well as non-compensation costs relating to noncontrolling interests, adjusted non-compensation expense increased $2 million, or 1%, as compared to the 2014 period, primarily reflecting increased business activity and investment in our businesses. The ratio of adjusted non-compensation expense to operating revenue was 18.0%, as compared to 19.1% in the 2014 period.

Amortization of intangible assets increased $1 million, or 50%, in the 2015 period as compared to the 2014 period.

Operating income, which included the charge relating to the redemption of a substantial majority of the Company's 2017 Notes, increased $24 million, or 11%, as compared to the 2014 period, and, as a percentage of net revenue, was 20.4%, as compared to 19.8% in the 2014 period.

Earnings from operations, which excluded the charge related to the redemption of a substantial majority of the Company's 2017 Notes increased $65 million, or 26%, as compared to the 2014 period, and, as a percentage of operating revenue, was 26.4%, as compared to 22.3% in the 2014 period.

The provision for income taxes reflects an effective tax rate of 10.7%, as compared to 15.5% for the 2014 period (see Note 14 of Notes to Condensed Consolidated Financial Statements for additional information).

Net income attributable to noncontrolling interests increased $3 million as compared to the 2014 period.

Business Segments

The following is a discussion of net revenue and operating income for the Company's segments: Financial Advisory, Asset Management and Corporate. Each segment's operating expenses include (i) compensation and benefits expenses that are incurred directly in support of the segment and (ii) other operating expenses, which include directly incurred expenses for occupancy and equipment, marketing and business development, technology and information services, professional services, fund administration and outsourcing, and indirect support costs (including compensation and benefits expense and other operating expenses related thereto) for administrative services. Such administrative services include, but are not limited to, accounting, tax, human resources, legal, information technology, facilities management and senior management activities. Such support costs are allocated to the relevant segments based on various statistical drivers such as revenue, headcount, square footage and other factors.

Financial Advisory

The following tables summarize the reported operating results attributable to the Financial Advisory segment:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	($ in thousands)			
M&A and Other Advisory	$273,150	$233,313	$533,954	$472,457
Capital Raising	17,293	26,574	34,862	32,790
Total Strategic Advisory	290,443	259,887	568,816	505,247
Restructuring	25,941	20,882	49,087	51,018
Net Revenue	316,384	280,769	617,903	556,265
Operating Expenses	253,221	253,804	496,156	499,219
Operating Income	$ 63,163	$ 26,965	$121,747	$ 57,046
Operating Income, as a % of net revenue	20.0%	9.6%	19.7%	10.3%

Net revenue trends in Financial Advisory for M&A and Other Advisory and Restructuring are generally correlated to the level of completed industry-wide M&A transactions and restructuring transactions occurring subsequent to corporate debt defaults, respectively. However, deviations from this relationship can occur in any given year for a number of reasons. For instance, our results can diverge from industry-wide activity where there are material variances from the level of industry-wide M&A activity in a particular market where Lazard has significant market share, or regarding the relative number of our advisory engagements with respect to larger-sized transactions, and where we are involved in non-public or sovereign advisory assignments. For example, our M&A and Other Advisory revenue, which includes Sovereign and Capital Structure Advisory revenue, increased 13% in 2015 as compared to 2014. In contrast, the industry statistics for global M&A transactions described above reflect a 30% increase in the value, and a 13% decrease in the number, of all completed transactions in the first half of 2015 as compared to 2014. For M&A deals with values greater than $500 million, the value and number of completed transactions in the first half of 2015 increased 44% and 7%, respectively, as compared to 2014.

Certain Lazard fee and transaction statistics are set forth below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Lazard Statistics:				
Number of clients with fees greater than $1 million:				
Total Financial Advisory	64	70	131	137
M&A and Other Advisory	41	58	111	110
Percentage of total Financial Advisory net revenue from top 10 clients	43%	30%	29%	22%
Number of M&A transactions completed with values greater than $500 million (a)	22	14	42	34

(a) Source: Dealogic as of July 6, 2015.

The geographical distribution of Financial Advisory net revenue is set forth below in percentage terms and is based on the Lazard offices that generate Financial Advisory net revenue, which are located in the U.S., Europe (primarily in the U.K., France, Italy, Spain and Germany) and the rest of the world (primarily in Australia) and therefore may not be reflective of the geography in which the clients are located.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
United States	59%	48%	58%	55%
Europe	29	43	34	37
Rest of World	12	9	8	8
Total	100%	100%	100%	100%

The Company's managing directors and many of its professionals have significant experience, and many of them are able to use this experience to advise on M&A, strategic advisory matters and restructuring transactions, depending on clients' needs. This flexibility allows Lazard to better match its professionals with the counter-cyclical business cycles of mergers and acquisitions and restructurings. While Lazard measures revenue by practice area, Lazard does not separately measure the costs or profitability of M&A services as compared to restructuring services. Accordingly, Lazard measures performance in its Financial Advisory segment based on overall segment operating revenue and operating income margins.

Financial Advisory Results of Operations

Financial Advisory's quarterly revenue and profits can fluctuate materially depending on the number, size and timing of completed transactions on which it advised, as well as seasonality and other factors. Accordingly, the revenue and profits in any particular quarter or period may not be indicative of future results. Lazard management believes that annual results are the most meaningful basis for comparison among present, historical and future periods.

Three Months Ended June 30, 2015 versus June 30, 2014

Financial Advisory net revenue increased $36 million, or 13%, as compared to the 2014 period. Total Strategic Advisory net revenue, representing fees from our M&A and Other Advisory and Capital Raising businesses, increased $31 million, or 12%, and Restructuring revenue increased $5 million, or 24%, as compared to the 2014 period.

M&A and Other Advisory revenue increased $40 million, or 17%, while Capital Raising revenue decreased by $9 million, or 35%, as compared to the 2014 period. The increase in M&A and Other Advisory revenue was primarily due to an increase in the average transaction fee with respect to completed transactions involving fees greater than $1 million as compared to the 2014 period. Our major clients, which in the aggregate represented a significant portion of our M&A and Other Advisory revenue in the 2015 period, included Alexion Pharmaceuticals, Dynegy, Greene King, Integrys Energy Group, Kofax, Reynolds American, Siemens and Toll Holdings.

The increase in Restructuring revenue in the 2015 period was primarily due to the closing of large assignments, but overall was generally in line with the continued industry-wide low level of corporate restructuring activity. Our major clients, which in the aggregate represented a significant portion of our Restructuring revenue for the 2015 period, included Energy Future Holdings, Hercules Offshore, Longview Power, RadioShack, Sabine Oil & Gas and Walter Energy.

Operating expenses remained substantially unchanged as compared to the 2014 period, in both compensation and benefits and non-compensation expenses.

Financial Advisory operating income was $63 million, an increase of $36 million, or 134%, as compared to operating income of $27 million in the 2014 period and, as a percentage of net revenue, was 20.0%, as compared to 9.6% in the 2014 period.

Six Months Ended June 30, 2015 versus June 30, 2014

Financial Advisory net revenue increased $62 million, or 11%, as compared to the 2014 period. Total Strategic Advisory net revenue, representing fees from our M&A and Other Advisory and Capital Raising businesses, increased $64 million, or 13%, and Restructuring revenue decreased $2 million, or 4%, as compared to the 2014 period.

M&A and Other Advisory revenue increased $61 million, or 13%, while Capital Raising revenue increased by $2 million, or 6%, as compared to the 2014 period. The increase in M&A and Other Advisory revenue was primarily due to an increase in the average transaction fee with respect to completed transactions involving fees greater than $1 million as compared to the 2014 period. Restructuring revenue in the 2015 period was generally in line with the continued industry-wide low level of corporate restructuring activity.

Operating expenses decreased $3 million, or 1%, as compared to the 2014 period, primarily due to a decrease in compensation and benefits expense primarily related to a decrease in discretionary compensation, partially offset by an increase in amortization of deferred compensation expense.

Financial Advisory operating income was $122 million, an increase of $65 million, or 113%, as compared to operating income of $57 million in the 2014 period and, as a percentage of net revenue, was 19.7%, as compared to 10.3% in the 2014 period.

Asset Management

The following table shows the composition of AUM for the Asset Management segment:

	As of	
	June 30, 2015	December 31, 2014
	($ in millions)	
AUM by Asset Class:		
Equity:		
Emerging Markets	$ 47,850	$ 48,459
Global	32,901	33,982
Local	33,231	31,684
Multi-Regional	52,420	46,787
Total Equity	166,402	160,912
Fixed Income:		
Emerging Markets	15,668	14,227
Global	3,946	3,771
Local	3,982	3,676
Multi-Regional	8,917	9,436
Total Fixed Income	32,513	31,110
Alternative Investments	3,123	3,799
Private Equity	926	1,091
Cash Management	122	191
Total AUM	$203,086	$ 197,103

Total AUM at June 30, 2015 was $203 billion, an increase of $6 billion, or 3%, as compared to total AUM of $197 billion at December 31, 2014, primarily due to market appreciation and net inflows, partially offset by adverse foreign exchange movements. Average AUM for the three month and six month periods ended June 30, 2015 was 2% and 5% higher than that for the three month and six month periods ended June 30, 2014, respectively.

As of June 30, 2015, approximately 89% of our AUM was managed on behalf of institutional clients, including corporations, labor unions, public pension funds, insurance companies and banks, and through sub-advisory relationships, mutual fund sponsors, broker-dealers and registered advisors, and approximately 11% of our AUM was managed on behalf of individual client relationships, which are principally with family offices and individuals, and was substantially unchanged from the corresponding percentages at December 31, 2014.

As of June 30, 2015 and December 31, 2014, AUM with foreign currency exposure represented approximately 73% of our total AUM for each respective period. AUM with foreign currency exposure generally declines in value with the strengthening of the U.S. Dollar and increases in value as the U.S. Dollar weakens, with all other factors held constant.

The following is a summary of changes in AUM by asset class for the three month and six month periods ended June 30, 2015 and 2014:

	Three Months Ended June 30, 2015						
	AUM Beginning Balance	Inflows	Outflows	Net Flows	Market Value Appreciation/ (Depreciation)	Foreign Exchange Appreciation/ (Depreciation)	AUM Ending Balance
	($ in millions)						
Equity	$162,852	$ 7,761	$(6,711)	$1,050	$ 755	$ 1,745	$166,402
Fixed Income	31,722	2,365	(1,394)	971	(670)	490	32,513
Other	4,607	240	(713)	(473)	75	(38)	4,171
Total	$199,181	$10,366	$(8,818)	$1,548	$ 160	$ 2,197	$203,086

	Six Months Ended June 30, 2015						
	AUM Beginning Balance	Inflows	Outflows	Net Flows	Market Value Appreciation/ (Depreciation)	Foreign Exchange Appreciation/ (Depreciation)	AUM Ending Balance
	($ in millions)						
Equity	$160,912	$13,911	$(13,641)	$ 270	$ 9,290	$ (4,070)	$166,402
Fixed Income	31,110	5,768	(2,625)	3,143	(153)	(1,587)	32,513
Other	5,081	323	(1,147)	(824)	(28)	(58)	4,171
Total	$197,103	$20,002	$(17,413)	$2,589	$ 9,109	$ (5,715)	$203,086

Inflows in the Equity and Fixed Income asset classes were primarily attributable to the Emerging Markets and Multi-Regional platforms. Outflows in the Equity asset class were primarily attributable to the Emerging Markets and Global equity platforms, and outflows in the Fixed Income asset class were primarily attributable to the Multi-Regional and Emerging Markets platforms.

	Three Months Ended June 30, 2014						
	AUM Beginning Balance	Inflows	Outflows	Net Flows	Market Value Appreciation/ (Depreciation)	Foreign Exchange Appreciation/ (Depreciation)	AUM Ending Balance
	($ in millions)						
Equity	$ 155,259	$ 7,529	$(5,305)	$2,224	$ 9,036	$ 855	$167,374
Fixed Income	28,378	3,384	(966)	2,418	555	(87)	31,264
Other	5,816	465	(398)	67	(2)	6	5,887
Total	$ 189,453	$11,378	$(6,669)	$4,709	$ 9,589	$ 774	$204,525

	Six Months Ended June 30, 2014						
	AUM Beginning Balance	Inflows	Outflows	Net Flows	Market Value Appreciation/ (Depreciation)	Foreign Exchange Appreciation/ (Depreciation)	AUM Ending Balance
	($ in millions)						
Equity	$ 154,062	$14,370	$(12,180)	$2,190	$ 9,553	$ 1,569	$167,374
Fixed Income	26,874	5,069	(1,592)	3,477	918	(5)	31,264
Other	5,988	779	(889)	(110)	54	(45)	5,887
Total	$ 186,924	$20,218	$(14,661)	$5,557	$ 10,525	$ 1,519	$204,525

As of July 17, 2015, AUM was $205.0 billion, a $1.9 billion increase since June 30, 2015. The increase in AUM was due to market appreciation of $3.8 billion and net inflows of $0.4 billion, partially offset by foreign exchange depreciation of $2.3 billion.

Average AUM for the three month and six month periods ended June 30, 2015 and 2014 for each significant asset class is set forth below. Average AUM generally represents the average of the monthly ending AUM balances for the period.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	($ in millions)			
Average AUM by Asset Class:				
Equity	$ 166,336	$ 162,148	$ 164,039	$ 157,453
Fixed Income	32,524	30,496	32,525	28,908
Alternative Investments	3,269	4,621	3,443	4,580
Private Equity	926	1,142	926	1,141
Cash Management	113	130	107	129
Total Average AUM	$ 203,168	$ 198,537	$ 201,040	$ 192,211

The following table summarizes the reported operating results attributable to the Asset Management segment:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	($ in thousands)			
Revenue:				
Management Fees	$258,401	$257,507	$510,488	$497,030
Incentive Fees	6,978	15,774	13,261	26,152
Other Revenue	40,459	14,883	61,896	33,546
Net Revenue	305,838	288,164	585,645	556,728
Operating Expenses	193,791	185,237	375,583	360,998
Operating Income	$112,047	$102,927	$210,062	$195,730
Operating Income, as a % of net revenue	36.6%	35.7%	35.9%	35.2%

The geographical distribution of Asset Management net revenue is set forth below in percentage terms, and is based on the Lazard offices that manage and distribute the respective AUM amounts. Such geographical distribution may not be reflective of the geography of the investment products or clients.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
United States	56%	59%	58%	60%
Europe	26	31	28	31
Rest of World	18	10	14	9
Total	100%	100%	100%	100%

Asset Management Results of Operations

Asset Management's quarterly revenue and profits in any particular quarter or period may not be indicative of future results and may fluctuate based on the performance of the equity and other capital markets. Lazard management believes that annual results are the most meaningful basis for comparison among present, historical and future periods.

Three Months Ended June 30, 2015 versus June 30, 2014

Asset Management net revenue increased $18 million, or 6%, as compared to the 2014 period. Management fees remained substantially unchanged as compared to the 2014 period. Incentive fees decreased $8 million, or 56%, as compared to the 2014 period, primarily due to incentive fees related to traditional investment products. Other revenue increased $26 million as compared to the 2014 period, primarily due to a $24 million gain on disposal of the Company's Australian private equity business (which relates primarily to the realization of carried interest at fair value).

Operating expenses increased $9 million, or 5%, as compared to the 2014 period, primarily due to increases in (i) compensation and benefits expense related to an increase in discretionary compensation and (ii) non-compensation expense related to increased AUM and business activity.

Asset Management operating income was $112 million, an increase of $9 million, or 9%, as compared to operating income of $103 million in the 2014 period and, as a percentage of net revenue, was 36.6%, as compared to 35.7% in the 2014 period.

Six Months Ended June 30, 2015 versus June 30, 2014

Asset Management net revenue increased $29 million, or 5%, as compared to the 2014 period. Management fees increased $13 million, or 3%, as compared to the 2014 period, reflecting a $9 billion, or 5%, increase in average AUM. Incentive fees decreased $13 million, or 49%, as compared to the 2014 period, primarily due to incentive fees related to traditional investment products. Other revenue increased $28 million, or 85%, as compared to the 2014 period, primarily due to a $24 million gain on disposal of the Company's Australian private equity business (which relates primarily to the realization of carried interest at fair value).

Operating expenses increased $15 million, or 4%, as compared to the 2014 period, primarily due to increases in (i) compensation and benefits expense related to an increase in discretionary compensation and (ii) non-compensation expense related to increased AUM and business activity.

Asset Management operating income was $210 million, an increase of $14 million, or 7%, as compared to operating income of $196 million in the 2014 period and, as a percentage of net revenue, was 35.9%, as compared to 35.2% in the 2014 period.

Corporate

The following table summarizes the reported operating results attributable to the Corporate segment:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	($ in thousands)			
Interest Income	$ 663	$ 2,467	$ 1,418	$ 5,002
Interest Expense	(12,512)	(17,299)	(29,637)	(34,871)
Net Interest (Expense)	(11,849)	(14,832)	(28,219)	(29,869)
Other Revenue	(2,422)	12,704	9,475	16,976
Net Revenue (Expense)	(14,271)	(2,128)	(18,744)	(12,893)
Operating Expenses (a)	(197)	17,876	71,318	22,607
Operating Loss	$(14,074)	$(20,004)	$(90,062)	$(35,500)

(a) Includes in the six months ended June 30, 2015, $60,219 relating to the redemption of a substantial majority of the Company's 2017 Notes.

Corporate Results of Operations

Corporate operating results in any particular quarter or period may not be indicative of future results and may fluctuate based on a variety of factors. Lazard management believes that annual results are the most meaningful basis for comparison among present, historical and future periods.

Three Months Ended June 30, 2015 versus June 30, 2014

Net interest expense decreased by $3 million, or 20%, as compared to the 2014 period, primarily due to the redemption of $450 million of the 2017 Notes and Lazard Group's issuance of $400 million of 3.75% senior notes due 2025 (the "2025 Notes").

Other revenue decreased $15 million as compared to the 2014 period, primarily due to investment losses in LFI.

Operating expenses decreased $18 million as compared to the 2014 period, primarily relating to decreased compensation and benefits expense relating to deferred compensation plans.

Six Months Ended June 30, 2015 versus June 30, 2014

Net interest expense decreased by $2 million, or 6%, as compared to the 2014 period, primarily due to the redemption of $450 million of the 2017 Notes and the issuance of the 2025 Notes.

Other revenue decreased $8 million as compared to the 2014 period, primarily due to lower investment gains recorded in connection with LFI and other investments.

Operating expenses increased $49 million as compared to the 2014 period, including in the 2015 period, a charge of $60 million related to the redemption of a substantial majority of the Company's 2017 Notes. Excluding the impact of such charge, operating expenses decreased $12 million compared to the 2014 period. The decrease was primarily related to decreased compensation and benefits expense related to deferred compensation plans.

Cash Flows

The Company's cash flows are influenced primarily by the timing of the receipt of Financial Advisory and Asset Management fees, the timing of distributions to members, payments of incentive compensation to managing directors and employees and purchases of Lazard Ltd Class A common stock. Cash flows also were affected in the 2015 period by the redemption of $450 million of the 2017 Notes and the issuance of the 2025 Notes. M&A and Other Advisory and Asset Management fees are generally collected within 60 days of billing, while Restructuring fee collections may extend beyond 60 days, particularly those that involve bankruptcies with court-ordered holdbacks. Fees from our Private Fund Advisory activities are generally collected over a four-year period from billing and typically include an interest component.

The Company makes cash payments for, or in respect of, a significant portion of its incentive compensation during the first three months of each calendar year with respect to the prior year's results. In addition, during the 2014 period, the Company made cash payments, including severance payments, associated with cost saving initiatives.

Summary of Cash Flows:

	Six Months Ended June 30,	
	2015	2014
	($ in millions)	
Cash Provided By (Used In):		
Operating activities:		
Net income	$ 215.8	$ 183.5
Adjustments to reconcile net income to net cash provided by operating activities (a)	221.4	180.7
Other operating activities (b)	(226.4)	(297.7)
Net cash provided by operating activities	210.8	66.5
Investing activities	(13.1)	(5.5)
Financing activities (c)	(402.6)	(284.4)
Effect of exchange rate changes	(22.8)	2.8
Net Decrease in Cash and Cash Equivalents	(227.7)	(220.6)
Cash and Cash Equivalents:		
Beginning of Period	917.2	832.3
End of Period	$ 689.5	$ 611.7

(a) Consists of the following:

	Six Months Ended June 30, 2015	2014
	($ in millions)	
Depreciation and amortization of property	$ 15.9	$ 17.7
Amortization of deferred expenses and stock units	170.7	157.3
Amortization of intangible assets related to acquisitions	2.9	1.9
Deferred tax provision (benefit)	(3.9)	3.8
Loss on extinguishment of debt	60.2	–
Gain on disposal of subsidiaries	(24.4)	–
Total	$ 221.4	$ 180.7

(b) Includes net changes in operating assets and liabilities.

(c) Consists primarily of purchases of shares of Class A common stock, tax withholdings related to the settlement of vested restricted stock units ("RSUs") and vested performance-based restricted stock units ("PRSUs"), distributions to members and noncontrolling interest holders, and activity relating to borrowings, including, in 2015, the redemption of a majority of the Company's 2017 Notes and issuance of the 2025 Notes.

Liquidity and Capital Resources

The Company's liquidity and capital resources are derived from operating activities, financing activities and equity offerings.

Operating Activities

Net revenue, operating income and cash receipts fluctuate significantly between periods. In the case of Financial Advisory, fee receipts are generally dependent upon the successful completion of client transactions, the occurrence and timing of which is irregular and not subject to Lazard's control.

Liquidity is significantly impacted by cash payments for, or in respect of, incentive compensation, a significant portion of which are made during the first three months of the year. As a consequence, cash on hand generally declines in the beginning of the year and gradually builds over the remainder of the year. We also pay certain tax advances during the year on behalf of our managing directors, which serve to reduce their respective incentive compensation payments. We expect this seasonal pattern of cash flow to continue.

Lazard's condensed consolidated financial statements are presented in U.S. Dollars. Many of Lazard's non-U.S. subsidiaries have a functional currency (*i.e.*, the currency in which operational activities are primarily conducted) that is other than the U.S. Dollar, generally the currency of the country in which such subsidiaries are domiciled. Such subsidiaries' assets and liabilities are translated into U.S. Dollars at the respective balance sheet date exchange rates, while revenue and expenses are translated at average exchange rates during the year based on the daily closing exchange rates. Adjustments that result from translating amounts from a subsidiary's functional currency are reported as a component of members' equity. Foreign currency remeasurement gains and losses on transactions in non-functional currencies are included on the condensed consolidated statements of operations.

We regularly monitor our liquidity position, including cash levels, credit lines, principal investment commitments, interest and principal payments on debt, capital expenditures, purchases of shares of Lazard Ltd Class A common stock and matters relating to liquidity and to compliance with regulatory net capital requirements. At June 30, 2015, Lazard Group had approximately $690 million of cash, with such amount including approximately $316 million held at Lazard's operations outside the U.S. Since Lazard provides for

U.S. income taxes on substantially all of its unrepatriated foreign earnings, we expect that no material amount of additional U.S. income taxes would be recognized upon receipt of dividends or distributions of such earnings from our foreign operations.

We maintain lines of credit in excess of anticipated liquidity requirements. As of June 30, 2015, Lazard had approximately $247 million in unused lines of credit available to it, including a $150 million, three-year, senior revolving credit facility with a group of lenders (the "Credit Facility") (see "—Financing Activities" below) and unused lines of credit available to LFB of approximately $39 million (at June 30, 2015 exchange rates) and Edgewater of $55 million. In addition, LFB has access to the Eurosystem Covered Bond Purchase Program of the Banque de France.

The Credit Facility expires in September 2015 and contains customary terms and conditions, including limitations on consolidations, mergers, indebtedness and certain payments, as well as financial condition covenants relating to leverage and interest coverage ratios. Lazard Group's obligations under the Credit Facility may be accelerated upon customary events of default, including non-payment of principal or interest, breaches of covenants, cross-defaults to other material debt, a change in control and specified bankruptcy events. The Company is currently discussing a potential renewal of the Credit Facility.

Financing Activities

The table below sets forth our corporate indebtedness as of June 30, 2015 and December 31, 2014. The agreements with respect to this indebtedness are discussed in more detail in our condensed consolidated financial statements and related notes included elsewhere in this Form 10-Q and in our Form 10-K.

	Maturity Date	As of June 30, 2015	As of December 31, 2014	Increase (Decrease)
		($ in millions)		
Senior Debt:				
6.85%	2017	$ 98.4	$ 548.4	$ (450.0)
4.25%	2020	500.0	500.0	–
3.75%	2025	400.0	–	400.0
Total Senior Debt		$998.4	$ 1,048.4	$ (50.0)

During February 2015, Lazard Group completed an offering of $400 million aggregate principal amount of 2025 Notes. Lazard Group used the net proceeds of the 2025 Notes, together with cash on hand, to redeem or otherwise retire $450 million of the 2017 Notes, which, including the recognition of unamortized issuance costs, resulted in a loss on debt extinguishment in connection with the redemption of such 2017 Notes of approximately $60 million.

Lazard's annual cash flow generated from operations historically has been sufficient to enable it to meet its annual obligations. We believe that our cash flows from operating activities, along with the use of our credit lines as needed, should be sufficient for us to fund our current obligations for the next 12 months.

As long as the lenders' commitments remain in effect, any loan pursuant to the Credit Facility remains outstanding and unpaid or any other amount is due to the lending bank group, the Credit Facility includes financial covenants that require that Lazard Group not permit (i) its Consolidated Leverage Ratio (as defined in the Credit Facility) for the 12-month period ending on the last day of any fiscal quarter to be greater than 4.00 to 1.00 or (ii) its Consolidated Interest Coverage Ratio (as defined in the Credit Facility) for the 12-month period ending on the last day of any fiscal quarter to be less than 3.00 to 1.00. For the 12-month period ended June 30, 2015, Lazard Group was in compliance with such ratios, with its Consolidated Leverage Ratio being 1.12 to 1.00 and its Consolidated Interest Coverage Ratio being 18.33 to 1.00. In any event, no amounts were outstanding under the Credit Facility as of June 30, 2015.

In addition, the Credit Facility, indenture and supplemental indentures relating to Lazard Group's senior notes contain certain other covenants (none of which relate to financial condition), events of default and other customary provisions. At June 30, 2015, the Company was in compliance with all of these provisions. We may, to the extent required and subject to restrictions contained in our financing arrangements, use other financing sources, which may cause us to be subject to additional restrictions or covenants.

See Note 9 of Notes to Condensed Consolidated Financial Statements for additional information regarding senior debt.

Members' Equity

At June 30, 2015, total members' equity was $514 million, as compared to $494 million at December 31, 2014, including $455 million and $432 million attributable to Lazard Group on the respective dates. The net activity in members' equity during the six month period ended June 30, 2015 is reflected in the table below (in millions of dollars):

Members' Equity—January 1, 2015	$ 494
Increase (decrease) due to:	
Net income	216
Other comprehensive loss	(31)
Amortization of share-based incentive compensation	123
Purchase of Lazard Ltd Class A common stock	(141)
Settlement of share-based incentive compensation, net of related tax benefit of $9 (a)	(93)
Distributions to members and noncontrolling interests, net	(53)
Other—net	(1)
Members' Equity—June 30, 2015	$ 514

(a) The tax withholding portion of share-based compensation is settled in cash, not shares.

The Board of Directors of Lazard has issued a series of authorizations to repurchase Lazard Ltd Class A common stock, which help offset the dilutive effect of our share-based incentive compensation plans. During a given year Lazard intends to repurchase at least as many shares as it expects to ultimately issue pursuant to such compensation plans in respect of year-end incentive compensation attributable to the prior year. The rate at which Lazard purchases shares in connection with this annual objective may vary from quarter to quarter due to a variety of factors. Purchases with respect to such program are set forth in the table below:

Six Months Ended June 30:	Number of Shares	Average Price Per Share
2014	4,114,206	$46.83
2015	2,306,694	$51.04

The shares purchased in the six months ended June 30, 2014 included 1,000,000 shares purchased from Natixis S.A. on June 26, 2014 for approximately $50 million in connection with the sale by Natixis S.A. of its entire investment in Lazard Ltd's Class A common stock. The purchase transaction closed on July 1, 2014.

As of June 30, 2015, a total of $161 million of share repurchase authorization remained available under the Lazard Ltd's share repurchase program, $11 million of which will expire on December 31, 2015 and $150 million of which will expire on December 31, 2016.

During the six months ended June 30, 2015, Lazard Ltd had in place trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934, pursuant to which it effected stock repurchases in the open market.

The Company plans to continue to deploy excess cash and may do so in a variety of ways, which may include repurchasing outstanding shares of Lazard Ltd Class A common stock, distributions to members and non-controlling interest holders and repurchasing its outstanding debt.

See Notes 11 and 12 of Notes to Condensed Consolidated Financial Statements for additional information regarding Lazard's members' equity and incentive plans, respectively.

Regulatory Capital

We actively monitor our regulatory capital base. Our principal subsidiaries are subject to regulatory requirements in their respective jurisdictions to ensure their general financial soundness and liquidity, which require, among other things, that we comply with certain minimum capital requirements, record-keeping, reporting procedures, relationships with customers, experience and training requirements for employees and certain other requirements and procedures. These regulatory requirements may restrict the flow of funds to and from affiliates. See Note 16 of Notes to Condensed Consolidated Financial Statements for further information. These regulations differ in the U.S., the U.K., France and other countries in which we operate. Our capital structure is designed to provide each of our subsidiaries with capital and liquidity consistent with its business and regulatory requirements. For a discussion of regulations relating to us, see Item 1, "Business—Regulation" included in our Form 10-K.

Contractual Obligations

The following table sets forth information relating to Lazard's contractual obligations as of June 30, 2015:

	Contractual Obligations Payment Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
			($ in thousands)		
Senior Debt (including interest) (a)	$ 1,278,616	$ 43,612	$ 177,587	$ 72,500	$ 984,917
Operating Leases (exclusive of $73,063 of committed sublease income)	914,913	81,958	145,545	126,757	560,653
Capital Leases (including interest)	10,992	2,180	8,772	40	–
Investment Capital Funding Commitments (b)	16,798	16,798	–	–	–
Total (c)	$ 2,221,319	$ 144,548	$ 331,904	$ 199,297	$ 1,545,570

(a) See Note 9 of Notes to Condensed Consolidated Financial Statements.

(b) Unfunded commitments to private equity investments consolidated but not owned by Lazard of $6,588 are excluded. Such commitments are required to be funded by capital contributions from noncontrolling interest holders. See Note 5 of Notes to Condensed Consolidated Financial Statements. These amounts are generally due on demand and therefore are presented in the "less than 1 year" category.

(c) The table above excludes contingent obligations, as well as any possible payments for uncertain tax positions, given the inability to estimate the possible amounts and timing of any such payments. See Notes 10, 12, 13 and 14 of Notes to Condensed Consolidated Financial Statements regarding information in connection with commitments, incentive plans, employee benefit plans and income taxes, respectively.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our condensed consolidated financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in conformity with U.S. GAAP. The preparation of Lazard's condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, Lazard evaluates its estimates, including those related to revenue recognition, income taxes, investing activities and goodwill. Lazard bases these estimates on historical experience and various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments, including judgments regarding the carrying values of assets and liabilities, that are not readily apparent from other sources. Actual results may differ from these estimates.

Lazard believes that the critical accounting policies set forth below comprise the most significant estimates and judgments used in the preparation of its condensed consolidated financial statements.

Revenue Recognition

Lazard generates substantially all of its net revenue from providing Financial Advisory and Asset Management services to clients. Lazard recognizes revenue when the following criteria are met:

- there is persuasive evidence of an arrangement with a client;
- the agreed-upon services have been provided;
- fees are fixed or determinable; and
- collection is probable.

The Company earns performance-based incentive fees on various investment products, including traditional products and alternative investment funds such as hedge funds and private equity funds. See "Financial Statement Overview" for a description of our revenue recognition policies on such fees.

If, in Lazard's judgment, collection of a fee is not probable, Lazard will not recognize revenue until the uncertainty is removed. We maintain an allowance for doubtful accounts to provide coverage for estimated losses from our receivables. We determine the adequacy of the allowance by estimating the probability of loss based on our analysis of the client's creditworthiness and specifically reserve against exposures where we determine the receivables are impaired, which may include situations where a fee is in dispute or litigation has commenced.

With respect to fees receivable from Financial Advisory activities, such receivables are generally deemed past due when they are outstanding 60 days from the date of invoice. However, some Financial Advisory transactions include specific contractual payment terms that may vary from one month to four years (as is the case for our Private Fund Advisory fees) following the invoice date or may be subject to court approval (as is the case with restructuring assignments that include bankruptcy proceedings). In such cases, receivables are deemed past due when payment is not received by the agreed-upon contractual date or the court approval date, respectively. Financial Advisory fee receivables past due in excess of 180 days are fully provided for unless there is evidence that the balance is collectible. Asset Management fees are deemed past due and fully provided for when such receivables are outstanding 12 months after the invoice date. Notwithstanding our policy for receivables past due, we specifically reserve against exposures relating to Financial Advisory and Asset Management fees where we determine receivables are impaired.

Compensation Liabilities

Annual discretionary compensation represents a significant portion of our annual compensation and benefits expense. We allocate the estimated amount of such annual discretionary compensation to interim periods in proportion to the amount of operating revenue earned in such periods based on an assumed annual ratio of awarded compensation and benefits expense to operating revenue. See "Financial Statement Overview—Operating Expenses" for more information on our periodic compensation and benefits expense.

Income Taxes

As part of the process of preparing our consolidated financial statements, we estimate our income taxes for each of our tax-paying entities in its respective jurisdictions. In addition to estimating actual current tax liabilities for these jurisdictions, we also must account for the tax effects of differences between the financial reporting and tax reporting of items, such as basis adjustments, compensation and benefits expense, and depreciation and amortization. Differences which are temporary in nature result in deferred tax assets and liabilities. Significant judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities, any valuation allowance recorded against our deferred tax assets and our unrecognized tax benefits.

We recognize a deferred tax asset if it is more likely than not (defined as a likelihood of greater than 50%) that a tax benefit will be accepted by a taxing authority. The measurement of deferred tax assets and liabilities is based upon currently enacted tax rates in the applicable jurisdictions. At December 31, 2014, on a consolidated basis, we recorded gross deferred tax assets of approximately $216 million.

Subsequent to the initial recognition of deferred tax assets, we also must continually assess the likelihood that such deferred tax assets will be realized. If we determine that we may not fully derive the benefit from a deferred tax asset, we consider whether it would be appropriate to apply a valuation allowance against the applicable deferred tax asset, taking into account all available information. The ultimate realization of a deferred tax asset for a particular entity depends, among other things, on the generation of taxable income by such entity in the applicable jurisdiction.

We consider multiple possible sources of taxable income when assessing a valuation allowance against a deferred tax asset, including:

- future reversals of existing taxable temporary differences;
- future taxable income exclusive of reversing temporary differences and carryforwards;
- taxable income in prior carryback years; and
- tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available information, including the following:

- nature, frequency, magnitude and duration of any past losses and current operating results;
- duration of statutory carryforward periods;
- historical experience with tax attributes expiring unused; and
- near-term and medium-term financial outlook.

The weight we give to any particular item is, in part, dependent upon the degree to which it can be objectively verified. We give greater weight to the recent results of operations of a relevant entity. Pre-tax operating losses on a three year cumulative basis or lack of sustainable profitability are considered objectively verifiable evidence and will generally outweigh a projection of future taxable income.

Certain of our tax-paying entities have individually experienced losses on a cumulative three year basis. In addition, one of our tax paying entities has recorded a valuation allowance on all of its deferred tax assets due to the combined effect of operating losses in certain subsidiaries of that entity as well as foreign taxes that together substantially offset any U.S. tax liability. Taking into account all available information, we cannot determine that it is more likely than not that deferred tax assets will be realized. Considering the recent operating results of such entities, we have recorded valuation allowances on our deferred tax assets of $102 million as of December 31, 2014.

If any significant valuation allowance reduction were to occur, for subsequent annual periods, we expect that, our effective tax rate, with all other factors being held constant, would increase and could be significantly higher than our effective tax rate in the period preceding the period of the reduction in the valuation allowance. In such a situation, with all other factors being held constant, an increase in our effective tax rate as a result of the reduction in the valuation allowance would not impact the amount of cash income taxes we would pay to taxing authorities.

We record tax positions taken or expected to be taken in a tax return based upon our estimates regarding the amount that is more likely than not to be realized or paid, including in connection with the resolution of any related appeals or other legal processes. Accordingly, we recognize liabilities for certain unrecognized tax benefits based on the amounts that are more likely than not to be settled with the relevant taxing authority. Such liabilities are evaluated periodically as new information becomes available and any changes in the amounts of such liabilities are recorded as adjustments to "income tax expense." Liabilities for unrecognized tax benefits involve significant judgment and the ultimate resolution of such matters may be materially different from our estimates.

In addition to the discussion above regarding deferred tax assets and associated valuation allowances, as well as unrecognized tax benefit liability estimates, other factors affect our provision for income taxes, including changes in the geographic mix of our business, the level of our annual pre-tax income, transfer pricing and intercompany transactions.

See Item 1A, "Risk Factors" and Note 14 of Notes to Condensed Consolidated Financial Statements for additional information related to income taxes.

Investments

Investments consist primarily of interest-bearing deposits, debt and equity securities, interests in alternative investment, debt, equity and private equity funds and investments accounted for under the equity method of accounting.

These investments, with the exception of interest-bearing deposits and equity method investments, are carried at fair value on the condensed consolidated statements of financial condition, and any increases or decreases in the fair value of these investments are reflected in earnings. The fair value of investments is generally based upon market prices or the net asset value ("NAV") or its equivalent for investments in funds. See Note 5 of Notes to Condensed Consolidated Financial Statements for additional information on the measurement of the fair value of investments.

Gains and losses on investment positions held, which arise from sales or changes in the fair value of the investments, are not predictable and can cause periodic fluctuations in net income and therefore subject Lazard to market and credit risk.

Data relating to investments is set forth below:

	June 30, 2015	December 31, 2014
	($ in thousands)	
Seed investments by asset class:		
Equities (a)	$ 114,167	$ 121,611
Fixed income	10,701	15,602
Alternative investments	20,093	26,374
Total seed investments	144,961	163,587
Other investments owned:		
Private equity (b)	102,817	108,049
Interest-bearing deposits (c)	56,411	84,575
Fixed income and other	22,144	25,629
Total other investments owned	181,372	218,253
Subtotal	326,333	381,840
Add:		
Equity method and private equity consolidated, not owned (d)	5,838	14,197
LFI (e)	214,382	213,189
Total investments	$ 546,553	$ 609,226

(a) At June 30, 2015 and December 31, 2014, seed investments in directly owned equity securities were invested as follows:

	June 30, 2015	December 31, 2014
Percentage invested in:		
Financials	34%	33%
Consumer	29	27
Industrial	12	12
Technology	10	10
Energy	4	5
Other	11	13
Total	100%	100%

(b) Private equity investments include investments related to certain legacy businesses and co-investments in private equity funds managed by our Asset Management business. Co-investments owned were $23 million and $25 million as of June 30, 2015 and December 31, 2014, respectively.

(c) Short to medium term interest rates generally turned negative in Europe during 2014 and remain very low in many other countries and regions throughout the world. In the normal course of asset and liability management activities, both from a corporate treasury and LFB perspective, the Company attempts to minimize negative interest rates on its cash investments. Interest-bearing deposits generally provide positive yields when held to maturity, while also generally allowing immediate penalty-free withdrawal at any time (with less or no interest earned in such case).

(d) Represents investments accounted for under the equity method of accounting and private equity investments that are consolidated but owned by noncontrolling interests, and therefore do not subject the Company to market or credit risk. The applicable noncontrolling interests are presented within "members' equity" on the condensed consolidated statements of financial condition.

(e) Composed of investments held in connection with LFI and other similar deferred compensation arrangements. The market risk associated with such investments is equally offset by the market risk associated with the derivative liability with respect to awards expected to vest. The Company is subject to market risk associated with any portion of such investments that employees may forfeit. See "—Risk Management—Risks Related to Derivatives" for risk management information relating to derivatives.

At June 30, 2015 and December 31, 2014, total investments with a fair value of $483 million and $517 million, respectively, included $103 million and $116 million, respectively, or 21% and 22%, respectively, of investments that were classified as Level 3 investments. A majority of our Level 3 investments at both dates are priced based on a NAV. During the six months ended June 30, 2015 and 2014, gains of approximately $8 million and $7 million, respectively, were recognized in "revenue-other" on the condensed consolidated statement of operations pertaining to Level 3 investments. See Notes 4 and 5 of Notes to Condensed Consolidated Financial Statements for additional information regarding investments measured at fair value, including the levels of fair value within which such measurements of fair value fall.

As of June 30, 2015 and December 31, 2014, the Company held seed investments of approximately $145 million and $164 million, respectively. Seed investments held in entities in which the Company maintained a controlling interest were $40 million in eight entities as of June 30, 2015, as compared to $42 million in seven entities as of December 31, 2014.

As of June 30, 2015 and December 31, 2014, the Company did not consolidate or deconsolidate any seed investment entities. As such, 100% of the recorded balance of seed investments as of June 30, 2015 and December 31, 2014 represented the Company's economic interest in the seed investments. See "—Consolidation of Variable Interest Entities" below for more information on the Company's policy regarding the consolidation of seed investment entities.

For additional information regarding risks associated with our investments, see “Risk Management—Investments” below as well as Item 1A, “Risk Factors—Other Business Risks—Our results of operations may be affected by fluctuations in the fair value of positions held in our investment portfolios” in our Form 10-K.

Assets Under Management

AUM primarily consists of debt and equity instruments, which have a value that is readily available based on either prices quoted on a recognized exchange or prices provided by external pricing services.

Prices of equity and debt securities and other instruments that comprise our AUM are generally provided by well-recognized, independent, third-party vendors. Such third-party vendors rely on prices provided by external pricing services which are obtained from recognized exchanges or markets, or, for certain fixed income securities, from an evaluated bid or other similarly sourced price.

Either directly, or through our third-party vendors, we perform a variety of regular due diligence procedures on our pricing service providers. Those procedures include oversight by our internal operations group, review of the pricing service providers’ internal control frameworks, review of the pricing service providers’ valuation methodologies, reconciliation to client custodial account values and comparison of significant pricing differences.

Goodwill

In accordance with current accounting guidance, goodwill has an indefinite life and is tested for impairment annually, as of November 1, or more frequently if circumstances indicate impairment may have occurred. The Company performs a qualitative evaluation about whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount in lieu of actually calculating the fair value of the reporting unit. See Note 8 of Notes to Condensed Consolidated Financial Statements for additional information regarding goodwill.

Consolidation of Variable Interest Entities

The condensed consolidated financial statements include the accounts of Lazard Group and entities in which it has a controlling interest. Lazard determines whether it has a controlling interest in an entity by first evaluating whether the entity is a voting interest entity (“VOE”) or a variable interest entity (“VIE”) under U.S. GAAP.

- Voting Interest Entities. VOEs are entities in which (i) the total equity investment at risk is sufficient to enable the entity to finance itself independently and (ii) the equity holders have the obligation to absorb losses, the right to receive residual returns and the right to make decisions about the entity’s activities. Lazard is required to consolidate a VOE if it either holds a majority of the voting interest in such entity or is the general partner in such entity and the third-party investors do not have the right to replace the general partner.
- Variable Interest Entities. VIEs are entities that lack one or more of the characteristics of a VOE. If Lazard has a variable interest, or a combination of variable interests, in a VIE, it is required to analyze whether it needs to consolidate such VIE. Lazard is required to consolidate a VIE if, through our variable interests, we absorb a majority of the expected losses, expected residual returns, or both, of such entity.

Lazard’s involvement with various entities that are VOEs or VIEs primarily arises from investment management contracts with fund entities in our Asset Management business. Lazard is not required to consolidate such entities because, with the exception of certain seed investments, as discussed below, we do not hold more than an inconsequential equity interest in such entities and we do not hold other variable interests (including our investment management agreements, which do not meet the definition of variable interests) in such entities.

Lazard makes seed investments in certain entities that are considered VOEs and often require consolidation as a result of our investment. The impact of seed investment entities that require consolidation on the condensed consolidated financial statements, including any consolidation or deconsolidation of such entities, is not material to our financial statements. Our exposure to loss from entities in which we have made seed investments is limited to the extent of our investment in, or investment commitment to, such entities. See “Critical Accounting Policies and Estimates—Investments” above for more information regarding our investments.

Generally, when the Company initially invests to seed an investment entity, the Company is the majority owner of the entity. Our majority ownership in seed investment entities represents a controlling interest, except when we are the general partner in such entities and the third-party investors have the right to replace the general partner. To the extent material, we consolidate seed investment entities in which we own a controlling interest, and we would deconsolidate any such entity when we no longer have a controlling interest in such entity.

Risk Management

Investments

The Company has investments in a variety of asset classes, primarily debt and equity securities, and interests in alternative investments, debt, equity and private equity funds. The Company makes investments primarily to seed strategies in our Asset Management business or to reduce exposure arising from LFI and other similar deferred compensation arrangements. The Company measures its net economic exposure to market and other risks arising from investments that it owns, excluding (i) investments held in connection with LFI and other similar deferred compensation arrangements and (ii) investments in funds owned entirely by the noncontrolling interest holders of certain acquired entities.

Risk sensitivities include the effects of economic hedging. For equity market price risk, investment portfolios and their corresponding hedges are beta-adjusted to the All-Country World equity index. Fair value and sensitivity measurements presented herein are based on various portfolio exposures at a particular point in time and may not be representative of future results. Risk exposures may change as a result of ongoing portfolio activities and changing market conditions, among other things.

Equity Market Price Risk—At June 30, 2015 and December 31, 2014, the Company’s exposure to equity market price risk in its investment portfolio, which primarily relates to investments in equity securities, equity funds and hedge funds, was approximately $123 million and $131 million, respectively. The Company hedges market exposure arising from a significant portion of our equity investment portfolios by entering into total return swaps. The Company estimates that a hypothetical 10% adverse change in market prices would result in a net decrease of approximately $1.0 million and $2.0 million in the carrying value of such investments as of June 30, 2015 and December 31, 2014, respectively, including the effect of the hedging transactions.

Interest Rate/Credit Spread Risk—At both June 30, 2015 and December 31, 2014, the Company’s exposure to interest rate and credit spread risk in its investment portfolio related to investments in debt securities or funds which invest primarily in debt securities was $43 million. The Company hedges market exposure arising from a portion of our debt investment portfolios by entering into total return swaps. The Company estimates that a hypothetical 100 basis point adverse change in interest rates or credit spreads would result in a decrease of approximately $0.1 million and $0.2 million in the carrying value of such investments as of June 30, 2015 and December 31, 2014, respectively, including the effect of the hedging transactions.

Foreign Exchange Rate Risk—At both June 30, 2015 and December 31, 2014, the Company’s exposure to foreign exchange rate risk in its investment portfolio, which primarily relates to investments in foreign currency denominated equity and debt securities, was $68 million. A significant portion of the Company’s foreign currency exposure related to our equity and debt investment portfolios is hedged through the aforementioned total return swaps. The Company estimates that a 10% adverse change in foreign exchange rates versus the US dollar would result in a decrease of approximately $0.7 million and $0.6 million in the carrying value of such investments as of June 30, 2015 and December 31, 2014, respectively, including the effect of the hedging transactions.

Private Equity—The Company invests in private equity primarily as a part of its co-investment activities and in connection with certain legacy businesses. At June 30, 2015 and December 31, 2014, the Company's exposure to changes in fair value of such investments was approximately $103 million and $108 million, respectively. The Company estimates that a hypothetical 10% adverse change in fair value would result in a decrease of approximately $10.3 million and $10.8 million in the carrying value of such investments as of June 30, 2015 and December 31, 2014, respectively.

Risks Related to Receivables

We maintain an allowance for doubtful accounts to provide coverage for probable losses from our receivables. We determine the adequacy of the allowance by estimating the probability of loss based on our analysis of the client's creditworthiness, among other things, and specifically provide for exposures where we determine the receivables are impaired. At June 30, 2015, total receivables amounted to $505 million, net of an allowance for doubtful accounts of $21 million. As of that date, Financial Advisory and Asset Management fees, and customer receivables comprised 88% and 12% of total receivables, respectively. At December 31, 2014, total receivables amounted to $558 million, net of an allowance for doubtful accounts of $24 million. As of that date, Financial Advisory and Asset Management fees, and customer receivables comprised 87% and 13% of total receivables, respectively. At June 30, 2015 and December 31, 2014, the Company had receivables past due or deemed uncollectible of approximately $23 million and $25 million, respectively. See also "Critical Accounting Policies and Estimates—Revenue Recognition" above and Note 3 of Notes to Condensed Consolidated Financial Statements for additional information regarding receivables.

LFB engages in lending activities, including commitments to extend credit (primarily for clients of LFG). At June 30, 2015 and December 31, 2014, customer receivables included $31 million and $35 million of LFB loans, respectively, with such loans being fully collateralized and closely monitored for counterparty creditworthiness.

Credit Concentrations

To reduce the exposure to concentrations of credit, the Company monitors exposure to individual counterparties.

Risks Related to Derivatives

Lazard enters into forward foreign currency exchange contracts and interest rate swaps to hedge exposures to currency exchange rates and interest rates and uses total return swap contracts on various equity and debt indices to hedge a portion of its market exposure with respect to certain seed investments related to our Asset Management business. Derivative contracts are recorded at fair value. Derivative assets amounted to $2 million at both June 30, 2015 and December 31, 2014, and derivative liabilities, excluding the derivative liability arising from the Company's obligation pertaining to LFI and other similar deferred compensation arrangements, amounted to $1 million and $0.8 million at such respective dates.

The Company also records derivative liabilities relating to its obligations pertaining to LFI awards and other similar deferred compensation arrangements, the fair value of which is based on the value of the underlying investments, adjusted for estimated forfeitures. Changes in the fair value of the derivative liabilities are equally offset by the changes in the fair value of investments which are expected to be delivered upon settlement of LFI awards. Derivative liabilities relating to LFI amounted to $202 million and $207 million at June 30, 2015 and December 31, 2014, respectively.

Risks Related to Cash and Cash Equivalents and Corporate Indebtedness

A significant portion of the Company's indebtedness has fixed interest rates, while its cash and cash equivalents generally have market interest rates. Based on account balances as of June 30, 2015, Lazard estimates that its annual operating income relating to cash and cash equivalents would increase by approximately $7 million in the event interest rates were to increase by 1% and decrease by approximately $7 million if rates were to decrease by 1%.

As of June 30, 2015, the Company's cash and cash equivalents totaled approximately $690 million. Substantially all of the Company's cash and cash equivalents were invested in highly liquid institutional money market funds (a significant majority of which were invested solely in U.S. Government or Agency money market funds), in short-term interest bearing and non-interest bearing accounts at a number of leading banks throughout the world, and in short-term certificates of deposit from such banks. Cash and cash equivalents are constantly monitored. On a regular basis, management reviews its investment profile as well as the credit profile of its list of depositor banks in order to adjust any deposit or investment thresholds as necessary.

Operational Risk

Operational risk is inherent in all our business and may, for example, manifest itself in the form of errors, breaches in the system of internal controls, employee misconduct, business interruptions, fraud, including fraud perpetrated by third parties, or legal actions due to operating deficiencies or noncompliance. The Company maintains a framework including policies and a system of internal controls designed to monitor and manage operational risk and provide management with timely and accurate information. Management within each of the operating companies is primarily responsible for its operational risk programs. The Company has in place business continuity and disaster recovery programs that manage its capabilities to provide services in the case of a disruption. We purchase insurance policies designed to help protect the Company against accidental loss and losses that may significantly affect our financial objectives, personnel, property or our ability to continue to meet our responsibilities to our various stakeholder groups.

Recent Accounting Developments

For a discussion of recently issued accounting developments and their impact or potential impact on Lazard's consolidated financial statements, see Note 2 of Notes to Condensed Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Risk Management

Quantitative and qualitative disclosures about market risk are included under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations—Risk Management."

Item 4. Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of the end of the period covered by this quarterly report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this quarterly report, our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) are effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

In addition, no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) occurred during our most recent fiscal quarter that has materially affected, or is likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved from time to time in judicial, regulatory and arbitration proceedings and inquiries concerning matters arising in connection with the conduct of our businesses, including proceedings initiated by former employees alleging wrongful termination. The Company reviews such matters on a case-by-case basis and establishes any required accrual if a loss is probable and the amount of such loss can be reasonably estimated. The Company experiences significant variation in its revenue and earnings on a quarterly basis. Accordingly, the results of any pending matter or matters could be significant when compared to the Company's earnings in any particular fiscal quarter. The Company believes, however, based on currently available information, that the results of any pending matters, in the aggregate, will not have a material effect on its business or financial condition.

Item 1A. Risk Factors

There were no material changes from the risk factors previously disclosed in the Company's Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

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PART IV

Item 6. Exhibits

3.1	Certificate of Formation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement (File No. 333-126751) on Form S-4 filed on July 21, 2005).
3.2	Certificate of Amendment of Certificate of Formation of the Registrant, changing name to Lazard Group LLC (incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement (File No. 333-126751) on Form S-4 filed on July 21, 2005).
3.3	Operating Agreement of Lazard Group LLC, dated as of May 10, 2005 (incorporated by reference to Exhibit 10.2 to Lazard Ltd's Quarterly Report (File No. 001-32492) on Form 10-Q filed on June 16, 2005).
3.4	Amendment No. 1 to the Operating Agreement of Lazard Group LLC, dated as of December 19, 2005 (incorporated by reference to Exhibit 3.01 to the Registrant's Current Report on Form 8-K (File No. 333-126751) filed on December 19, 2005).
3.5	Amendment No. 2, dated as of May 7, 2008, to the Operating Agreement of Lazard Group LLC, dated as of May 10, 2005 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 333-126751) filed on May 8, 2008).
3.6	Amendment No. 3, dated as of April 27, 2010, to the Operating Agreement of Lazard Group LLC, dated as of May 10, 2005 (incorporated by reference to Exhibit 3.6 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on April 30, 2010).
4.1	Indenture, dated as of May 10, 2005, by and between the Registrant and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement (File No. 333-126751) on Form S-4 filed on July 21, 2005).
4.2	First Supplemental Indenture, dated as of May 10, 2005, by and between the Registrant and The Bank of New York, as trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement (File No. 333-126751) on Form S-4 filed on July 21, 2005).
4.3	Fourth Supplemental Indenture, dated as of June 21, 2007, between the Registrant and The Bank of New York, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 333-126751) filed on June 22, 2007).
4.4	Fifth Supplemental Indenture, dated as of November 14, 2013, between Lazard Group LLC and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 333-126751) filed on November 14, 2013).
4.5	Form of Senior Notes (included in Exhibits 4.2, 4.3 and 4.4).
10.1	Amended and Restated Operating Agreement of Lazard Strategic Coordination Company LLC, dated as of January 1, 2002 (incorporated by reference to Exhibit 10.16 to Lazard Ltd's Registration Statement (File No. 333-121407) on Form S-l/A filed on February 11, 2005).
10.2	Lease, dated as of January 27, 1994, by and between Rockefeller Center Properties and Lazard Frères & Co. LLC (incorporated by reference to Exhibit 10.19 to Lazard Ltd's Registration Statement (File No. 333-121407) on Form S-l/A filed on February 11, 2005).
10.3	Amendment dated as of February 16, 2001, by and among RCPI Landmark Properties, L.L.C. (as the successor in interest to Rockefeller Center Properties), RCPI 30 Rock 22234849, L.L.C. and Lazard Group LLC (as the successor in interest to Lazard Frères & Co. LLC), to the Lease dated as of January 27, 1994, by and among Rockefeller Center Properties and Lazard Frères & Co. LLC (incorporated by reference to Exhibit 10.15 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on April 29, 2011).

10.4	Occupational Lease, dated as of August 9, 2002, by and among Burford (Stratton) Nominee 1 Limited, Burford (Stratton) Nominee 2 Limited, Burford (Stratton) Limited, Lazard & Co., Limited and Lazard LLC (incorporated by reference to Exhibit 10.21 to Lazard Ltd's Registration Statement (File No. 333-121407) on Form S-l/A filed on February 11, 2005).
10.5*	Lazard Ltd's 2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.21 to Lazard Ltd's Registration Statement (File No. 333-121407) on Form S-l/A filed on May 2, 2005).
10.6*	Lazard Ltd's 2008 Incentive Compensation Plan (incorporated by reference to Annex B to Lazard Ltd's Definitive Proxy Statement on Schedule 14A (File No. 001-32492) filed on March 24, 2008).
10.7*	Lazard Ltd's 2005 Bonus Plan (incorporated by reference to Exhibit 10.23 to Lazard Ltd's Registration Statement (File No. 333-121407) on Form S-l/A filed on March 21, 2005).
10.8*	Form of Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of May 4, 2005, applicable to and related Schedule I for, Scott D. Hoffman (incorporated by reference to Exhibit 10.26 to Lazard Ltd's Quarterly Report (File No. 001-32492) on Form 10-Q filed on June 16, 2005.
10.9*	Form of First Amendment, dated as of May 7, 2008, to Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of May 4, 2005, for Scott D. Hoffman (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 333-126751) filed on May 9, 2008).
10.10*	Amendment, dated as of February 23, 2011, to the Agreement Relating to Retention and Noncompetition and other Covenants dated as of May 4, 2005 and amended as of May 7, 2008 for Scott D. Hoffman (incorporated by reference to Exhibit 10.24 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on April 29, 2011).
10.11*	Form of Agreement Relating to Retention and Noncompetition and other Covenants (incorporated by reference to Exhibit 10.27 to Lazard Ltd's Registration Statement (File No. 333-121407) on Form S-l/A filed on April 11, 2005).
10.12*	Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of October 4, 2004, by and between the Registrant and Alexander F. Stern (incorporated by reference to Exhibit 10.28 to Registrant's Annual Report (File No. 333-126751) on Form 10-K filed on March 2, 2009).
10.13*	First Amendment, dated as of March 23, 2010, to the Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of October 4, 2004, with Alexander F. Stern (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 333-126751) filed on March 23, 2010).
10.14*	Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of March 18, 2005, by and between the Registrant and Kenneth M. Jacobs (incorporated by reference to Exhibit 10.29 to the Registrant's Annual Report on Form 10-K (File No. 333-126751) filed on March 1, 2010).
10.15*	First Amendment, dated as of March 23, 2010, to the Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of March 18, 2005, with Kenneth M. Jacobs (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 333-126751) filed on March 23, 2010).
10.16*	Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of October 4, 2004, by and between the Registrant and Matthieu Bucaille (incorporated by reference to Exhibit 10.30 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on April 29, 2011).

10.17*	First Amendment, dated as of April 1, 2011, to the Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of October 4, 2004, between the Registrant and Matthieu Bucaille (incorporated by reference to Exhibit 10.31 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on April 29, 2011).
10.18*	Description of Non-Executive Director Compensation (incorporated by reference to Exhibit 10.33 to Lazard Ltd's Quarterly Report (File No. 001-32492) on Form 10-Q for the quarter ended June 30, 2005).
10.19*	Form of Award Letter for Annual Grant of Deferred Stock Units to Non-Executive Directors (incorporated by reference to Exhibit 99.1 to Lazard Ltd's Current Report on Form 8-K (File No. 001-32492) filed on September 8, 2005).
10.20*	Form of Agreement evidencing a grant of Restricted Stock Units to Executive Officers under the 2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to Lazard Ltd's Current Report on Form 8-K (File No. 001-32492) filed on January 26, 2006).
10.21*	Form of Agreement evidencing a grant of Restricted Stock Units to Executive Officers under the 2008 Incentive Compensation Plan (incorporated by reference to Exhibit 10.41 to Lazard Ltd's Annual Report (File No. 001-32492) on Form 10-K filed on March 2, 2009).
10.22*	Form of Agreement evidencing a grant of Deferred Cash Award to Executive Officers under the 2008 incentive Compensation Plan (incorporated by reference to Exhibit 10.42 to Lazard Ltd's Annual Report (File No. 001-32492) on Form 10-K filed on March 2, 2009).
10.23*	Directors Fee Deferral Unit Plan (incorporated by reference to Exhibit 10.39 to Lazard Ltd's Quarterly Report (File No. 001-32492) on Form 10-Q filed on May 11, 2006).
10.24*	First Amended Form of Agreement evidencing a grant of Restricted Stock Units to Executive Officers under the 2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.43 to Lazard Ltd's Annual Report (File No. 001-32492) on Form 10-K filed on March 1, 2007).
10.25	Senior Revolving Credit Agreement, dated as of September 25, 2012, among the Registrant, the Banks from time to time parties thereto, and Citibank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.46 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on November 1, 2012).
10.26*	Form of Agreement evidencing a grant of Restricted Stock under the 2008 Incentive Compensation Plan (incorporated by reference to Exhibit 10.54 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on April 30, 2010).
10.27*	Form of Agreement evidencing a grant of Lazard Fund Interests under the 2008 Incentive Compensation Plan (incorporated by reference to Exhibit 10.54 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on April 29, 2011).
10.28*	Form of Agreement evidencing a grant of Restricted Stock Units and Restricted Stock to Executive Officers who are or may become eligible for retirement under the 2008 Incentive Compensation Plan (incorporated by reference to Exhibit 10.52 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on May 2, 2012).
10.29*	First Amendment, dated as of August 2, 2011, to the Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of March 15, 2005, between the Registrant and Ashish Bhutani (incorporated by reference to Exhibit 10.55 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on August 4, 2011).
10.30*	Second Amendment, dated as of October 24, 2012, to the Agreement relating to Retention and Noncompetition and Other Covenants, dated as of March 18, 2005, and amended on March 23, 2010, among the Registrant, Lazard Ltd and Kenneth M. Jacobs (incorporated by reference to Exhibit 10.51 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on November 1, 2012).

10.31*	Second Amendment, dated as of March 14, 2013, to the Agreement Relating to Retention and Noncompetition and Other Covenants dated as of March 15, 2005 and amended on August 2, 2011, among the Registrant, Lazard Ltd and Ashish Bhutani (incorporated by reference to Exhibit 10.49 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on April 30, 2013).
10.32*	Second Amendment, dated as of March 14, 2013, to the Agreement Relating to Retention and Noncompetition and Other Covenants dated as of October 4, 2004 and amended on April 1, 2011, among the Registrant, Lazard Ltd and Matthieu Bucaille (incorporated by reference to Exhibit 10.50 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on April 30, 2013).
10.33*	Second Amendment, dated as of March 14, 2013, to the Agreement Relating to Retention and Noncompetition and Other Covenants dated as of May 4, 2005 and amended on May 7, 2008 and February 23, 2011, among the Registrant, Lazard Ltd and Scott D. Hoffman (incorporated by reference to Exhibit 10.51 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on April 30, 2013).
10.34*	Second Amendment, dated as of March 14, 2013, to the Agreement Relating to Retention and Noncompetition and Other Covenants dated as of October 4, 2004 and amended on March 23, 2010, among the Registrant, Lazard Ltd and Alexander F. Stern (incorporated by reference to Exhibit 10.52 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on April 30, 2013).
10.35*	Form of Agreement evidencing a grant of Performance-Based Stock Units under the 2008 Incentive Compensation Plan (incorporated by reference to Exhibit 10.53 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on April 30, 2013).
10.36*	Form of Agreement evidencing a grant of Lazard Fund Interests to Named Executive Officers under the 2008 Incentive Compensation Plan (incorporated by reference to Exhibit 10.54 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on April 30, 2013).
10.37*	Form of Agreement evidencing a grant of Restricted Stock Units to Named Executive Officers under the 2008 Incentive Compensation Plan (incorporated by reference to Exhibit 10.55 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on April 30, 2013).
10.38*	Form of Agreement evidencing a February 20, 2014 grant of Performance-Based Stock Units under the 2008 Incentive Compensation Plan (incorporated by reference to Exhibit 10.54 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on May 6, 2014).
10.39*	Agreement between Lazard Ltd and Kenneth M. Jacobs, dated as of February 20, 2014, evidencing a grant of Performance-Based Stock Units under the 2008 Incentive Compensation Plan (incorporated by reference to Exhibit 10.55 to the Registrant's Quarterly Report (File No. 333-126751) on Form 10-Q filed on May 6, 2014).
12.1	Computation of Ratio of Earnings to Fixed Charges.
31.1	Rule 13a-14(a) Certification of Kenneth M. Jacobs.
31.2	Rule 13a-14(a) Certification of Matthieu Bucaille.
32.1	Section 1350 Certification for Kenneth M. Jacobs.
32.2	Section 1350 Certification for Matthieu Bucaille.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase

101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	Taxonomy Extension Presentation Linkbase

* Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: July 27, 2015

LAZARD GROUP LLC

By:	/s/ Matthieu Bucaille
Name:	Matthieu Bucaille
Title:	Chief Financial Officer
By:	/s/ Dominick Ragone
Name:	Dominick Ragone
Title:	Chief Accounting Officer

Exhibit 12.1

LAZARD GROUP LLC

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES (a)

The following table sets forth the ratio of earnings to fixed charges for Lazard Group LLC and its subsidiaries on a consolidated basis.

	Six Months Ended June 30, 2015	Year Ended December 31,				
		2014	2013	2012	2011	2010
				(dollars in thousands)		
Operating income	$ 241,747	$ 540,975	$ 219,009	$ 121,593	$ 241,791	$ 246,809
Add—Fixed charges	41,917	91,691	111,317	116,255	114,998	121,656
Operating income before fixed charges	$ 283,664	$ 632,666	$ 330,326	$ 237,848	$ 356,789	$ 368,465
Fixed Charges:						
Interest (b)	$ 29,653	$ 68,205	$ 87,039	$ 91,359	$ 94,211	$ 102,249
Other (c)	12,264	23,486	24,278	24,896	20,787	19,407
Total fixed charges	$ 41,917	$ 91,691	$ 111,317	$ 116,255	$ 114,998	$ 121,656
Ratio of earnings to fixed charges	6.77(d)	6.90	2.97(e)	2.05(f)	3.10	3.03(g)

Notes (dollars in thousands):

(a) For purposes of computing the ratio of earnings to fixed charges:

- earnings for the periods presented represent income before income taxes and fixed charges, and
- fixed charges represent the interest expense and the portion of rental expense which represents an appropriate interest factor.

(b) The Company's policy is to include interest expense on unrecognized tax benefits in income tax expense. Accordingly, such interest expense is not included in the computations of the ratio of earnings to fixed charges.

(c) Other fixed charges consist of the interest factor in rentals.

(d) Operating income for the six month period ended June 30, 2015 is presented after giving effect to a charge of (i) $60,219 associated with the redemption of $450 million of the 2017 Notes, (ii) $2,655 excess interest expense due to the overlap between the issuance of the 2025 Notes and the settlement of the redemption of the 2017 Notes and (iii) $12,203 relating to a private equity revenue adjustment. Excluding the impact of such items, the ratio of earnings to fixed charges would have been 8.45.

(e) Operating income for the year ended December 31, 2013 is presented after giving effect to a charge of (i) $64,703 associated with the cost saving initiatives announced by the Company in October 2012, (ii) $54,087 pertaining to the refinancing of the 2015 Notes and the issuance of the 2020 Notes and (iii) $12,203 relating to private equity incentive compensation. Excluding the impact of such charge, the ratio of earnings to fixed charges would have been 4.14.

(f) Operating income for the year ended December 31, 2012 is presented after giving effect to (i) a charge in the first quarter of $24,659 relating to severance costs and benefit payments associated with staff reductions, including the acceleration of unrecognized amortization expense of deferred incentive compensation previously granted to individuals being terminated and (ii) a charge in the fourth quarter of $102,576 associated with the cost saving initiatives announced by the Company in October 2012. Excluding the impact of such items, the ratio of earnings to fixed charges would have been 3.14.

(g) Operating income for the year ended December 31, 2010 is presented after giving effect to (i) a restructuring charge of $87,108 and (ii) a charge of $24,860 relating to the amendment of Lazard's retirement policy with respect to RSU awards. Excluding the impact of such items, the ratio of earnings to fixed charges would have been 3.95.

EXHIBIT 31.1

I, Kenneth M. Jacobs, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 of Lazard Group LLC (the “Registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: July 27, 2015

/s/ Kenneth M. Jacobs

Kenneth M. Jacobs
Chairman and Chief Executive Officer

EXHIBIT 31.2

I, Matthieu Bucaille, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 of Lazard Group LLC (the “Registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: July 27, 2015

/s/ Matthieu Bucaille
Matthieu Bucaille
Chief Financial Officer

EXHIBIT 32.1

July 27, 2015
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Lazard Group LLC (the “Registrant”) hereby certifies that the Registrant’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Kenneth M. Jacobs
Kenneth M. Jacobs
Chairman and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

EXHIBIT 32.2

July 27, 2015
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Lazard Group LLC (the "Registrant") hereby certifies that the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Matthieu Bucaille
Matthieu Bucaille
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.