

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 March 31, 2023

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

001-32492

(Commission File Number)

LAZARD LTD

(Exact name of registrant as specified in its charter)

Bermuda

(State or Other Jurisdiction of Incorporation  
or Organization)

98-0437848

(I.R.S. Employer Identification No.)

Clarendon House

2 Church Street

Hamilton HM11, Bermuda

(Address of principal executive offices)

Registrant's telephone number: (441) 295-1422

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock	LAZ	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 such files). Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If the Registrant is an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 April 21, 2023, there were 112,766,091 shares of the Registrant's common stock outstanding (including 26,100,048 shares held by subsidiaries).

## TABLE OF CONTENTS

When we use the terms “Lazard”, “we”, “us”, “our” and “the Company”, we mean Lazard Ltd, a company incorporated under the laws of Bermuda, and its subsidiaries, including Lazard Group LLC, a Delaware limited liability company (“Lazard Group”), that is the current holding company for our businesses. Lazard Ltd’s primary operating asset is its indirect ownership as of March 31, 2023 of all of the common membership interests in Lazard Group and its controlling interest in Lazard Group. When we use the term “common stock”, we mean Class A common stock of Lazard Ltd, the only class of common stock of Lazard outstanding.

	<u>Page</u>
<b><u>Part I. Financial Information</u></b>	
<a href="#"><u>Item 1. Financial Statements (Unaudited)</u></a>	1
<a href="#"><u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u></a>	38
<a href="#"><u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u></a>	63
<a href="#"><u>Item 4. Controls and Procedures</u></a>	63
<b><u>Part II. Other Information</u></b>	
<a href="#"><u>Item 1. Legal Proceedings</u></a>	64
<a href="#"><u>Item 1A. Risk Factors</u></a>	64
<a href="#"><u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u></a>	64
<a href="#"><u>Item 3. Defaults Upon Senior Securities</u></a>	65
<a href="#"><u>Item 4. Mine Safety Disclosures</u></a>	65
<a href="#"><u>Item 5. Other Information</u></a>	65
<a href="#"><u>Item 6. Exhibits</u></a>	66
<b><u>Signatures</u></b>	69

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

	<u>Page</u>
<a href="#"><u>Condensed Consolidated Statements of Financial Condition as of March 31, 2023 and December 31, 2022</u></a>	2
<a href="#"><u>Condensed Consolidated Statements of Operations for the three month periods ended March 31, 2023 and 2022</u></a>	4
<a href="#"><u>Condensed Consolidated Statements of Comprehensive Income for the three month periods ended March 31, 2023 and 2022</u></a>	5
<a href="#"><u>Condensed Consolidated Statements of Cash Flows for the three month periods ended March 31, 2023 and 2022</u></a>	6
<a href="#"><u>Condensed Consolidated Statements of Changes in Stockholders' Equity and Redeemable Noncontrolling Interests for the three month periods ended March 31, 2023 and 2022</u></a>	8
<a href="#"><u>Notes to Condensed Consolidated Financial Statements</u></a>	10

**LAZARD LTD**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
**MARCH 31, 2023 AND DECEMBER 31, 2022**  
**(UNAUDITED)**  
**(dollars in thousands, except for per share data)**

	March 31, 2023	December 31, 2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 596,601	\$ 1,234,773
Deposits with banks and short-term investments	522,560	779,246
Restricted cash	36,985	625,381
Receivables (net of allowance for credit losses of \$24,929 and \$17,738 at March 31, 2023 and December 31, 2022, respectively):		
Fees	509,831	491,861
Customers and other	188,296	160,897
	698,127	652,758
Investments	741,868	698,977
Property (net of accumulated amortization and depreciation of \$402,142 and \$395,109 at March 31, 2023 and December 31, 2022, respectively)	245,685	250,073
Operating lease right-of-use assets	428,859	431,608
Goodwill and other intangible assets (net of accumulated amortization of \$70,131 and \$70,118 at March 31, 2023 and December 31, 2022, respectively)	394,260	377,330
Deferred tax assets	367,655	407,657
Other assets	534,917	394,758
Total Assets	<u>\$ 4,567,517</u>	<u>\$ 5,852,561</u>

See notes to condensed consolidated financial statements.

**LAZARD LTD**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
**MARCH 31, 2023 AND DECEMBER 31, 2022**  
**(UNAUDITED)**  
**(dollars in thousands, except for per share data)**

	March 31, 2023	December 31, 2022
<b>LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY</b>		
Liabilities:		
Deposits and other customer payables	\$ 697,088	\$ 921,834
Accrued compensation and benefits	442,890	735,576
Operating lease liabilities	509,761	513,688
Tax receivable agreement obligation	118,563	191,189
Senior debt	1,688,335	1,687,714
Deferred tax liabilities	4,793	3,920
Other liabilities	508,206	539,770
Total Liabilities	3,969,636	4,593,691
Commitments and contingencies		
Redeemable noncontrolling interests	89,472	583,471
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, par value \$.01 per share; 15,000,000 shares authorized:		
Series A - no shares issued and outstanding	-	-
Series B - no shares issued and outstanding	-	-
Common stock:		
Class A, par value \$.01 per share (500,000,000 shares authorized; 112,766,091 shares issued at March 31, 2023 and December 31, 2022, including shares held by subsidiaries as indicated below)	1,128	1,128
Additional paid-in-capital	94,312	167,890
Retained earnings	1,604,650	1,676,713
Accumulated other comprehensive loss, net of tax	(282,957)	(295,854)
	1,417,133	1,549,877
Class A common stock held by subsidiaries, at cost (26,100,898 and 26,814,213 shares at March 31, 2023 and December 31, 2022, respectively)	(965,707)	(993,414)
Total Lazard Ltd Stockholders' Equity	451,426	556,463
Noncontrolling interests	56,983	118,936
Total Stockholders' Equity	508,409	675,399
Total Liabilities, Redeemable Noncontrolling Interests and Stockholders' Equity	\$ 4,567,517	\$ 5,852,561

See notes to condensed consolidated financial statements.

**LAZARD LTD**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2023 AND 2022**  
**(UNAUDITED)**  
(dollars in thousands, except for per share data)

	Three Months Ended March 31,	
	2023	2022
<b>REVENUE</b>		
Investment banking and other advisory fees	\$ 277,408	\$ 389,739
Asset management fees	261,479	315,052
Interest income	12,607	1,761
Other	10,417	9,592
Total revenue	561,911	716,144
Interest expense	19,475	21,252
Net revenue	542,436	694,892
<b>OPERATING EXPENSES</b>		
Compensation and benefits	449,967	396,841
Occupancy and equipment	31,773	31,239
Marketing and business development	22,762	14,123
Technology and information services	44,040	37,931
Professional services	24,326	16,029
Fund administration and outsourced services	26,576	29,703
Amortization and other acquisition-related costs	48	15
Benefit pursuant to tax receivable agreement	(40,435)	-
Other	20,303	9,283
Total operating expenses	579,360	535,164
<b>OPERATING INCOME (LOSS)</b>	(36,924)	159,728
Provision (benefit) for income taxes	(21,725)	38,753
<b>NET INCOME (LOSS)</b>	(15,199)	120,975
<b>LESS - NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS</b>	6,973	7,099
<b>NET INCOME (LOSS) ATTRIBUTABLE TO LAZARD LTD</b>	\$ (22,172)	\$ 113,876
<b>ATTRIBUTABLE TO LAZARD LTD CLASS A COMMON STOCKHOLDERS:</b>		
<b>WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:</b>		
Basic	87,591,852	102,547,277
Diluted	87,591,852	108,186,642
<b>NET INCOME (LOSS) PER SHARE OF COMMON STOCK:</b>		
Basic	\$ (0.27)	\$ 1.09
Diluted	\$ (0.27)	\$ 1.05

See notes to condensed consolidated financial statements.

**LAZARD LTD**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2023 AND 2022**  
**(UNAUDITED)**  
**(dollars in thousands)**

	Three Months Ended March 31,	
	2023	2022
<b>NET INCOME (LOSS)</b>	\$ (15,199)	\$ 120,975
<b>OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:</b>		
Currency translation adjustments	14,539	(18,068)
Employee benefit plans:		
Actuarial gain (loss) (net of tax expense (benefit) of \$(595) and \$788 for the three months ended March 31, 2023 and 2022, respectively)	(2,801)	3,439
Adjustment for items reclassified to earnings (net of tax expense of \$376 and \$267 for the three months ended March 31, 2023 and 2022, respectively)	1,160	849
<b>OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX</b>	12,898	(13,780)
<b>COMPREHENSIVE INCOME (LOSS)</b>	(2,301)	107,195
<b>LESS - COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS</b>	6,974	7,098
<b>COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO LAZARD LTD</b>	\$ (9,275)	\$ 100,097

See notes to condensed consolidated financial statements.

**LAZARD LTD**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2023 AND 2022**  
**(UNAUDITED)**  
**(dollars in thousands)**

	Three Months Ended March 31,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ (15,199)	\$ 120,975
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization of property	11,144	10,258
Noncash lease expense	15,155	17,089
Amortization of deferred expenses and share-based incentive compensation	108,254	90,633
Amortization and other acquisition-related costs	48	15
Deferred tax provision	40,235	26,261
Benefit pursuant to tax receivable agreement	(40,435)	-
Impairment of equity method investments and other receivables	22,981	-
Loss on LGAC liquidation	17,929	-
(Increase) decrease in operating assets and increase (decrease) in operating liabilities:		
Receivables-net	(43,689)	(15,160)
Investments	(160,276)	44,236
Other assets	(7,717)	(26,435)
Accrued compensation and benefits and other liabilities	(359,848)	(481,402)
Net cash used in operating activities	<u>(411,418)</u>	<u>(213,530)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions to property	(4,612)	(13,510)
Disposals of property	2	2
Acquisition of business, net of cash acquired	(10,516)	-
Net cash used in investing activities	<u>(15,126)</u>	<u>(13,508)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from:		
Customer deposits, net	-	302,342
Contributions from noncontrolling interests	50	191
Payments for:		
Customer deposits, net	(239,051)	-
Distributions to noncontrolling interests	(2,042)	(4,474)
Tax receivable agreement	(32,191)	(20,945)
Distribution to redeemable noncontrolling interests in connection with LGAC redemption	(585,891)	-
Purchase of Class A common stock	(98,925)	(175,797)
Class A common stock dividends	(42,524)	(46,664)
Settlement of share-based incentive compensation in satisfaction of tax withholding requirements	(45,165)	(58,005)
LFI Consolidated Funds redemptions	(21,566)	(10,976)
Other financing activities	(5,110)	(4,915)
Net cash used in financing activities	<u>(1,072,415)</u>	<u>(19,243)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS AND RESTRICTED CASH</b>	15,705	(51,822)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH</b>	(1,483,254)	(298,103)
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—</b>		
<b>January 1</b>	2,639,400	3,430,014
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—</b>		
<b>March 31</b>	<u>\$ 1,156,146</u>	<u>\$ 3,131,911</u>

See notes to condensed consolidated financial statements.



**RECONCILIATION OF CASH AND CASH EQUIVALENTS AND  
RESTRICTED CASH WITHIN THE CONDENSED CONSOLIDATED  
STATEMENTS OF FINANCIAL CONDITION:**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Cash and cash equivalents	\$ 596,601	\$ 1,234,773
Deposits with banks and short-term investments	522,560	779,246
Restricted cash	36,985	625,381
<b>TOTAL CASH AND CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>\$ 1,156,146</b>	<b>\$ 2,639,400</b>

See notes to condensed consolidated financial statements.

LAZARD LTD

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND REDEEMABLE  
NONCONTROLLING INTERESTS  
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2022  
(UNAUDITED)  
(dollars in thousands)

	Common Stock		Additional Paid-In- Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Tax	Class A Common Stock Held By Subsidiaries		Total Lazard Ltd Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity	Redeemable Noncontrolling Interests
	Shares	\$				Shares	\$				
<b>Balance - January 1, 2022</b>	<b>112,766,091</b>	<b>\$ 1,128</b>	<b>\$ 144,729</b>	<b>\$ 1,560,636</b>	<b>\$ (223,847)</b>	<b>12,046,140</b>	<b>\$ (507,426)</b>	<b>\$ 975,220</b>	<b>\$ 102,744</b>	<b>\$ 1,077,964</b>	<b>\$ 575,000</b>
Comprehensive income (loss):											
Net income				113,876				113,876	4,439	118,315	2,660
Other comprehensive loss - net of tax					(13,779)			(13,779)	(1)	(13,780)	
Amortization of share-based incentive compensation			50,766					50,766	2,671	53,437	
Dividend equivalents			4,003	(4,284)				(281)	(4,627)	(4,908)	
Class A common stock dividends (\$0.47 per share)				(46,664)				(46,664)		(46,664)	
Purchase of Class A common stock						4,717,821	(175,797)	(175,797)		(175,797)	
Delivery of Class A common stock in connection with share-based incentive compensation and related tax benefit of \$6,137			(201,360)	(40,559)		(4,392,813)	186,542	(55,377)	3,509	(51,868)	
Distributions to noncontrolling interests, net								-	(4,283)	(4,283)	
LFI Consolidated Funds								-	14,552	14,552	
Change in redemption value of redeemable noncontrolling interests			1,862					1,862	798	2,660	(2,660)
<b>Balance - March 31, 2022</b>	<b>112,766,091</b>	<b>\$ 1,128</b>	<b>\$ -</b>	<b>\$ 1,583,005</b>	<b>\$ (237,626)</b>	<b>12,371,148</b>	<b>\$ (496,681)</b>	<b>\$ 849,826</b>	<b>\$ 119,802</b>	<b>\$ 969,628</b>	<b>\$ 575,000</b>

See notes to condensed consolidated financial statements.

LAZARD LTD

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND REDEEMABLE  
NONCONTROLLING INTERESTS  
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023  
(UNAUDITED)  
(dollars in thousands)

	Common Stock		Additional Paid-In- Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Tax	Class A Common Stock Held By Subsidiaries		Total Lazard Ltd Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity	Redeemable Noncontrolling Interests
	Shares	\$				Shares	\$				
<b>Balance - January 1, 2023</b>	<b>112,766,091</b>	<b>\$ 1,128</b>	<b>\$ 167,890</b>	<b>\$ 1,676,713</b>	<b>\$ (295,854)</b>	<b>26,814,213</b>	<b>\$ (993,414)</b>	<b>\$ 556,463</b>	<b>\$ 118,936</b>	<b>\$ 675,399</b>	<b>\$ 583,471</b>
Comprehensive income (loss):											
Net income (loss)				(22,172)				(22,172)	776	(21,396)	6,197
Other comprehensive income - net of tax					12,897			12,897	1	12,898	
Amortization of share-based incentive compensation			68,511					68,511	2,023	70,534	
Dividend equivalents			7,119	(7,367)				(248)	(4,839)	(5,087)	
Class A common stock dividends (\$0.50 per share)				(42,524)				(42,524)		(42,524)	
Purchase of Class A common stock						2,692,161	(98,925)	(98,925)		(98,925)	
Delivery of Class A common stock in connection with share-based incentive compensation and related tax expense of \$392			(176,320)			(3,364,092)	125,099	(51,221)	5,664	(45,557)	
Business acquisitions and related equity transactions:											
Class A common stock issuable			1,775					1,775		1,775	
Delivery of Class A common stock			(1,533)			(41,384)	1,533	-		-	
Distributions to noncontrolling interests, net								-	(1,992)	(1,992)	
LFI Consolidated Funds								-	(74,164)	(74,164)	85,106
Change in redemption value of redeemable noncontrolling interests			(412)					(412)	(177)	(589)	589
LGAC liquidation:											
Distribution to redeemable noncontrolling interests											(585,891)
Reversal to net loss of amounts previously charged to additional paid-in-capital and noncontrolling interests			13,195					13,195	4,734	17,929	
Reversal of deferred offering costs liability			14,087					14,087	6,038	20,125	
Other								-	(17)	(17)	
<b>Balance - March 31, 2023</b>	<b>112,766,091</b>	<b>\$ 1,128</b>	<b>\$ 94,312</b>	<b>\$ 1,604,650</b>	<b>\$ (282,957)</b>	<b>26,100,898</b>	<b>\$ (965,707)</b>	<b>\$ 451,426</b>	<b>\$ 56,983</b>	<b>\$ 508,409</b>	<b>\$ 89,472</b>

See notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

(dollars in thousands, except for per share data, unless otherwise noted)

**1. ORGANIZATION AND BASIS OF PRESENTATION****Organization**

Lazard Ltd, a Bermuda holding company, and its subsidiaries (collectively referred to as “Lazard Ltd”, “Lazard”, “we” or the “Company”), including Lazard Ltd’s indirect investment in Lazard Group LLC, a Delaware limited liability company (collectively referred to, together with its subsidiaries, as “Lazard Group”), is one of the world’s preeminent financial advisory and asset management firms that specializes 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 March 31, 2023 and December 31, 2022. Lazard Ltd, through its control of the managing members of Lazard Group, controls Lazard Group, which as of December 31, 2022 was governed by an Amended and Restated Operating Agreement dated as of February 4, 2019. Such operating agreement was subsequently amended and restated effective as of January 1, 2023 (as so amended and restated, the “Operating Agreement”).

Lazard Ltd’s primary operating asset is its indirect ownership of the common membership interests of, and managing member interests in, Lazard Group, whose 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 strategic and mergers and acquisitions (“M&A”) advisory, capital markets advisory, shareholder advisory, restructuring and capital solutions, sovereign advisory, geopolitical advisory, capital raising and placement, and other strategic advisory matters, and
- Asset Management, which offers a broad range of global investment solutions and investment and wealth management services in equity and fixed income strategies, asset allocation 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, certain contingent obligations, and certain assets and liabilities associated with (i) Lazard Group’s Paris-based subsidiary, Lazard Frères Banque SA (“LFB”), and (ii) a special purpose acquisition company that was sponsored by an affiliate of the Company, Lazard Growth Acquisition Corp. I (“LGAC”).

**Basis of Presentation**

The accompanying condensed consolidated financial statements of Lazard Ltd 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 Ltd’s Annual Report on Form 10-K for the year ended December 31, 2022. The accompanying December 31, 2022 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 that 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 estimated 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 period ended March 31, 2023 are not indicative of the results to be expected for any future interim or annual period.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**  
**(UNAUDITED)**

**(dollars in thousands, except for per share data, unless otherwise noted)**

The condensed consolidated financial statements include Lazard Ltd and its subsidiaries including 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 Lazard Frères Gestion SAS ("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:

- Voting interest entities ("VOEs") where the Company holds a majority of the voting interest in such VOEs and
- Variable interest entities ("VIEs") where the Company is the primary beneficiary having the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses of, or receive benefits from, the VIE that could be potentially significant to the VIE (see Note 19).

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 either (i) applies the equity method of accounting in which it records a proportionate share of the entity's net earnings or (ii) elects the option to measure its investment at fair value.

Intercompany transactions and balances have been eliminated.

***Lazard Growth Acquisition Corp. I***

In February 2021, LGAC consummated its \$575,000 initial public offering (the "LGAC IPO"). LGAC is a dormant special purpose acquisition company, that was incorporated as a Cayman Islands exempted company for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses (a "Business Combination"). LGACo 1 LLC, a Delaware series limited liability company and the Company's subsidiary, was the sponsor of LGAC. LGAC is considered to be a VIE. The Company holds a controlling financial interest in LGAC through the sponsor's ownership of Class B founder shares of LGAC. As a result, both LGAC and the sponsor are consolidated in the Company's financial statements.

The proceeds from the LGAC IPO of \$575,000 were held in a trust account, until the earlier of: (i) the completion of a Business Combination and (ii) the distribution of the funds in the trust account to the LGAC shareholders in connection with the redemption of LGAC's Class A ordinary shares, subject to certain conditions. The cash held in the trust account was recorded in "restricted cash" on the condensed consolidated statements of financial condition as of December 31, 2022.

Transaction costs, which consisted of a net underwriting fee of \$8,500, \$20,125 of non-cash deferred underwriting fees (included in "other liabilities" on the condensed consolidated statements of financial condition as of December 31, 2022) and \$852 of other offering costs, were charged against the gross proceeds of the LGAC IPO.

"Redeemable noncontrolling interests" of \$583,471 associated with the publicly held LGAC Class A ordinary shares were recorded on the Company's condensed consolidated statements of financial condition as of December 31, 2022 at redemption value and classified as temporary equity. Changes in redemption value are recognized immediately as they occur and will adjust the carrying value of redeemable noncontrolling interests to equal the redemption value at the end of each reporting period. Increases or decreases in the carrying amount of redeemable noncontrolling interests shall be affected by credits or charges to additional paid-in-capital and noncontrolling interests attributable to certain members of LGACo 1 LLC based on pro rata ownership.

The warrants exercisable for LGAC Class A ordinary shares that were issued in connection with the LGAC IPO (the "LGAC Warrants") meet the definition of a liability under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 815 and were classified as derivative liabilities which were remeasured at fair value at each balance sheet date until exercised, with changes in fair value reported to earnings. See Note 6.

On February 23, 2023, LGAC redeemed all of its outstanding publicly held Class A ordinary shares as a result of LGAC not consummating a Business Combination within the time period required by its amended and restated memorandum and articles of association resulting in the distribution of \$585,891 of the cash held in the trust account to the LGAC shareholders. The Company recognized \$17,929 of losses on the liquidation of LGAC in "revenue-other" on the condensed consolidated statement of operations for the three month period ended March 31, 2023. In addition, the \$20,125 of non-cash deferred underwriting fees noted above was no longer probable of being incurred and therefore was reversed from other liabilities to additional paid-in-capital. There were no redemption rights or liquidating distributions with respect to the LGAC warrants.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(UNAUDITED)

(dollars in thousands, except for per share data, unless otherwise noted)

## 2. REVENUE RECOGNITION

The Company disaggregates revenue based on its business segment results and believes that the following information provides a reasonable representation of how performance obligations relate to the nature, amount, timing and uncertainty of revenue and cash flows:

	Three Months Ended March 31,	
	2023	2022
<b>Net Revenue:</b>		
<b>Financial Advisory (a)</b>	\$ 277,574	\$ 390,215
<b>Asset Management:</b>		
Management fees and other (b)	\$ 278,598	\$ 313,336
Incentive fees (c)	5,446	25,165
<b>Total Asset Management</b>	<b>\$ 284,044</b>	<b>\$ 338,501</b>

(a) Financial Advisory is comprised of a wide array of financial advisory services regarding M&A advisory, capital markets advisory, shareholder advisory, restructuring and capital solutions, sovereign advisory, geopolitical advisory, capital raising and placement, and other strategic advisory work for clients. The benefits of these advisory services are generally transferred to the Company's clients over time, and consideration for these advisory services typically includes transaction completion, transaction announcement and retainer fees. Retainer fees are generally fixed and recognized over the period in which the advisory services are performed. However, transaction announcement and transaction completion fees are variable and subject to constraints, and they are typically not recognized until there is an announcement date or a completion date, respectively, due to the uncertainty associated with those events. Therefore, in any given period, advisory fees recognized for certain transactions may relate to services performed in prior periods. The advisory fees that may be unrecognized as of the end of a reporting period, primarily comprised of fees associated with transaction announcements and transaction completions, generally remain unrecognized due to the uncertainty associated with those events.

(b) Management fees and other is primarily comprised of management services. The benefits of these management services are transferred to the Company's clients over time. Consideration for these management services generally includes management fees, which are based on assets under management and recognized over the period in which the management services are performed. The selling or distribution of fund interests is a separate performance obligation within management fees and other, and the benefits of such services are transferred to the Company's clients at the point in time that such fund interests are sold or distributed.

(c) Incentive fees is primarily comprised of management services. The benefits of these management services are transferred to the Company's clients over time. Consideration for these management services is generally variable and includes performance or incentive fees. The fees allocated to these management services that are unrecognized as of the end of the reporting period are generally amounts that are subject to constraints due to the uncertainty associated with performance targets and clawbacks.

In addition to the above, contracts with clients include trade-based commission income, which is recognized at the point in time of execution and presented within other revenue. Such income may be earned by providing trade facilitation, execution, clearance and settlement, custody, and trade administration services to clients.

With regard to the disclosure requirement for remaining performance obligations, the Company elected the practical expedients permitted in the guidance to (i) exclude contracts with a duration of one year or less; and (ii) exclude variable consideration, such as transaction completion and transaction announcement fees, that is allocated entirely to unsatisfied performance obligations. Excluded variable consideration typically relates to contracts with a duration of one year or less, and is generally constrained due to

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(UNAUDITED)

(dollars in thousands, except for per share data, unless otherwise noted)

uncertainties. Therefore, when applying the practical expedients, amounts related to remaining performance obligations are not material to the Company's financial statements.

### 3. RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES

The Company's receivables represent fee receivables, amounts due from customers and other receivables. Where applicable, receivables are stated net of an estimated allowance for credit losses determined in accordance with the current expected credit losses ("CECL") model, for general credit risk of the overall portfolio and for specific accounts deemed uncollectible, which may include situations where a fee is in dispute.

Activity in the allowance for credit losses for the three month periods ended March 31, 2023 and 2022 was as follows:

	Three Months Ended March 31,	
	2023	2022
Beginning Balance	\$ 17,738	\$ 33,957
Bad debt expense, net of reversals	7,825	519
Charge-offs, foreign currency translation and other adjustments	(634)	(663)
Ending Balance	<u>\$ 24,929</u>	<u>\$ 33,813</u>

Bad debt expense, net of reversals represents the current period provision of expected credit losses and is included in "operating expenses—other" on the condensed consolidated statements of operations.

Of the Company's fee receivables at March 31, 2023 and December 31, 2022, \$96,611 and \$97,964, respectively, represented financing receivables for our Private Capital Advisory fees.

At March 31, 2023 and December 31, 2022, customers and other receivables included \$128,666 and \$128,890, respectively, of customer loans, which are fully collateralized and closely monitored for counterparty creditworthiness, with such collateral having a fair value in excess of the carrying amount of the loans as of March 31, 2023 and December 31, 2022.

The aggregate carrying amount of other fees and customers and other receivables was \$472,850 and \$425,904 at March 31, 2023 and December 31, 2022, respectively.

The allowance for credit losses is substantially all related to M&A and Restructuring fee receivables and other receivables.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**  
**(UNAUDITED)**

**(dollars in thousands, except for per share data, unless otherwise noted)**

**4. INVESTMENTS**

The Company's investments and securities sold, not yet purchased, consist of the following at March 31, 2023 and December 31, 2022:

	March 31, 2023	December 31, 2022
Debt	\$ 4,116	\$ -
Equities	52,088	43,889
Funds:		
Alternative investments (a)	70,233	56,947
Debt (a)	205,701	178,556
Equity (a)	358,202	350,282
Private equity	51,528	53,822
	685,664	639,607
Investments, at fair value	741,868	683,496
Equity method investments	-	15,481
Total investments	\$ 741,868	\$ 698,977
Securities sold, not yet purchased, at fair value (included in "other liabilities")	\$ 4,106	\$ 4,651

(a) Interests in alternative investment funds, debt funds and equity funds include investments, including those held by LFI Consolidated Funds (see Note 19), with fair values of \$27,038, \$176,210 and \$294,278, respectively, at March 31, 2023 and \$24,137, \$142,632 and \$266,528, respectively, at December 31, 2022, held in order to satisfy the Company's obligation 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).

Debt primarily consists of U.S. Treasury securities with original maturities of greater than three months and less than one year.

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, funds of funds and mutual funds. Such amounts primarily consist of seed investments in funds related to our Asset Management business, and amounts related to LFI discussed above.

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 Lazard-managed debt fund.

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) Edgewater Growth Capital Partners III, L.P. ("EGCP III"), a fund primarily making equity and buyout investments in middle market companies, (ii) a fund targeting significant noncontrolling-stake investments in established private companies and (iii) a seed investment in a fund related to our Asset Management business that invests in sustainable private infrastructure opportunities.

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").

Equity method investments represent certain partnership interests accounted for under the equity method of accounting.



## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(UNAUDITED)

(dollars in thousands, except for per share data, unless otherwise noted)

During the three month periods ended March 31, 2023 and 2022, the Company reported in “revenue-other” on its condensed consolidated statements of operations net unrealized investment gains and losses pertaining to equity securities and trading debt securities still held as of the reporting date as follows:

	Three Months Ended March 31,	
	2023	2022
Net unrealized investment gains (losses)	\$ 24,787	\$ (40,867)

## 5. FAIR VALUE MEASUREMENTS

**Fair Value Hierarchy of Investments and Certain Other Assets and Liabilities**—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, or (ii) 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.

The fair value of debt is classified as Level 1 when the fair values are based on unadjusted quoted prices in active markets.

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 interests in private companies are generally classified as Level 3.

The fair value of investments in alternative investment funds, debt funds and equity funds is classified as Level 1 when the fair values are based on the publicly reported closing price for the fund.

The fair value of investments in certain private equity funds is classified as Level 3 for (i) certain investments that are valued based on the potential transaction value and (ii) when the acquisition price is considered the best measure of fair value.

The fair value of securities sold, not yet purchased, is classified as Level 1 when the fair values are based on unadjusted quoted prices in active markets.

The fair value of the contingent consideration liability is classified as Level 3 and the fair value of the liability is remeasured at each reporting period. The inputs used to derive the fair value of the contingent consideration include the application of probabilities when assessing certain performance thresholds for the relevant periods. Any change in the fair value is recognized in “amortization and other acquisition-related costs” in the condensed consolidated statement of operations. Our business acquisitions may involve the potential payment of contingent consideration upon the achievement of certain performance thresholds. The contingent consideration liability is initially recorded at fair value of the contingent payments on the acquisition date and is included in “other liabilities” on the condensed consolidated statements of financial condition.

The fair value of derivatives entered into by the Company and classified as Level 1 is based on the listed market price of such instruments. The fair value of derivatives entered into by the Company and classified as Level 2 is 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 value of the related underlying equity security, financial instrument or index and a

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**  
**(UNAUDITED)**

**(dollars in thousands, except for per share data, unless otherwise noted)**

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.

**Investments Measured at Net Asset Value (“NAV”)**—As a practical expedient, the Company uses NAV or its equivalent to measure the fair value of certain investments. NAV is primarily determined based on information provided by external fund administrators. The Company’s investments valued at NAV as a practical expedient in (i) alternative investment funds, debt funds and equity funds are redeemable in the near term, and (ii) private equity funds are not redeemable in the near term as a result of redemption restrictions.

The following tables present, as of March 31, 2023 and December 31, 2022, the classification of (i) investments and certain other assets and liabilities measured at fair value on a recurring basis within the fair value hierarchy and (ii) investments measured at NAV or its equivalent as a practical expedient:

	March 31, 2023				
	Level 1	Level 2	Level 3	NAV	Total
<b>Assets:</b>					
Investments:					
Debt	\$ 4,116	\$ -	\$ -	\$ -	\$ 4,116
Equities	51,454	-	634	-	52,088
Funds:					
Alternative investments	28,066	-	-	42,167	70,233
Debt	205,696	-	-	5	205,701
Equity	358,160	-	-	42	358,202
Private equity	-	-	19,139	32,389	51,528
Derivatives	-	3,991	-	-	3,991
Total	<u>\$ 647,492</u>	<u>\$ 3,991</u>	<u>\$ 19,773</u>	<u>\$ 74,603</u>	<u>\$ 745,859</u>
<b>Liabilities:</b>					
Securities sold, not yet purchased	\$ 4,106	\$ -	\$ -	\$ -	\$ 4,106
Contingent consideration liability	-	-	6,342	-	6,342
Derivatives	-	368,452	-	-	368,452
Total	<u>\$ 4,106</u>	<u>\$ 368,452</u>	<u>\$ 6,342</u>	<u>\$ -</u>	<u>\$ 378,900</u>

	December 31, 2022				
	Level 1	Level 2	Level 3	NAV	Total
<b>Assets:</b>					
Investments:					
Equities	\$ 43,243	\$ -	\$ 646	\$ -	\$ 43,889
Funds:					
Alternative investments	27,073	-	-	29,874	56,947
Debt	178,552	-	-	4	178,556
Equity	350,242	-	-	40	350,282
Private equity	-	-	18,772	35,050	53,822
Derivatives	-	14,554	-	-	14,554
Total	<u>\$ 599,110</u>	<u>\$ 14,554</u>	<u>\$ 19,418</u>	<u>\$ 64,968</u>	<u>\$ 698,050</u>
<b>Liabilities:</b>					
Securities sold, not yet purchased	\$ 4,651	\$ -	\$ -	\$ -	\$ 4,651
Derivatives	115	327,045	-	-	327,160
Total	<u>\$ 4,766</u>	<u>\$ 327,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 331,811</u>

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**  
**(UNAUDITED)**

**(dollars in thousands, except for per share data, unless otherwise noted)**

The following tables provide a summary of changes in fair value of the Company's Level 3 assets and liabilities for the three month periods ended March 31, 2023 and 2022:

	Three Months Ended March 31, 2023					
	Beginning Balance	Net Unrealized/Realized Gains/Losses Included In Earnings (a)	Purchases/Acquisitions/Issuances	Sales/Settlements	Foreign Currency Translation Adjustments	Ending Balance
<b>Assets:</b>						
<b>Investments:</b>						
Equities	\$ 646	\$ 1	\$ -	\$ -	\$ (13)	\$ 634
Private equity funds	18,772	-	-	-	367	19,139
<b>Total Level 3 assets</b>	<b>\$ 19,418</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 354</b>	<b>\$ 19,773</b>
<b>Liabilities:</b>						
Contingent consideration liability	\$ -	\$ 33	\$ 7,754	\$ (1,445)	\$ -	\$ 6,342
<b>Total Level 3 liabilities</b>	<b>\$ -</b>	<b>\$ 33</b>	<b>\$ 7,754</b>	<b>\$ (1,445)</b>	<b>\$ -</b>	<b>\$ 6,342</b>

	Three Months Ended March 31, 2022					
	Beginning Balance	Net Unrealized/Realized Gains/Losses Included In Earnings (a)	Purchases/Issuances	Sales/Settlements	Foreign Currency Translation Adjustments	Ending Balance
<b>Assets:</b>						
<b>Investments:</b>						
Equities	\$ 578	\$ 7	\$ -	\$ -	\$ (10)	\$ 575
Private equity funds	293	-	-	(13)	(6)	274
<b>Total Level 3 assets</b>	<b>\$ 871</b>	<b>\$ 7</b>	<b>\$ -</b>	<b>\$ (13)</b>	<b>\$ (16)</b>	<b>\$ 849</b>

(a) Earnings recorded in "other revenue" for investments in Level 3 assets for the three month periods ended March 31, 2023 and 2022 include net unrealized gains of \$1 and \$7, respectively. Unrealized losses of \$33 were recorded in "amortization and other acquisition-related costs" for the contingent consideration liability for the three month period ended March 31, 2023.

There were no transfers into or out of Level 3 within the fair value hierarchy during the three month periods ended March 31, 2023 and 2022.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**  
**(UNAUDITED)**

**(dollars in thousands, except for per share data, unless otherwise noted)**

The following tables present, at March 31, 2023 and December 31, 2022, certain investments that are valued using NAV or its equivalent as a practical expedient in determining fair value:

	March 31, 2023			Investments Redeemable	
	Fair Value	Unfunded Commitments	% of Fair Value Not Redeemable	Redemption Frequency	Redemption Notice Period
<b>Alternative investment funds:</b>					
Hedge funds	\$ 41,526	\$ -	NA	(a)	30-60 days
Other	641	-	NA	(b)	<30-30 days
Debt funds	5	-	NA	(c)	<30 days
Equity funds	42	-	NA	(d)	<30-60 days
<b>Private equity funds:</b>					
Equity growth	32,389	5,455 (e)	100% (f)	NA	NA
<b>Total</b>	<b>\$ 74,603</b>	<b>\$ 5,455</b>			

(a) monthly (73%) and quarterly (27%)

(b) daily (5%) and monthly (95%)

(c) daily (100%)

(d) monthly (34%) and annually (66%)

(e) Unfunded commitments to private equity investments consolidated but not owned by Lazard of \$8,003 are excluded. Such commitments are required to be funded by capital contributions from noncontrolling interest holders.

(f) Distributions from each fund will be received as the underlying investments of the funds are liquidated.

	December 31, 2022			Investments Redeemable	
	Fair Value	Unfunded Commitments	% of Fair Value Not Redeemable	Redemption Frequency	Redemption Notice Period
<b>Alternative investment funds:</b>					
Hedge funds	\$ 29,259	\$ -	NA	(a)	30-60 days
Other	615	-	NA	(b)	<30-30 days
Debt funds	4	-	NA	(c)	<30 days
Equity funds	40	-	NA	(d)	<30-60 days
<b>Private equity funds:</b>					
Equity growth	35,050	5,455 (e)	100% (f)	NA	NA
<b>Total</b>	<b>\$ 64,968</b>	<b>\$ 5,455</b>			

(a) monthly (68%) and quarterly (32%)

(b) daily (5%) and monthly (95%)

(c) daily (100%)

(d) monthly (35%) and annually (65%)

(e) Unfunded commitments to private equity investments consolidated but not owned by Lazard of \$8,003 are excluded. Such commitments are required to be funded by capital contributions from noncontrolling interest holders.

(f) Distributions from each fund will be received as the underlying investments of the funds are liquidated.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**  
**(UNAUDITED)**

**(dollars in thousands, except for per share data, unless otherwise noted)**

**Investment Capital Funding Commitments**—At March 31, 2023, the Company’s maximum unfunded commitments for capital contributions to investment funds primarily arose from commitments to EGCP III, which amounted to \$5,093. The investment period for EGCP III ended on October 12, 2016, after which point the Company’s obligation to fund capital contributions for new investments in EGCP III expired. The Company remains obligated until October 12, 2023 (or any earlier liquidation of EGCP III) to make capital contributions necessary to fund follow-on investments and to pay for fund expenses.

**6. DERIVATIVES**

The tables below present the fair value of the Company’s derivative instruments reported within “other assets” and “other liabilities” and the fair value of the Company’s derivative liabilities relating to its obligations pertaining to LFI and other similar deferred compensation arrangements reported within “accrued compensation and benefits” (see Note 12) on the accompanying condensed consolidated statements of financial condition as of March 31, 2023 and December 31, 2022. Notional amounts provide an indication of the volume of the Company’s derivative activity.

Derivative assets and liabilities, as well as the related cash collateral from the same counterparty, have been netted on the condensed consolidated statements of financial condition where the Company has obtained an appropriate legal opinion with respect to the master netting agreement. Where such a legal opinion has not been either sought or obtained, amounts are not eligible for netting on the condensed consolidated statements of financial condition, and those derivative assets and liabilities are shown separately in the table below.

In addition to the cash collateral received and transferred that is presented on a net basis with derivative assets and liabilities, the Company receives and transfers additional securities and cash collateral. These amounts mitigate counterparty credit risk associated with the Company’s derivative instruments, but are not eligible for net presentation on the condensed consolidated statements of financial condition.

	March 31, 2023			
	Derivative Assets		Derivative Liabilities	
	Fair Value	Notional	Fair Value	Notional
Forward foreign currency exchange rate contracts	\$ 1,980	\$ 200,158	\$ 1,489	\$ 232,388
Total return swaps and other	3,329	70,243	747	74,890
LFI and other similar deferred compensation arrangements	-	-	367,534	389,040
Total gross derivatives	5,309	\$ 270,401	369,770	\$ 696,318
Counterparty and cash collateral netting:				
Forward foreign currency exchange rate contracts	(575)		(575)	
Total return swaps and other	(743)		(743)	
Net derivatives in "other assets" and "other liabilities"	3,991		368,452	
Amounts not netted (a):				
Cash collateral	(581)		-	
Securities collateral	-		-	
	\$ 3,410		\$ 368,452	

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(UNAUDITED)

(dollars in thousands, except for per share data, unless otherwise noted)

	December 31, 2022			
	Derivative Assets		Derivative Liabilities	
	Fair Value	Notional	Fair Value	Notional
Forward foreign currency exchange rate contracts	\$ 1,356	\$ 170,103	\$ 921	\$ 128,098
Total return swaps and other	13,427	155,026	72	1,398
LGAC Warrants	-	-	115	11,500
LFI and other similar deferred compensation arrangements	-	-	326,282	338,126
Total gross derivatives	14,783	\$ 325,129	327,390	\$ 479,122
Counterparty and cash collateral netting:				
Forward foreign currency exchange rate contracts	(157)		(158)	
Total return swaps and other	(72)		(72)	
Net derivatives in "other assets" and "other liabilities"	14,554		327,160	
Amounts not netted (a):				
Cash collateral	-		-	
Securities collateral	-		-	
	\$ 14,554		\$ 327,160	

(a) Amounts are subject to master netting arrangements but do not meet the criteria for netting on the condensed consolidated statements of financial condition under U.S. GAAP. For some counterparties, the collateral amounts of securities and cash collateral pledged may exceed the derivative assets and derivative liabilities balances. Where this is the case, the total amount reported is limited to the net derivative assets and net derivative liabilities balances with that counterparty.

Net gains (losses) with respect to derivative instruments (included 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 periods ended March 31, 2023 and 2022, were as follows:

	Three Months Ended March 31,	
	2023	2022
Forward foreign currency exchange rate contracts	\$ 94	\$ 1,906
LFI and other similar deferred compensation arrangements	(16,453)	14,323
LGAC Warrants	115	3,910
Total return swaps and other	(6,410)	6,188
Total	\$ (22,654)	\$ 26,327

See Note 1 for additional information on LGAC Warrants.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(UNAUDITED)

(dollars in thousands, except for per share data, unless otherwise noted)

**7. PROPERTY, NET**

At March 31, 2023 and December 31, 2022, property consisted of the following:

	Estimated Depreciable Life in Years	March 31, 2023	December 31, 2022
Buildings	33	\$ 141,428	\$ 135,103
Leasehold improvements	3-20	253,886	208,323
Furniture and equipment	3-10	239,857	236,194
Construction in progress		12,656	65,562
Total		647,827	645,182
Less - Accumulated depreciation and amortization		402,142	395,109
Property, net		<u>\$ 245,685</u>	<u>\$ 250,073</u>

**8. GOODWILL AND OTHER INTANGIBLE ASSETS**

The components of goodwill and other intangible assets at March 31, 2023 and December 31, 2022 are presented below:

	March 31, 2023	December 31, 2022
Goodwill	\$ 394,185	\$ 377,240
Other intangible assets (net of accumulated amortization)	75	90
	<u>\$ 394,260</u>	<u>\$ 377,330</u>

At March 31, 2023 and December 31, 2022, goodwill of \$312,938 and \$312,699, respectively, was attributable to the Company's Financial Advisory segment and, goodwill of \$81,247 and \$64,541, respectively, was attributable to the Company's Asset Management segment.

Changes in the carrying amount of goodwill for the three month periods ended March 31, 2023 and 2022 are as follows:

	March 31,	
	2023	2022
Balance, January 1	\$ 377,240	\$ 379,421
Acquisition of business	16,706	-
Foreign currency translation adjustments	239	59
Balance, March 31	<u>\$ 394,185</u>	<u>\$ 379,480</u>

The acquisition in the three month period ended March 31, 2023 was attributable to the Company's Asset Management segment. All other changes in the carrying amount of goodwill for the three month periods ended March 31, 2023 and 2022 are attributable to the Company's Financial Advisory segment.

Amortization expense of intangible assets, included in "amortization and other acquisition-related costs" in the condensed consolidated statements of operations, for both three month periods ended March 31, 2023 and 2022 was \$15.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**  
**(UNAUDITED)**

**(dollars in thousands, except for per share data, unless otherwise noted)**

**9. SENIOR DEBT**

Senior debt is comprised of the following as of March 31, 2023 and December 31, 2022:

	Initial Principal Amount	Maturity Date	Annual Interest Rate(a)	Outstanding as of					
				March 31, 2023			December 31, 2022		
				Principal	Unamortized Debt Costs	Carrying Value	Principal	Unamortized Debt Costs	Carrying Value
Lazard Group 2025 Senior Notes	\$ 400,000	2/13/25	3.75%	\$ 400,000	\$ 885	\$ 399,115	\$ 400,000	\$ 1,003	\$ 398,997
Lazard Group 2027 Senior Notes	300,000	3/1/27	3.625%	300,000	1,528	298,472	300,000	1,625	298,375
Lazard Group 2028 Senior Notes	500,000	9/19/28	4.50%	500,000	4,651	495,349	500,000	4,864	495,136
Lazard Group 2029 Senior Notes	500,000	3/11/29	4.375%	500,000	4,601	495,399	500,000	4,794	495,206
<b>Total</b>				<b>\$ 1,700,000</b>	<b>\$ 11,665</b>	<b>\$ 1,688,335</b>	<b>\$ 1,700,000</b>	<b>\$ 12,286</b>	<b>\$ 1,687,714</b>

(a) The effective interest rates of Lazard Group's 3.75% senior notes due February 13, 2025 (the "2025 Notes"), Lazard Group's 3.625% senior notes due March 1, 2027 (the "2027 Notes"), Lazard Group's 4.50% senior notes due September 19, 2028 (the "2028 Notes") and Lazard Group's 4.375% senior notes due March 11, 2029 (the "2029 Notes") are 3.87%, 3.76%, 4.67% and 4.53%, respectively.

The Company's senior debt at March 31, 2023 and December 31, 2022 is carried at their principal balances outstanding, net of unamortized debt costs. At those dates, the fair value of such senior debt was approximately \$1,626,000 and \$1,602,000, 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.

On July 22, 2020, Lazard Group entered into an Amended and Restated Credit Agreement with a group of lenders for a three-year, \$200,000 senior revolving credit facility expiring in July 2023 (the "Amended and Restated Credit Agreement"). Borrowings under the Amended and Restated Credit Agreement generally will bear interest at LIBOR plus an applicable margin for specific interest periods determined based on Lazard Group's highest credit rating from an internationally recognized credit agency. The Amended and Restated Credit Agreement contains certain covenants, events of default and other customary provisions, including customary LIBOR-replacement mechanics. At March 31, 2023 and December 31, 2022, no amounts were outstanding under the Amended and Restated Credit Agreement.

As of March 31, 2023, the Company had approximately \$209,200 in unused lines of credit available to it, including the credit facility provided under the Amended and Restated Credit Agreement.

The Amended and Restated Credit Agreement and 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 March 31, 2023, the Company was in compliance with such provisions. All of the Company's senior debt obligations are unsecured.

**10. COMMITMENTS AND CONTINGENCIES**

**Other Commitments**—The Company has various other contractual commitments arising in the ordinary course of business. In addition, from time to time, LFB and LFNy may enter into underwriting commitments in which it will participate as an underwriter. At March 31, 2023, LFB and LFNy had no such underwriting commitments.

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



## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(UNAUDITED)

(dollars in thousands, except for per share data, unless otherwise noted)

The fulfillment of the commitments described herein should 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, governmental, 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 may experience 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 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. STOCKHOLDERS' EQUITY AND REDEEMABLE NONCONTROLLING INTERESTS

**Share Repurchase Program**—Since 2021 and through the three month period ended March 31, 2023, the Board of Directors of Lazard authorized the repurchase of Lazard Ltd Class A common stock ("common stock"), the only class of common stock of Lazard outstanding as set forth in the table below:

<u>Date</u>	<u>Repurchase Authorization</u>	<u>Expiration</u>
April 2021	\$ 300,000	December 31, 2022
February 2022	\$ 300,000	December 31, 2024
July 2022	\$ 500,000	December 31, 2024

The Company expects that the share repurchase program will continue to be used to offset a portion of the shares that have been or will be issued under the Lazard Ltd 2008 Incentive Compensation Plan (the "2008 Plan") and the Lazard Ltd 2018 Incentive Compensation Plan, as amended (the "2018 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 period to period due to a variety of factors. Purchases with respect to such program are set forth in the table below:

<u>Three Months Ended March 31:</u>	<u>Number of Shares Purchased</u>	<u>Average Price Per Share</u>
2022	4,717,821	\$ 37.26
2023	2,692,161	\$ 36.75

During the three month periods ended March 31, 2023 and 2022, certain of our executive officers received common stock in connection with the vesting or settlement of previously-granted deferred equity incentive awards. The vesting or settlement of such equity awards gave rise to a tax payable by the executive officers, and, consistent with our past practice, the Company purchased shares of common stock from certain of our executive officers equal in value to all or a portion of the estimated amount of such tax. In addition, during the three month period ended March 31, 2023, the Company purchased shares of common stock from certain of our executive officers. There were no such purchases (other than for taxes) during the three month period ended March 31, 2022. The aggregate value of all such purchases during the three month periods ended March 31, 2023 and 2022 was approximately \$11,100 and \$11,500, respectively. Such shares of common stock are reported at cost.

As of March 31, 2023, a total of \$203,220 of share repurchase authorization remained available under Lazard Ltd's share repurchase program, which authorization will expire on December 31, 2024.

During the three month period ended March 31, 2023, Lazard Ltd had in place trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), pursuant to which it effected stock repurchases in the open market.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**  
**(UNAUDITED)**

**(dollars in thousands, except for per share data, unless otherwise noted)**

**Preferred Stock**—Lazard Ltd has 15,000,000 authorized shares of preferred stock, par value \$0.01 per share, inclusive of its Series A and Series B preferred stock. Series A and Series B preferred shares were issued in connection with certain prior year business acquisitions and were each non-participating securities convertible into common stock, and had no voting or dividend rights. As of both March 31, 2023 and December 31, 2022, no shares of Series A or Series B preferred stock were outstanding.

**Accumulated Other Comprehensive Income (Loss) (“AOCI”), Net of Tax**—The tables below reflect the balances of each component of AOCI at March 31, 2023 and 2022 and activity during the three month periods then ended:

	Three Months Ended March 31, 2023				
	Currency Translation Adjustments	Employee Benefit Plans	Total AOCI	Amount Attributable to Noncontrolling Interests	Total Lazard Ltd AOCI
Balance, January 1, 2023	\$ (156,924)	\$ (138,930)	\$ (295,854)	\$ -	\$ (295,854)
Activity:					
Other comprehensive income (loss) before reclassifications	14,539	(2,801)	11,738	1	11,737
Adjustments for items reclassified to earnings, net of tax	-	1,160	1,160	-	1,160
Net other comprehensive income (loss)	14,539	(1,641)	12,898	1	12,897
Balance, March 31, 2023	\$ (142,385)	\$ (140,571)	\$ (282,956)	\$ 1	\$ (282,957)

	Three Months Ended March 31, 2022				
	Currency Translation Adjustments	Employee Benefit Plans	Total AOCI	Amount Attributable to Noncontrolling Interests	Total Lazard Ltd AOCI
Balance, January 1, 2022	\$ (92,178)	\$ (131,669)	\$ (223,847)	\$ -	\$ (223,847)
Activity:					
Other comprehensive income (loss) before reclassifications	(18,068)	3,439	(14,629)	(1)	(14,628)
Adjustments for items reclassified to earnings, net of tax	-	849	849	-	849
Net other comprehensive income (loss)	(18,068)	4,288	(13,780)	(1)	(13,779)
Balance, March 31, 2022	\$ (110,246)	\$ (127,381)	\$ (237,627)	\$ (1)	\$ (237,626)

The table below reflects adjustments for items reclassified out of AOCI, by component, for the three month periods ended March 31, 2023 and 2022:

	Three Months Ended March 31,	
	2023	2022
Employee benefit plans:		
Amortization relating to employee benefit plans (a)	\$ 1,536	\$ 1,116
Less - related income taxes	376	267
Total reclassifications, net of tax	\$ 1,160	\$ 849

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(UNAUDITED)

(dollars in thousands, except for per share data, unless otherwise noted)

(a) Included in the computation of net periodic benefit cost (see Note 13). Such amounts are included in “operating expenses—other” on the condensed consolidated statements of operations.

**Noncontrolling Interests**—Noncontrolling interests principally represent (i) interests held in Edgewater’s management vehicles that the Company is deemed to control, but does not own, (ii) profits interest participation rights (see Note 12), (iii) LGAC interests (see Note 1) and (iv) consolidated VIE interests held by employees (see Note 19).

The tables below summarize net income (loss) attributable to noncontrolling interests for the three month periods ended March 31, 2023 and 2022 and noncontrolling interests as of March 31, 2023 and December 31, 2022 in the Company’s condensed consolidated financial statements:

	Net Income (Loss) Attributable to Noncontrolling Interests	
	Three Months Ended March 31,	
	2023	2022
Edgewater	\$ 639	\$ 6,988
LFI Consolidated Funds	4,365	(2,751)
LGAC	1,968	2,860
Other	1	2
<b>Total</b>	<b>\$ 6,973</b>	<b>\$ 7,099</b>

	Noncontrolling Interests as of	
	March 31, 2023	December 31, 2022
Edgewater	\$ 43,280	\$ 44,681
Profits interest participation rights	13,690	10,792
LFI Consolidated Funds	-	74,164
LGAC	-	(10,714)
Other	13	13
<b>Total</b>	<b>\$ 56,983</b>	<b>\$ 118,936</b>

**Redeemable Noncontrolling Interests**—Redeemable noncontrolling interests principally represent LGAC interests as of December 31, 2022 (see Note 1) and consolidated VIE interests held by employees as of March 31, 2023 (see Note 19). Consolidated VIE interests held by employees (vested LFI awards), which may be redeemed at any time at the option of the holder for cash, are recorded on the Company’s condensed consolidated statements of financial position at redemption value and classified as temporary equity. Changes in redemption value are recognized immediately as they occur and will adjust the carrying value of redeemable noncontrolling interests to equal the redemption value at the end of each reporting period.

**Dividends Declared, April 26, 2023**—On, April 26, 2023, the Board of Directors of Lazard declared a quarterly dividend of \$0.50 per share on our common stock. The dividend is payable on May 19, 2023, to stockholders of record on May 8, 2023.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(UNAUDITED)

(dollars in thousands, except for per share data, unless otherwise noted)

## 12. INCENTIVE PLANS

*Share-Based Incentive Plan Awards*

A description of Lazard Ltd's 2018 Plan, 2008 Plan and 2005 Equity Incentive Plan (the "2005 Plan") and activity with respect thereto during the three month periods ended March 31, 2023 and 2022 is presented below.

*Shares Available Under the 2018 Plan, 2008 Plan and 2005 Plan*

The 2018 Plan became effective on April 24, 2018 and was amended on April 29, 2021 to increase the aggregate number of shares authorized for issuance under the 2018 Plan by 20,000,000 shares. The 2018 Plan replaced the 2008 Plan, which was terminated on April 24, 2018. The 2018 Plan originally authorized issuance of up to 30,000,000 shares of common stock, plus any shares of common stock that were subject to outstanding awards under the 2008 Plan as of March 14, 2018 that are forfeited, canceled or settled in cash following April 24, 2018, which was the date that the 2018 Plan was approved by our shareholders. Such shares may be issued pursuant to the grant or exercise of stock options, stock appreciation rights, restricted stock units ("RSUs"), performance-based restricted stock units ("PRSUs"), restricted stock awards ("RSAs"), profits interest participation rights, including performance-based restricted participation units ("PRPUs"), and other share-based awards.

The 2008 Plan authorized the issuance of shares of common stock pursuant to the grant or exercise of stock options, stock appreciation rights, RSUs, PRSUs and other share-based awards. Under the 2008 Plan, the maximum number of shares available was based on a formula that limited the aggregate number of shares that could, at any time, be subject to awards that were considered "outstanding" under the 2008 Plan to 30% of the then-outstanding shares of common stock. The 2008 Plan was terminated on April 24, 2018, and no additional awards have been or will be granted under the 2008 Plan after its termination, although outstanding deferred stock unit ("DSU") awards granted under the 2008 Plan before its termination continue to be subject to its terms.

The 2005 Plan authorized the issuance of up to 25,000,000 shares of common stock pursuant to the grant or exercise of stock options, stock appreciation rights, RSUs and other share-based awards. The 2005 Plan expired in the second quarter of 2015, although outstanding DSU awards granted under the 2005 Plan before its expiration continue to be subject to its terms.

The following reflects the amortization expense recorded with respect to share-based incentive plans within "compensation and benefits" expense (with respect to RSUs, PRSUs, RSAs and profits interest participation rights, including PRPUs) and "professional services" expense (with respect to DSUs) within the Company's accompanying condensed consolidated statements of operations for the three month periods ended March 31, 2023 and 2022:

	Three Months Ended March 31,	
	2023	2022
Share-based incentive awards:		
RSUs	\$ 43,576	\$ 26,659
PRSUs	789	245
RSAs	6,926	4,936
Profits interest participation rights	19,062	21,448
DSUs	181	149
Total	<u>\$ 70,534</u>	<u>\$ 53,437</u>

The ultimate amount of compensation and benefits expense relating to share-based awards is dependent upon the actual number of shares of common stock that vest. The Company periodically assesses the forfeiture rates used for such estimates, including as a result of any applicable performance conditions. A change in estimated forfeiture rates or performance results in a cumulative adjustment to 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 share-based incentive plans and awards are described below.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(UNAUDITED)

(dollars in thousands, except for per share data, unless otherwise noted)

**RSUs and DSUs**

RSUs generally require future service as a condition for the delivery of the underlying shares of common stock (unless the recipient is then eligible for retirement under the Company's retirement policy) and convert into shares of common stock on a one-for-one basis after the stipulated vesting periods. 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.

RSUs generally include a dividend participation right that provides that, during the applicable vesting period, each RSU is attributed additional RSUs equivalent to any dividends paid on common stock during such period. During the three month period ended March 31, 2023, dividend participation rights required the issuance of 169,034 RSUs and the associated charge to "retained earnings", net of estimated forfeitures (with corresponding credits to "additional paid-in-capital") was \$6,190.

Non-executive members of the Board of Directors ("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. 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 common stock at the time of cessation of service to the Board of Directors. DSUs include a cash dividend participation right equivalent to dividends paid on common stock.

Lazard Ltd'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 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 common stock on the date immediately preceding the date of the grant. During the three month period ended March 31, 2023, 4,774 DSUs 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 three month period ended March 31, 2023:

	RSUs		DSUs	
	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value
Balance, January 1, 2023	9,022,917	\$ 37.97	400,820	\$ 37.66
Granted (including 169,034 RSUs relating to dividend participation)	4,228,611	\$ 37.44	4,774	\$ 37.85
Forfeited	(10,572)	\$ 38.91	-	\$ -
Settled	(2,753,616)	\$ 42.55	-	\$ -
Balance, March 31, 2023	<u>10,487,340</u>	<u>\$ 36.55</u>	<u>405,594</u>	<u>\$ 37.66</u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(UNAUDITED)

(dollars in thousands, except for per share data, unless otherwise noted)

The weighted-average grant date fair value of RSUs granted in the three month periods ended March 31, 2023 and 2022, was \$37.44 and \$33.09, respectively. The weighted-average grant date fair value of DSUs granted in the three month periods ended March 31, 2023 and 2022 was \$37.85 and \$37.95, respectively.

In connection with RSUs that settled during the three month period ended March 31, 2023, the Company satisfied its minimum statutory tax withholding requirements in lieu of delivering 1,094,533 shares of common stock during such three month period. Accordingly, 1,659,083 shares of common stock held by the Company were delivered during the three month period ended March 31, 2023.

As of March 31, 2023, estimated unrecognized RSU compensation expense was \$223,576, with such expense expected to be recognized over a weighted average period of approximately 1.0 years subsequent to March 31, 2023.

**RSAs**

The following is a summary of activity related to RSAs associated with compensation arrangements during the three month period ended March 31, 2023:

	RSAs	Weighted Average Grant Date Fair Value
Balance, January 1, 2023	1,266,424	\$ 36.99
Granted (including 25,258 relating to dividend participation)	600,922	\$ 37.75
Forfeited	(3,401)	\$ 41.41
Settled	(297,142)	\$ 42.95
Balance, March 31, 2023	<u>1,566,803</u>	<u>\$ 36.14</u>

The weighted-average grant date fair value of RSAs granted in the three month periods ended March 31, 2023 and 2022 was \$37.75 and \$33.17, respectively.

In connection with RSAs that settled during the three month period ended March 31, 2023, the Company satisfied its minimum statutory tax withholding requirements in lieu of delivering 113,753 shares of common stock during such three month period. Accordingly, 183,389 shares of common stock held by the Company were delivered during the three month period ended March 31, 2023.

RSAs granted in 2023 generally include a dividend participation right that provides that during the applicable vesting period each RSA is attributed additional RSAs equivalent to any dividends paid on common stock during such period. During the three month period ended March 31, 2023, dividend participation rights required the issuance of 25,258 RSAs and the associated charge to "retained earnings", net of estimated forfeitures (with corresponding credits to "additional paid-in-capital") was \$929.

At March 31, 2023, estimated unrecognized RSAs expense was \$34,585, with such expense to be recognized over a weighted average period of approximately 1.0 years subsequent to March 31, 2023.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(UNAUDITED)

(dollars in thousands, except for per share data, unless otherwise noted)

**PRsUs**

PRsUs are RSUs that are subject to performance-based and service-based vesting conditions, and beginning with awards granted in February 2021, a market-based condition. The number of shares of common stock that a recipient will receive upon vesting of a PRsU will be calculated by reference to certain performance-based and market-based metrics that relate to Lazard Ltd's performance over a three-year period. The target number of shares of common stock subject to each PRsU is one; however, based on the achievement of both the performance-based and market-based criteria, the number of shares of common stock that may be received will range from zero to 2.4 times the target number. PRsUs will vest on a single date approximately three years following the date of the grant, provided the applicable service and performance conditions are satisfied. PRsUs include dividend participation rights that are subject to the same vesting restrictions (including performance criteria) as the underlying PRsUs to which they relate and are settled in cash at the same rate that dividends are paid on common stock.

The following is a summary of activity relating to PRsUs during the three month period ended March 31, 2023:

	PRsUs	Weighted Average Grant Date Fair Value
Balance, January 1, 2023	94,690	\$ 39.27
Balance, March 31, 2023	94,690	\$ 39.27

The weighted-average grant date fair value of PRsUs granted in the three month period ended March 31, 2022 was \$35.44.

Compensation expense recognized for PRsU awards is determined by multiplying the number of shares of 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 March 31, 2023, the total estimated unrecognized compensation expense was \$2,884, and the Company expects to amortize such expense over a weighted-average period of approximately 0.7 years subsequent to March 31, 2023.

**Profits Interest Participation Rights**

Profits interest participation rights are equity incentive awards that, subject to certain conditions, may be exchanged for shares of common stock pursuant to the 2018 Plan. Prior to 2023, the Company granted profits interest participation rights subject to service-based and performance-based vesting criteria and other conditions, and beginning in February 2021, incremental market-based vesting criteria, which we refer to as performance-based restricted participation units ("PRPUs"), to certain of our executive officers. The Company has also granted profits interest participation rights subject to service-based vesting criteria and other conditions, but not the performance-based and incremental market-based vesting criteria associated with PRPUs, to a limited number of other senior employees, including in March 2023 to certain of our executive officers. Profits interest participation rights generally provide for vesting approximately three years following the grant date, so long as applicable conditions have been satisfied.

Profits interest participation rights are a class of membership interests in Lazard Group that are intended to qualify as "profits interests" for U.S. federal income tax purposes, and are recorded as noncontrolling interests within stockholders' equity in the Company's condensed consolidated statements of financial condition until they are exchanged into common stock, at which time there is a reclassification to additional paid-in-capital. The profits interest participation rights generally allow the recipient to realize value only to the extent that both (i) the service-based vesting conditions and, if applicable, the performance-based and incremental market-based conditions, are satisfied, and (ii) an amount of economic appreciation in the assets of Lazard Group occurs as necessary to satisfy certain partnership tax rules (referred to as the "Minimum Value Condition") before the fifth anniversary of the grant date, otherwise the profits interest participation rights will be forfeited. Upon satisfaction of such conditions, profits interest participation rights that are in parity with the value of common stock will be exchanged on a one-for-one basis for shares of common stock. If forfeited based solely on failing to meet the Minimum Value Condition, the associated compensation expense would not be reversed. With regard to the profits interest participation rights granted in February 2020, the Minimum Value Condition was met during the year ended December 31, 2021. On March 8, 2023, the profits interest participation rights granted in February 2020, for which the Minimum Value Condition and other vesting conditions were satisfied, were exchanged on a one-for-one basis for shares of common stock.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**  
**(UNAUDITED)**

**(dollars in thousands, except for per share data, unless otherwise noted)**

Like outstanding RSUs and similar awards, profits interest participation rights are subject to continued employment and other conditions and restrictions and are forfeited if those conditions and restrictions are not fulfilled. More specifically, vesting of profits interest participation rights are subject to compliance with restrictive covenants including non-compete, non-solicitation of clients, no hire of employees and confidentiality, which are similar to those applicable to PRSUs and RSUs. In addition, profits interest participation rights must satisfy the Minimum Value Condition.

The number of shares of common stock that a recipient will receive upon the exchange of a PRPU award is calculated by reference to applicable performance-based conditions and, beginning with PRPUs granted in 2021, incremental market-based conditions and only result in value to the recipient to the extent the conditions are satisfied. The target number of shares of common stock subject to each PRPU is one. Based on the achievement of performance criteria, as determined by the Compensation Committee, the number of shares of common stock that may be received in connection with the PRPU awards granted prior to February 2021 will range from zero to two times the target number. For the PRPU awards granted beginning in February 2021, subject to both performance-based and incremental market-based criteria, the number of shares that may be received will range from zero to 2.4 times the target number. Unless applicable conditions are satisfied during the three year performance period, and the Minimum Value Condition is satisfied within five years following the grant date, all PRPUs will be forfeited, and the recipients will not be entitled to any such awards.

The performance metrics applicable to the PRPU awards granted prior to February 2021 were also evaluated on an annual basis at the end of each fiscal year during the performance period, and, if Lazard Ltd achieved a threshold level of performance with respect to the fiscal year, 25% of the target number of PRPUs were no longer at risk of forfeiture based on the achievement of performance criteria. Profits interest participation rights are allocated income, subject to vesting and settled in cash, in respect of dividends paid on common stock.

The following is a summary of activity relating to profits interest participation rights, including PRPUs, during the three month period ended March 31, 2023:

	Profits Interest Participation Rights	Weighted Average Grant Date Fair Value
Balance, January 1, 2023	4,131,628	\$ 40.15
Granted	1,238,074	\$ 35.94
Settled	<u>(1,521,620)</u>	\$ 42.17
Balance, March 31, 2023 (a)	<u>3,848,082</u>	\$ 38.00

(a) Table includes 1,474,002 PRPUs as of March 31, 2023. This includes 2,447,224 PRPUs as of January 1, 2023, net of 973,222 PRPUs settled during the three month period ended March 31, 2023. The balance as of March 31, 2023 reflects the target number of PRPUs granted in February 2021 and March 2022. There were no PRPUs granted during the three month period ended March 31, 2023. The weighted average grant date fair values for PRPUs and other profits interest participation rights outstanding as of January 1, 2023 were \$40.29 and \$39.96, respectively. The weighted average grant date fair values for other profits interest participation rights granted during the three month period ended March 31, 2023 was \$35.94. The weighted average grant date fair values for PRPUs and other profits interest participation rights settled during the three month period ended March 31, 2023 were \$41.76 and \$42.89, respectively. The weighted average grant date fair values for PRPUs and other profits interest participation rights outstanding as of March 31, 2023 were \$39.31 and \$37.19, respectively.

The weighted-average grant date fair value of profits interest participation rights granted in the three month periods ended March 31, 2023 and 2022 was \$35.94 and \$34.53, respectively. Compensation expense recognized for profits interest participation rights, including PRPUs, is determined by multiplying the number of shares of 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 March 31, 2023, the total estimated unrecognized compensation expense was \$52,715 and the Company expects to amortize such expense over a weighted-average period of approximately 0.8 years subsequent to March 31, 2023.



## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(UNAUDITED)

(dollars in thousands, except for per share data, unless otherwise noted)

**LFI and Other Similar Deferred Compensation Arrangements**

In connection with LFI and other similar deferred compensation arrangements, granted to eligible employees, 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.

The following is a summary of activity relating to LFI and other similar deferred compensation arrangements during the three month period ended March 31, 2023:

	Prepaid Compensation Asset	Compensation Liability
Balance, January 1, 2023	\$ 112,124	\$ 326,282
Granted	159,981	159,981
Settled	-	(137,633)
Forfeited	2,510	(1,018)
Amortization	(34,942)	-
Change in fair value related to:		
Change in fair value of underlying investments	-	16,453
Adjustment for estimated forfeitures	-	3,114
Other	72	355
Balance, March 31, 2023	<u>\$ 239,745</u>	<u>\$ 367,534</u>

The amortization of the prepaid compensation asset will generally be recognized over a weighted average period of approximately 1.0 years subsequent to March 31, 2023.

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 periods ended March 31, 2023 and 2022:

	Three Months Ended March 31,	
	2023	2022
Amortization, net of forfeitures	\$ 34,528	\$ 35,625
Change in the fair value of underlying investments	16,453	(14,323)
Total	<u>\$ 50,981</u>	<u>\$ 21,302</u>

**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”). The Company also offers defined contribution plans to its employees. The pension 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 for the service cost component, and “operating expenses—other” for the other components of benefit costs 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. Management also evaluates from time to time whether to make voluntary contributions to the plans.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**  
**(UNAUDITED)**

**(dollars in thousands, except for per share data, unless otherwise noted)**

The following table summarizes the components of net periodic benefit cost (credit) related to the Company's pension plans for the three month periods ended March 31, 2023 and 2022:

	<b>Pension Plans</b>	
	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Components of Net Periodic Benefit Cost (Credit):</b>		
Service cost	\$ 98	\$ 211
Interest cost	5,152	3,000
Expected return on plan assets	(5,816)	(6,624)
Amortization of:		
Prior service cost	26	29
Net actuarial loss	1,510	1,087
Settlement loss	759	436
<b>Net periodic benefit cost (credit)</b>	<b>\$ 1,729</b>	<b>\$ (1,861)</b>

#### **14. INCOME TAXES**

Lazard Ltd, through its subsidiaries, is subject to U.S. federal income taxes on all of its U.S. operating income, as well as on the portion of non-U.S. income attributable to its U.S. subsidiaries. In addition, Lazard Ltd, through its subsidiaries, is subject to state and local taxes on its income apportioned to various state and local jurisdictions. 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.

The Company recorded an income tax benefit of \$21,725 and an income tax provision of \$38,753 for the three month periods ended March 31, 2023 and 2022, respectively, representing effective tax rates of 58.8% and 24.3%, respectively. The difference between the U.S. federal statutory rate of 21.0% and the effective tax rates reflected above principally relates to (i) the tax impact of differences in the value of share based incentive compensation and other discrete items, (ii) foreign source income (loss) not subject to U.S. income taxes (including interest on intercompany financings), (iii) taxes payable to foreign jurisdictions that are not offset against U.S. income taxes, (iv) change in the U.S. federal valuation allowance affecting the provision for income taxes and (v) U.S. state and local taxes, which are incremental to the U.S. federal statutory tax rate.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**  
**(UNAUDITED)**

**(dollars in thousands, except for per share data, unless otherwise noted)**

**15. NET INCOME PER SHARE OF COMMON STOCK**

The Company issued certain profits interest participation rights, including certain PRPUs, that the Company is required under U.S. GAAP to treat as participating securities and therefore the Company is required to utilize the “two-class” method of computing basic and diluted net income per share.

The Company’s basic and diluted net income per share calculations using the “two-class” method for the three month periods ended March 31, 2023 and 2022 are presented below:

	Three Months Ended March 31,	
	2023	2022
Net income attributable to Lazard Ltd	\$ (22,172)	\$ 113,876
Add - adjustment for earnings attributable to participating securities	(1,125)	(1,733)
Net income attributable to Lazard Ltd - basic	(23,297)	112,143
Add - adjustment for earnings attributable to participating securities	-	1,129
Net income attributable to Lazard Ltd - diluted	\$ (23,297)	\$ 113,272
Weighted average number of shares of common stock outstanding	85,734,443	100,634,720
Add - adjustment for shares of common stock issuable on a non-contingent basis	1,857,409	1,912,557
Weighted average number of shares of common stock outstanding - basic	87,591,852	102,547,277
Add - dilutive effect, as applicable, of:		
Weighted average number of incremental shares of common stock issuable from share-based incentive compensation	-	5,639,365
Weighted average number of shares of common stock outstanding - diluted	87,591,852	108,186,642
Net income attributable to Lazard Ltd per share of common stock:		
Basic	\$ (0.27)	\$ 1.09
Diluted	\$ (0.27)	\$ 1.05

**16. RELATED PARTIES**

**Sponsored Funds**

The Company serves as an investment advisor for certain affiliated investment companies and fund entities and receives management fees and, for the alternative investment funds, performance-based incentive fees for providing such services. Investment advisory fees relating to such services were \$133,523 and \$164,371 for the three month periods ended March 31, 2023 and 2022, respectively, and are included in “asset management fees” on the condensed consolidated statements of operations. Of such amounts, \$58,596 and \$57,283 remained as receivables at March 31, 2023 and December 31, 2022, respectively, and are included in “fees receivable” on the condensed consolidated statements of financial condition.

**Tax Receivable Agreement**

The Second Amended and Restated Tax Receivable Agreement, dated as of October 26, 2015 (the “TRA”), between Lazard and LTBP Trust, a Delaware statutory trust (the “Trust”), provides for the payment by our subsidiaries to the Trust of (i) approximately 45% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize as a result of the increases in the tax basis of certain assets and of certain other tax benefits related to the TRA, and (ii) an amount that we currently expect will equal 85% of the cash tax savings that may arise from tax basis increases attributable to payments under the TRA. Our subsidiaries expect to benefit from the balance of cash savings, if any, in income tax that our subsidiaries realize from such tax basis increases. Any amount paid by our subsidiaries to the Trust will generally be distributed pro rata to the owners of the Trust, who include certain of our executive officers.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**  
**(UNAUDITED)**  
**(dollars in thousands, except for per share data, unless otherwise noted)**

For purposes of the TRA, cash savings in income and franchise tax will be computed by comparing our subsidiaries' actual income and franchise tax liability to the amount of such taxes that our subsidiaries would have been required to pay had there been no increase in the tax basis of certain assets of Lazard Group and had our subsidiaries not entered into the TRA. The term of the TRA will continue until approximately 2033 or, if earlier, until all relevant tax benefits have been utilized or expired.

The amount of the TRA liability is an undiscounted amount based upon current tax laws and the structure of the Company and various assumptions regarding potential future operating profitability. The assumptions reflected in the estimate involve significant judgment and if our structure or income assumptions were to change, we could be required to accelerate payments under the TRA. As such, the actual amount and timing of payments under the TRA could differ materially from our estimates. Any changes in the amount of the estimated liability would be recorded as a non-compensation expense in the condensed consolidated statement of operations. Adjustments, if necessary, to the related deferred tax assets would be recorded through the "provision (benefit) for income taxes".

Pursuant to the periodic revaluation of the TRA liability and the assumptions reflected in the estimate, the revaluation had the effect of reducing the estimated liability under the TRA. As a result, the Company recorded a "benefit pursuant to tax receivable agreement" of \$40,435 on the condensed consolidated statement of operations for the three month period ended March 31, 2023. In addition, the Company made a payment under the TRA in the three months ended March 31, 2023 of \$32,191.

The cumulative liability relating to our obligations under the TRA as of March 31, 2023 and December 31, 2022 was \$118,563 and \$191,189, respectively, and is recorded in "tax receivable agreement obligation" on the condensed consolidated statements of financial condition.

**Other**

See Note 11 for information regarding related party transactions pertaining to shares repurchased from certain of our executive officers.

**17. REGULATORY AUTHORITIES**

LFNY is a U.S. registered broker-dealer and is subject to the net capital requirements of Rule 15c3-1 under the Exchange Act. 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 \$5, whichever is greater. In addition, the ratio of aggregate indebtedness (as defined) to net capital may not exceed 15:1. At March 31, 2023, LFNY's regulatory net capital was \$48,294, which exceeded the minimum requirement by \$43,030. LFNY's aggregate indebtedness to net capital ratio was 1.63:1 as of March 31, 2023.

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 March 31, 2023, the aggregate regulatory net capital of the U.K. Subsidiaries was \$181,434, which exceeded the minimum requirement by \$122,490.

CFLF, under which asset management and commercial banking activities are carried out in France, is subject to regulation by the Autorité de Contrôle Prudentiel et de Résolution ("ACPR") for its banking activities conducted through its subsidiary, LFB. LFB, as a registered bank, is engaged primarily in commercial and private banking services for clients and funds managed by LFG (asset management) and other clients, and asset-liability management. The investment services activities exercised through LFB and other subsidiaries of CFLF, primarily LFG, also are subject to regulation and supervision by the Autorité des Marchés Financiers. At December 31, 2022, the consolidated regulatory net capital of CFLF was \$152,442, which exceeded the minimum requirement set for regulatory capital levels by \$74,403. 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 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 December 31, 2022, the regulatory net capital of the combined European regulated group was \$176,343, which exceeded the minimum requirement set for regulatory capital levels by \$89,905. Additionally, the combined European regulated group, together with our European Financial Advisory entities, is required to perform an annual risk assessment and provide

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**  
**(UNAUDITED)**  
**(dollars in thousands, except for per share data, unless otherwise noted)**

certain other information on a periodic basis, including financial reports and information relating to financial performance, balance sheet data and capital structure.

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 March 31, 2023, for those subsidiaries with regulatory capital requirements, their aggregate net capital was \$150,254, which exceeded the minimum required capital by \$123,459.

At March 31, 2023, each of these subsidiaries individually was in compliance with its regulatory capital requirements.

**18. 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. In addition, as described in Note 1, the Company records selected other activities in its Corporate segment.

The Company's segment information for the three month periods ended March 31, 2023 and 2022 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 records other revenue, 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.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**  
**(UNAUDITED)**

**(dollars in thousands, except for per share data, 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	
		March 31,	
		2023	2022
<b>Financial Advisory</b>	Net Revenue	\$ 277,574	\$ 390,215
	Operating Expenses	328,735	298,258
	Operating Income (Loss)	\$ (51,161)	\$ 91,957
<b>Asset Management</b>	Net Revenue	\$ 284,044	\$ 338,501
	Operating Expenses	248,051	241,516
	Operating Income	\$ 35,993	\$ 96,985
<b>Corporate</b>	Net Revenue (Loss)	\$ (19,182)	\$ (33,824)
	Operating Expenses (Credit)	2,574	(4,610)
	Operating Loss	\$ (21,756)	\$ (29,214)
<b>Total</b>	Net Revenue	\$ 542,436	\$ 694,892
	Operating Expenses	579,360	535,164
	Operating Income (Loss)	\$ (36,924)	\$ 159,728

		As Of	
		March 31, 2023	December 31, 2022
<b>Total Assets</b>			
Financial Advisory		\$ 1,145,663	\$ 1,099,921
Asset Management		860,230	978,083
Corporate		2,561,624	3,774,557
<b>Total</b>		<b>\$ 4,567,517</b>	<b>\$ 5,852,561</b>

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**  
**(UNAUDITED)**

**(dollars in thousands, except for per share data, unless otherwise noted)**

**19. CONSOLIDATED VIEs**

The Company's consolidated VIEs as of March 31, 2023 and December 31, 2022 include LGAC (see Note 1) and certain funds ("LFI Consolidated Funds") that were established for the benefit of employees participating in the Company's existing LFI deferred compensation arrangement. Lazard invests in these funds and is the investment manager and is therefore deemed to have both the power to direct the most significant activities of the funds and the right to receive benefits (or the obligation to absorb losses) that could potentially be significant to these funds. The assets of LFI Consolidated Funds, except as it relates to \$131,672 and \$115,666 of LFI held by Lazard Group as of March 31, 2023 and December 31, 2022, respectively, can only be used to settle the obligations of LFI Consolidated Funds. The Company's consolidated VIE assets and liabilities for LFI Consolidated Funds as reflected in the condensed consolidated statements of financial condition consist of the following at March 31, 2023 and December 31, 2022.

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,907	\$ 3,644
Customers and other receivables	591	240
Investments	216,862	186,300
Other assets	385	622
Total assets	<u>\$ 221,745</u>	<u>\$ 190,806</u>
<b>LIABILITIES</b>		
Deposits and other customer payables	\$ 104	\$ 528
Other liabilities	497	448
Total liabilities	<u>\$ 601</u>	<u>\$ 976</u>

**20. COST-SAVING INITIATIVES**

The Company is conducting cost-saving initiatives, which are expected to result in the reduction of approximately 10% of our workforce over the course of 2023. Compensation and benefits expense associated with the cost-saving initiatives for the three month period ended March 31, 2023 was \$20,740, of which \$8,777, \$11,235, and \$728 related to the Financial Advisory, Asset Management and Corporate segments, respectively.

The obligation pursuant to the cost-saving initiatives at March 31, 2023 was \$8,184, which reflected payments of \$12,556 made during the three month period ended March 31, 2023.

Additional costs of approximately \$95,000, primarily related to compensation and benefits, are expected to be incurred in subsequent quarters of 2023.

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

*The following discussion should be read in conjunction with Lazard Ltd'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, 2022 (the "Form 10-K"). All references to "2023," "2022," "first quarter" or "the period" refer to, as the context requires, the three month periods ended March 31, 2023 and 2022.*

### 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 the 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 ratios of compensation and benefits expense to operating revenue;
- ability to deploy surplus cash through dividends, share repurchases 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;



- potential impact of investments in our technology infrastructure and data science capabilities;
- recruitment and retention of our managing directors and employees;
- potential levels of compensation expense, including awarded compensation and benefits expense and adjusted compensation and benefits expense, and non-compensation expense;
- potential operating performance, achievements, productivity improvements, efficiency and cost reduction efforts;
- statements regarding environmental, social and governance (“ESG”) goals and initiatives;
- 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 and operations;
- changes in foreign currency exchange rates;
- expectations with respect to the economy, the securities markets, the market for mergers, acquisitions, restructuring and other financial advisory activity, the market for asset management activity and other macroeconomic, regional and industry trends;
- effects of competition on our business; and
- impact of new or future legislation and regulation, including tax laws and regulations, 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 website, its twitter account ([twitter.com/Lazard](https://twitter.com/Lazard)) and other social media sites 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 our Asset Management business. Investors can link to Lazard Ltd, Lazard Group and their operating company websites through <http://www.lazard.com>. Our websites and social media sites and the information contained therein or connected thereto shall not be deemed to be incorporated into this Form 10-Q.

### **Business Summary**

Lazard, one of the world’s preeminent financial advisory and asset management firms, operates from 43 cities across 26 countries in North and South America, Europe, Asia and Australia. With origins dating to 1848, 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.

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, regional and local 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 strategic and mergers and acquisitions (“M&A”) advisory, capital markets advisory, shareholder advisory, restructuring and capital solutions, sovereign advisory, geopolitical advisory, capital raising and placement, and other strategic advisory matters, and
- Asset Management, which offers a broad range of global investment solutions and investment and wealth management services in equity and fixed income strategies, asset allocation 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, certain contingent obligations and certain assets and liabilities associated with (i) Lazard Group’s Paris-based subsidiary, Lazard Frères Banque SA (“LFB”), and (ii) a special purpose acquisition company that was sponsored by an affiliate of the Company, Lazard Growth Acquisition Corp. I (“LGAC”).

Our consolidated net revenue was derived from the following segments:

	Three Months Ended March 31,	
	2023	2022
Financial Advisory	51%	56%
Asset Management	52	49
Corporate	(3)	(5)
Total	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 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. 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 assets under management (“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.

The global macroeconomic environment remains uncertain, characterized by significant global inflation, rising interest rates, and turbulent capital markets. Near term, we believe market uncertainty and a lack of confidence among decision-makers is unlikely to improve and, as a result, the ongoing slowdown in M&A activity globally is likely to extend beyond the first quarter of 2023.

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

- **Financial Advisory**—Despite the global macroeconomic environment, we remain actively engaged with our clients. The global scale and breadth of our Financial Advisory business enables us to advise on a wide range of strategic and restructuring transactions across a variety of industries. In addition, we continue to invest in our Financial Advisory business by selectively hiring talented senior professionals in an effort to enhance our capabilities and sector expertise in M&A, capital structure, restructuring and public and private capital markets.
- **Asset Management**—Given our diversified investment platform and our ability to provide investment solutions for a global mix of clients, we believe we are positioned to benefit from opportunities across the asset management industry despite uncertain global macroeconomic conditions. We are continually developing new investment strategies that extend our existing platforms and assessing potential product acquisitions or other inorganic growth opportunities.

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 shareholder returns, the evaluation of potential growth opportunities, the investment in new technology to support the development of existing and new business opportunities, the prudent management of our costs and expenses, the efficient use of our assets and the return of capital to our shareholders.

Certain market 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 and number of all completed transactions, including the subset of completed transactions involving values greater than \$500 million, decreased in the first quarter of 2023 as compared to the first quarter of 2022. With respect to announced M&A transactions, the value and number of all transactions, including the subset of announced transactions involving values greater than \$500 million, decreased in the first quarter of 2023 as compared to the first quarter of 2022.

	Three Months Ended March 31,			% Incr / (Decr)
	2023	2022		
(\$ in billions)				
<b>Completed M&amp;A Transactions:</b>				
All deals:				
Value	\$ 617	\$ 1,262		(51)%
Number	8,027	11,727		(32)%
Deals Greater than \$500 million:				
Value	\$ 476	\$ 958		(50)%
Number	206	420		(51)%
<b>Announced M&amp;A Transactions:</b>				
All deals:				
Value	\$ 589	\$ 1,123		(48)%
Number	9,023	12,063		(25)%
Deals Greater than \$500 million:				
Value	\$ 419	\$ 815		(49)%
Number	196	365		(46)%

Source: Dealogic as of April 5, 2023.

Global restructuring activity during the first quarter of 2023, as measured by the number of corporate defaults, increased as compared to 2022. The number of defaulting issuers was 33 in the first quarter of 2023 according to Moody's Investors Service, Inc., as compared to 25 in the first quarter of 2022.

Net revenue trends in Financial Advisory 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.

## Asset Management

The percentage change in major equity market indices at March 31, 2023, as compared to such indices at December 31, 2022 and at March 31, 2022, is shown in the table below:

	Percentage Changes March 31, 2023 vs.	
	December 31, 2022	March 31, 2022
MSCI World Index	8%	(7)%
Euro Stoxx	14%	14%
MSCI Emerging Market	4%	(11)%
S&P 500	8%	(8)%

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.

## 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, capital markets advisory, shareholder advisory, restructuring and capital solutions, sovereign advisory, geopolitical advisory, capital raising and placement, and other strategic advisory matters. 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 Lazard Asset Management LLC (together with its subsidiaries, ("LAM"), Lazard Frères Gestion SAS ("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 and the overall amount of management fees generated by the 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 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 or investment by investment basis and, therefore, clawback of carried interest toward the end of the life of the fund can occur. As a result, the Company recognizes incentive fees earned on our private equity funds when it is probable that a clawback will not occur.

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

Corporate segment total assets represented 56% of Lazard's consolidated total assets as of March 31, 2023, 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 certain other 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 2018 Incentive Compensation Plan, as amended (the "2018 Plan") and the Lazard Ltd 2008 Incentive Compensation Plan (the "2008 Plan") 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-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-GAAP measures, when presented in conjunction with accounting principles generally accepted in the United States of America ("U.S. GAAP") measures, are appropriate measures to assess the annual cost of compensation and provide a meaningful and useful 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-GAAP measure, as modified by the following items:

- we deduct amortization expense recorded for U.S. GAAP purposes in the fiscal year associated with deferred incentive compensation awards;
- we add incentive compensation with respect to the fiscal year, which is comprised of:
  - (i) the deferred incentive compensation awards granted in the year-end compensation process with respect to the fiscal year (*e.g.*, deferred incentive compensation awards granted in 2023 related to the 2022 year-end compensation process), including performance-based restricted stock unit ("PRSU") and performance-based restricted participation unit ("PRPU") awards (based on the target payout level);
  - (ii) the portion of investments in people (*e.g.*, "sign-on" bonuses or retention awards) and other special deferred incentive compensation awards that is applicable to the fiscal year the award becomes effective; and

- (iii) amounts in excess of the target payout level for PRSU and PRPU awards at the end of their respective performance periods; and
- we reduce the amounts in (i), (ii) and (iii) above by an estimate of future forfeitures with respect to such awards.

Compensation and benefits expense is the largest component of our operating expenses. We seek to maintain discipline with respect to compensation, including the rate at which we award deferred compensation. Our goal is to maintain a ratio of awarded compensation and benefits expense to operating revenue and a ratio of adjusted compensation and benefits expense to operating revenue over the cycle in the mid- to high-50s percentage range, while targeting a consistent deferral policy. While we have implemented policies and initiatives that we believe will assist us in maintaining ratios within this range, there can be no guarantee that we will continue to maintain such ratios, or that our policies or initiatives will not change, in the future. Increased competition for 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, investments in our businesses or various other factors could prevent us from achieving this goal; however, in future periods we may benefit from pressure on compensation costs within the financial services industry.

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. Our occupancy costs represent a significant portion of our aggregate operating expenses and are subject to change from time to time, particularly as leases for real property expire and are renewed or replaced with new, long-term leases for the same or other real property.

We believe that “adjusted non-compensation expense”, a non-GAAP measure, when presented in conjunction with U.S. GAAP measures provides a meaningful and useful basis for our investors to assess our operating results. For calculations with respect to “adjusted non-compensation expense”, see the table under “Consolidated Results of Operations” below.

Our operating expenses also include our “benefit pursuant to tax receivable agreement” and “amortization and other acquisition-related costs”.

We do not believe inflation will have a significant effect on our compensation costs as they are substantially variable in nature. However, the rate of inflation may affect our other expenses. To the extent inflation results in rising interest rates and has other effects upon the securities markets or general macroeconomic conditions, it may adversely affect our financial position and results of operations by impacting overall levels of M&A activity, reducing our AUM or net revenue, or otherwise.

#### ***Cost-Saving Initiatives***

The Company is conducting cost-saving initiatives, which are expected to result in the reduction of approximately 10% of our workforce over the course of 2023. Compensation and benefits expense associated with the cost-saving initiatives for the three month period ended March 31, 2023 was \$21 million, of which \$9 million, \$11 million, and \$1 million related to the Financial Advisory, Asset Management and Corporate segments, respectively.

Additional costs of approximately \$95 million, primarily related to compensation and benefits, are expected to be incurred in subsequent quarters of 2023.

#### ***Provision for Income Taxes***

Lazard Ltd, through its subsidiaries, is subject to U.S. federal income taxes on all of its U.S. operating income, as well as on the portion of non-U.S. income attributable to its U.S. subsidiaries. In addition, Lazard Ltd, through its subsidiaries, is subject to state and local taxes on its income apportioned to various state and local jurisdictions. 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 “Critical Accounting Policies and Estimates—Income Taxes” below and Notes 14 and 16 of Notes to Condensed Consolidated Financial Statements for additional information regarding income taxes, our deferred tax assets and the tax receivable agreement obligation.

### Noncontrolling Interests

Noncontrolling interests primarily consist of (i) amounts related to Edgewater's management vehicles that the Company is deemed to control but not own, (ii) LGAC interests (see Note 1 of Notes to Condensed Consolidated Financial Statements), (iii) profits interest participation rights and (iv) consolidated VIE interests held by employees. See Notes 11 and 19 of Notes to Condensed Consolidated Financial Statements for information regarding the Company's noncontrolling interests and consolidated VIEs.

### 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 stockholders' equity. Foreign currency remeasurement gains and losses on transactions in non-functional currencies are included in the condensed consolidated statements of operations.

The condensed consolidated financial statements are prepared in conformity with U.S. GAAP. Selected financial data derived 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 March 31,	
	2023	2022
	(\$ in thousands)	
<b>Net Revenue</b>	\$ 542,436	\$ 694,892
<b>Operating Expenses:</b>		
Compensation and benefits	449,967	396,841
Non-compensation	169,780	138,308
Amortization and other acquisition-related costs	48	15
Benefit pursuant to tax receivable agreement	(40,435)	-
Total operating expenses	579,360	535,164
<b>Operating Income (Loss)</b>	(36,924)	159,728
Provision (benefit) for income taxes	(21,725)	38,753
<b>Net Income (Loss)</b>	(15,199)	120,975
<b>Less - Net Income Attributable to Noncontrolling Interests</b>	6,973	7,099
<b>Net Income (Loss) Attributable to Lazard Ltd</b>	\$ (22,172)	\$ 113,876
<b>Operating Income (Loss), as a % of net revenue</b>	(6.8)%	23.0%

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-GAAP measures used by the Company to manage its business. We believe such non-GAAP measures in conjunction with U.S. GAAP measures provide a meaningful and useful basis for comparison between present, historical and future periods, as described above.

	Three Months Ended March 31,	
	2023	2022
(\$ in thousands)		
<b>Operating Revenue:</b>		
Net revenue	\$ 542,436	\$ 694,892
Adjustments:		
Interest expense (a)	19,410	19,037
Distribution fees, reimbursable deal costs, bad debt expense and other (b)	(26,681)	(18,822)
Asset impairment charges (c)	19,129	-
Revenue related to noncontrolling interests (d)	(10,823)	(10,795)
(Gains) losses on investments pertaining to LFI (e)	(16,453)	14,323
Operating revenue	<u>\$ 527,018</u>	<u>\$ 698,635</u>

- (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) Represents certain distribution, introducer and management fees paid to third parties, reimbursable deal costs and bad debt expense relating to fees and other receivables that are deemed uncollectible for which an equal amount is excluded for purposes of determining adjusted non-compensation expense.
- (c) Represents certain asset impairment charges.
- (d) Revenue or loss related to the consolidation of noncontrolling interests is excluded from operating revenue because the Company has no economic interest in such amount.
- (e) 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 March 31,	
	2023	2022
(\$ in thousands)		
<b>Adjusted Compensation and Benefits Expense:</b>		
Total compensation and benefits expense	\$ 449,967	\$ 396,841
Adjustments:		
Noncontrolling interests (a)	(3,010)	(2,462)
(Charges) credits pertaining to LFI (b)	(16,453)	14,323
Expenses associated with senior management transition (c)	(10,674)	-
Expenses associated with cost-saving initiatives (d)	(20,740)	-
Adjusted compensation and benefits expense	<u>\$ 399,090</u>	<u>\$ 408,702</u>
Adjusted compensation and benefits expense, as a % of operating revenue	<u>75.7%</u>	<u>58.5%</u>

- (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.



- (c) Represents expenses associated with senior management transition reflecting the departure of certain executive officers.  
(d) Represents expenses associated with cost-saving initiatives, including a reduction in our workforce.

	Three Months Ended	
	March 31,	
	2023	2022
	(\$ in thousands)	
<b>Adjusted Non-Compensation Expense:</b>		
Total non-compensation expense	\$ 169,780	\$ 138,308
Adjustments:		
Expenses relating to office space reorganization (a)	-	(1,124)
Distribution fees, reimbursable deal costs, bad debt expense and other (b)	(26,681)	(18,822)
Noncontrolling interests (c)	(841)	(1,236)
Adjusted non-compensation expense	<u>\$ 142,258</u>	<u>\$ 117,126</u>
Adjusted non-compensation expense, as a % of operating revenue	<u>27.0%</u>	<u>16.8%</u>

- (a) Represents building depreciation and other costs related to office space reorganization.  
(b) Represents certain distribution, introducer and management fees paid to third parties, reimbursable deal costs and bad debt expense relating to fees and other receivables that are deemed uncollectible for which an equal amount is included for purposes of determining operating revenue.  
(c) Expenses related to the consolidation of noncontrolling interests are excluded because the Company has no economic interest in such amounts.

	Three Months Ended	
	March 31,	
	2023	2022
	(\$ in thousands)	
<b>Earnings (Loss) From Operations:</b>		
Operating revenue	\$ 527,018	\$ 698,635
Deduct:		
Adjusted compensation and benefits expense	(399,090)	(408,702)
Adjusted non-compensation expense	(142,258)	(117,126)
Earnings (loss) from operations	<u>\$ (14,330)</u>	<u>\$ 172,807</u>
Earnings (loss) from operations, as a % of operating revenue	<u>(2.7)%</u>	<u>24.7%</u>

Headcount information is set forth below:

	As of		
	March 31, 2023	December 31, 2022	March 31, 2022
<b>Headcount:</b>			
Managing Directors:			
Financial Advisory	230	212	215
Asset Management	124	120	119
Corporate	24	25	24
Total Managing Directors	<u>378</u>	<u>357</u>	<u>358</u>
Other Business Segment Professionals and Support Staff:			
Financial Advisory	1,470	1,463	1,336
Asset Management	1,107	1,105	1,107
Corporate	487	477	435
Total	<u>3,442</u>	<u>3,402</u>	<u>3,236</u>

## 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 March 31, 2023 versus March 31, 2022*

The Company reported net loss attributable to Lazard Ltd of \$22 million, as compared to net income attributable to Lazard Ltd of \$114 million in the 2022 period.

Net revenue decreased \$152 million, or 22%, with operating revenue decreasing \$172 million, or 25%, as compared to the 2022 period. Fee revenue from investment banking and other advisory activities decreased \$112 million, or 29%, as compared to the 2022 period. Asset management fees, including incentive fees, decreased \$54 million, or 17%, as compared to the 2022 period. In the aggregate, interest income, other revenue and interest expense increased \$13 million, as compared to the 2022 period.

Compensation and benefits expense increased \$53 million, or 13%, as compared to the 2022 period.

Adjusted compensation and benefits expense (which excludes certain items and which we believe allows for improved comparability between periods, as described above) was \$399 million, a decrease of \$10 million, or 2%, as compared to \$409 million in the 2022 period. The ratio of adjusted compensation and benefits expense to operating revenue was 75.7% for the 2023 period, as compared to 58.5% for the 2022 period.

Non-compensation expense increased \$31 million, or 23%, as compared to the 2022 period primarily reflecting higher travel and business development and professional services expenses, as well as continued investments in technology. Adjusted non-compensation expense increased \$25 million, or 21%, as compared to the 2022 period. The ratio of adjusted non-compensation expense to operating revenue was 27.0% for the 2023 period, as compared to 16.8% for the 2022 period.

The Company reported an operating loss of \$37 million, as compared to operating income of \$160 million in the 2022 period.

The Company reported a loss from operations of \$14 million, as compared to earnings from operations of \$173 million in the 2022 period, and, as a percentage of operating revenue, was (2.7)% for the 2023 period, as compared to 24.7% in the 2022 period.

The provision for income taxes reflects an effective tax rate of 58.8%, as compared to 24.3% for the 2022 period. The increase in the effective tax rate principally relates to changes in the geographic mix of earnings and the impact of discrete items.

Net income attributable to noncontrolling interests remained substantially the same as compared to the 2022 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 table summarizes the reported operating results attributable to the Financial Advisory segment:

	Three Months Ended March 31,	
	2023	2022
	(\$ in thousands)	
Net Revenue	\$ 277,574	\$ 390,215
Operating Expenses	328,735	298,258
Operating Income (Loss)	\$ (51,161)	\$ 91,957
Operating Income (Loss), as a % of net revenue	(18.4)%	23.6%

Certain Lazard fee and transaction statistics for the Financial Advisory segment are set forth below:

	Three Months Ended March 31,	
	2023	2022
<b>Lazard Statistics:</b>		
Number of clients with fees greater than \$1 million:		
Financial Advisory	55	66
Percentage of total Financial Advisory net revenue from top 10 clients	38%	44%
Number of M&A transactions completed with values greater than \$500 million (a)	10	23

(a) Source: Dealogic as of April 5, 2023.

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 Americas (U.S., Canada, and Latin America), EMEA (primarily in the U.K., France, Germany, Italy and Spain) and the Asia Pacific region and therefore may not be reflective of the geography in which the clients are located.

	Three Months Ended March 31,	
	2023	2022
Americas	49%	50%
EMEA	50	48
Asia Pacific	1	2
Total	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, restructuring and other strategic advisory matters, 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 or other 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 March 31, 2023 versus March 31, 2022

Financial Advisory net revenue decreased \$113 million, or 29%, as compared to the 2022 period. The decrease in Financial Advisory net revenue was primarily a result of a decrease in the number of fees greater than \$10 million as compared to the 2022 period.

Operating expenses increased \$30 million, or 10%, as compared to the 2022 period, primarily due to increased compensation and benefits expense, and marketing and business development expenses from higher travel.

Financial Advisory operating loss was \$51 million as compared to operating income of \$92 million in the 2022 period and, as a percentage of net revenue, was (18.4)%, as compared to 23.6% in the 2022 period.

## Asset Management

### 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 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 evaluated bids 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.

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

	As of	
	March 31, 2023	December 31, 2022
	(\$ in millions)	
<b>AUM by Asset Class:</b>		
<b>Equity:</b>		
Emerging Markets	\$ 23,692	\$ 21,557
Global	49,797	46,861
Local	49,887	47,504
Multi-Regional	55,252	51,473
Total Equity	<u>178,628</u>	<u>167,395</u>
<b>Fixed Income:</b>		
Emerging Markets	9,164	8,944
Global	11,322	11,029
Local	6,002	5,352
Multi-Regional	18,973	18,061
Total Fixed Income	<u>45,461</u>	<u>43,386</u>
<b>Alternative Investments</b>	4,111	3,812
<b>Other Alternative Investments</b>	2,479	-
<b>Private Equity</b>	821	1,038
<b>Cash Management</b>	640	494
Total AUM	<u>\$ 232,140</u>	<u>\$ 216,125</u>

Total AUM at March 31, 2023 was \$232 billion, an increase of \$16 billion, or 7%, as compared to total AUM of \$216 billion at December 31, 2022 due to market and foreign exchange appreciation and net inflows. Average AUM for the first quarter of 2023 decreased 12% as compared to the first quarter of 2022 and increased 7% as compared to the fourth quarter of 2022.

As of March 31, 2023, approximately 84% 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, compared to 85% as of December 31, 2022. As of March 31, 2023, approximately 16% of our AUM was managed on behalf of individual client relationships, which was principally with family offices and individuals, compared to approximately 15% as of December 31, 2022.

As of March 31, 2023, AUM with foreign currency exposure represented approximately 64% of our total AUM as compared to 65% at December 31, 2022. 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 periods ended March 31, 2023 and 2022:

	Three Months Ended March 31, 2023						
	AUM Beginning Balance	Inflows	Outflows	Net Flows	Market Value Appreciation/ (Depreciation)	Foreign Exchange Appreciation/ (Depreciation)	AUM Ending Balance
	(\$ in millions)						
Equity	\$ 167,395	\$ 7,027	\$ (7,289)	\$ (262)	\$ 10,750	\$ 745	\$ 178,628
Fixed Income	43,386	3,352	(2,622)	730	721	624	45,461
Other	5,344	3,281	(750)	2,531	149	27	8,051
Total	<u>\$ 216,125</u>	<u>\$ 13,660</u>	<u>\$ (10,661)</u>	<u>\$ 2,999</u>	<u>\$ 11,620</u>	<u>\$ 1,396</u>	<u>\$ 232,140</u>

Inflows include approximately \$3.9 billion related to a wealth management acquisition.

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

	Three Months Ended March 31, 2022						
	AUM Beginning Balance	Inflows	Outflows	Net Flows	Market Value Appreciation/ (Depreciation)	Foreign Exchange Appreciation/ (Depreciation)	AUM Ending Balance
	(\$ in millions)						
Equity	\$ 221,006	\$ 6,116	\$ (12,814)	\$ (6,698)	\$ (11,639)	\$ (1,642)	\$ 201,027
Fixed Income	46,286	2,555	(2,706)	(151)	(742)	(409)	44,984
Other	6,447	771	(447)	324	(64)	(43)	6,664
Total	<u>\$ 273,739</u>	<u>\$ 9,442</u>	<u>\$ (15,967)</u>	<u>\$ (6,525)</u>	<u>\$ (12,445)</u>	<u>\$ (2,094)</u>	<u>\$ 252,675</u>

As of April 21, 2023, AUM was \$235.6 billion, a \$3.5 billion increase since March 31, 2023. The increase in AUM was due to market appreciation of \$2.6 billion, foreign exchange appreciation of \$500 million and net inflows of \$400 million.

Average AUM for the three month periods ended March 31, 2023 and 2022 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 March 31,	
	2023	2022
(\$ in millions)		
<b>Average AUM by Asset Class:</b>		
Equity	\$ 175,372	\$ 204,121
Fixed Income	45,190	45,811
Alternative Investments	4,057	4,400
Other Alternative Investments	826	-
Private Equity	876	1,266
Cash Management	528	832
Total Average AUM	<u>\$ 226,849</u>	<u>\$ 256,430</u>

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

	Three Months Ended March 31,	
	2023	2022
(\$ in thousands)		
Net Revenue	\$ 284,044	\$ 338,501
Operating Expenses	248,051	241,516
Operating Income	<u>\$ 35,993</u>	<u>\$ 96,985</u>
Operating Income, as a % of net revenue	<u>12.7%</u>	<u>28.7%</u>

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 March 31,	
	2023	2022
Americas	41%	47%
EMEA	45	43
Asia Pacific	14	10
Total	<u>100%</u>	<u>100%</u>

#### **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 March 31, 2023 versus March 31, 2022**

Asset Management net revenue decreased \$54 million, or 16%, as compared to the 2022 period. Management fees and other revenue was \$279 million, a decrease of \$34 million, or 11%, as compared to \$313 million in the 2022 period primarily due to a decrease in average AUM. Incentive fees were \$5 million, a decrease of \$20 million as compared to \$25 million in the 2022 period.

Operating expenses increased \$7 million, or 3%, as compared to the 2022 period.

Asset Management operating income was \$36 million, a decrease of \$61 million, or 63%, as compared to operating income of \$97 million in the 2022 period and, as a percentage of net revenue, was 12.7%, as compared to 28.7% in the 2022 period.

## Corporate

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

	Three Months Ended March 31,	
	2023	2022
	(\$ in thousands)	
Interest Income	\$ 7,319	\$ 1,105
Interest Expense	(19,396)	(19,304)
Net Interest Expense	(12,077)	(18,199)
Other Revenue (Loss)	(7,105)	(15,625)
Net Revenue (Loss)	(19,182)	(33,824)
Operating Expenses (Credits)	2,574	(4,610)
Operating Loss	\$ (21,756)	\$ (29,214)

### 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 March 31, 2023 versus March 31, 2022

Net interest expense decreased \$6 million as compared to the 2022 period.

Other revenue was positively impacted by gains attributable to investments held in connection with LFI in the 2023 period, as compared to losses in the 2022 period. Such gains in the 2023 period were partially offset by losses incurred from the impairment of equity method investments and the liquidation of LGAC.

Operating expenses, excluding the benefit pursuant to the TRA of \$40 million, increased \$48 million as compared to the 2022 period, primarily due to increased compensation and benefits expense which reflected charges in the 2023 period as compared to credits in the 2022 period pertaining to LFI, and higher professional services expenses.

### 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 shareholders, payments of incentive compensation to managing directors and employees and purchases of common stock.

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 Capital Advisory activities are generally collected over a four-year period from billing and typically include an interest component.

The Company makes cash payments for a significant portion of its incentive compensation during the first three months of each calendar year with respect to the prior year's results.

## Summary of Cash Flows:

	Three Months Ended	
	March 31,	
	2023	2022
	(\$ in millions)	
<b>Cash Provided By (Used In):</b>		
Operating activities:		
Net income (loss)	\$ (15)	\$ 121
Adjustments to reconcile net income to net cash provided by operating activities (a)	175	144
Other operating activities (b)	(572)	(479)
Net cash used in operating activities	(412)	(214)
Investing activities	(15)	(13)
Financing activities (c)	(1,072)	(19)
Effect of exchange rate changes	16	(52)
<b>Net Decrease in Cash and Cash Equivalents and Restricted Cash</b>	<b>(1,483)</b>	<b>(298)</b>
<b>Cash and Cash Equivalents and Restricted Cash (d):</b>		
Beginning of Period	2,639	3,430
End of Period	\$ 1,156	\$ 3,132

(a) Consists of the following:

	Three Months Ended	
	March 31,	
	2023	2022
	(\$ in millions)	
Depreciation and amortization of property	\$ 11	\$ 10
Noncash lease expense	15	17
Amortization of deferred expenses and share-based incentive compensation	108	91
Deferred tax provision	40	26
Benefit pursuant to tax receivable agreement	(40)	-
Impairment of equity method investments and other receivables	23	-
Loss on LGAC liquidation	18	-
Total	\$ 175	\$ 144

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

(c) Consists primarily of purchases of shares of common stock, tax withholdings related to the settlement of vested RSUs, vested RSAs and vested PRSUs, common stock dividends, changes in customer deposits, distributions to noncontrolling interest holders, and in 2023, distributions to redeemable noncontrolling interests associated with LGAC's redemption of all its outstanding Class A ordinary shares.

(d) Consists of cash and cash equivalents, deposits with banks and short-term investments and restricted cash.

## 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 and could be affected by various risks and uncertainties. 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 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 certain managing directors, which serve to reduce their respective incentive compensation payments. We expect this seasonal pattern of cash flow to continue.



Liquidity is also affected by the level of deposits and other customer payables, principally at LFB. To the extent that such deposits and other customer payables rise or fall, this has a corresponding impact on liquidity held at LFB, with the majority of such amounts generally being recorded in “deposits with banks and short-term investments”. In the first quarter of 2023, as reflected on the condensed consolidated statements of financial condition, both “deposits with banks and short-term investments” and “deposits and other customer payables” decreased as compared to December 31, 2022, and reflect the level of LFB customer-related demand deposits, primarily from clients and funds managed by LFG.

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 stockholders’ 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, lease obligations, investments in U.S. Treasury securities, credit lines, principal investment commitments, interest and principal payments on debt, capital expenditures, dividend payments, purchases of shares of common stock and matters relating to liquidity and to compliance with regulatory net capital requirements. At March 31, 2023, Lazard had approximately \$597 million of cash, including approximately \$380 million held at Lazard’s operations outside the U.S. Lazard provides for income taxes on substantially all of its foreign earnings. We expect that no material amount of additional taxes would be recognized upon receipt of dividends or distributions of such earnings from our foreign operations.

As of March 31, 2023, the Company’s remaining lease obligations were \$61 million for 2023 (April 1 through December 31), \$149 million from 2024 through 2025, \$120 million from 2026 through 2027 and \$268 million through 2033.

As of March 31, 2023, Lazard had approximately \$209 million in unused lines of credit available to it, including a \$200 million, three-year, senior revolving credit facility with a group of lenders that expires in July 2023 (the “Amended and Restated Credit Agreement”).

The Amended and Restated Credit Agreement 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 Amended and Restated Credit Agreement 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. Borrowings under the Amended and Restated Credit Agreement generally will bear interest at LIBOR plus an applicable margin for specific interest periods determined based on Lazard Group’s highest credit rating from an internationally recognized credit agency.

As long as the lenders’ commitments remain in effect, any loan pursuant to the Amended and Restated Credit Agreement remains outstanding and unpaid or any other amount is due to the lending bank group, the Amended and Restated Credit Agreement includes financial covenants that require that Lazard Group not permit (i) its Consolidated Leverage Ratio (as defined in the Amended and Restated Credit Agreement) for the 12-month period ending on the last day of any fiscal quarter to be greater than 3.25 to 1.00, provided that the Consolidated Leverage Ratio may be greater than 3.25 to 1.00 for two (consecutive or nonconsecutive) quarters so long as it is not greater than 3.50 to 1.00 on the last day of any such quarter, or (ii) its Consolidated Interest Coverage Ratio (as defined in the Amended and Restated Credit Agreement) 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 March 31, 2023, Lazard Group was in compliance with such ratios, with its Consolidated Leverage Ratio being 1.93 to 1.00 and its Consolidated Interest Coverage Ratio being 13.80 to 1.00. In any event, no amounts were outstanding under the Amended and Restated Credit Agreement as of March 31, 2023.

In addition, the Amended and Restated Credit Agreement contains certain other covenants (none of which relate to financial condition), events of default and other customary provisions and also contains customary LIBOR-replacement mechanics. At March 31, 2023, the Company was in compliance with all of these provisions.

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 should be sufficient for us to fund our current obligations for the next 12 months.

See also Notes 10, 12, 13, 14 and 16 of Notes to Condensed Consolidated Financial Statements regarding information in connection with commitments, incentive plans, employee benefit plans, income taxes and tax receivable agreement obligations, respectively.

## Financing Activities

The table below sets forth our corporate indebtedness as of March 31, 2023 and December 31, 2022. 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.

Senior Debt	Maturity	Outstanding as of					
		March 31, 2023			December 31, 2022		
		Principal	Unamortized Debt Costs	Carrying Value	Principal	Unamortized Debt Costs	Carrying Value
(\$ in millions)							
Lazard Group 2025 Senior Notes	2025	\$ 400.0	\$ 1.0	\$ 399.0	\$ 400.0	\$ 1.0	\$ 399.0
Lazard Group 2027 Senior Notes	2027	300.0	1.5	298.5	300.0	1.6	298.4
Lazard Group 2028 Senior Notes	2028	500.0	4.6	495.4	500.0	4.9	495.1
Lazard Group 2029 Senior Notes	2029	500.0	4.6	495.4	500.0	4.8	495.2
		<u>\$ 1,700.0</u>	<u>\$ 11.7</u>	<u>\$ 1,688.3</u>	<u>\$ 1,700.0</u>	<u>\$ 12.3</u>	<u>\$ 1,687.7</u>

The indenture and supplemental indentures relating to Lazard Group's senior notes contain certain covenants (none of which relate to financial condition), events of default and other customary provisions. At March 31, 2023, 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.

## Stockholders' Equity

At March 31, 2023, total stockholders' equity was \$508 million, as compared to \$675 million at December 31, 2022, including \$451 million and \$556 million attributable to Lazard Ltd on the respective dates. The net activity in stockholders' equity during the three month period ended March 31, 2023 is reflected in the table below (in millions of dollars):

Stockholders' Equity - January 1, 2023	\$	675
Increase (decrease) due to:		
Net loss (a)		(21)
Other comprehensive income		13
Amortization of share-based incentive compensation		71
Purchase of common stock		(99)
Settlement of share-based incentive compensation (b)		(45)
Common stock dividends		(43)
LFI Consolidated Funds		(74)
Reversal to net loss of amounts previously charged to additional paid-in-capital and noncontrolling interests		18
Reversal of deferred offering costs liability		20
Other - net		(7)
Stockholders' Equity - March 31, 2023	<u>\$</u>	<u>508</u>

(a) Excludes net income associated with redeemable noncontrolling interests of \$6 million in 2023.

(b) 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 common stock, which help offset the dilutive effect of our share-based incentive compensation plans. During a given year the Company intends to repurchase at least as many shares as it expects to issue pursuant to such compensation plans in respect of year-end incentive compensation attributable to the prior year. The rate at which the Company purchases shares in connection with this annual objective may vary from period to period due to a variety of factors. Purchases with respect to such program are set forth in the table below:

<b>Three Months Ended March 31:</b>	<b>Number of Shares Purchased</b>	<b>Average Price Per Share</b>
2022	4,717,821	\$ 37.26
2023	2,692,161	\$ 36.75

As of March 31, 2023, a total of \$203 million of share repurchase authorization remained available under Lazard Ltd's share repurchase program, which authorization will expire on December 31, 2024.

During the three month period ended March 31, 2023, Lazard Ltd had in place trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), pursuant to which it effected stock repurchases in the open market.

On April 26, 2023, the Board of Directors of Lazard declared a quarterly dividend of \$0.50 per share on our common stock. The dividend is payable on May 19, 2023 to stockholders of record on May 8, 2023.

See Notes 11 and 12 of Notes to Condensed Consolidated Financial Statements for additional information regarding Lazard's stockholders' 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 rules regarding 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 17 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.

### **Critical Accounting Policies and Estimates**

The preparation of Lazard's condensed consolidated financial statements, in conformity with U.S. GAAP, 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, the allowance for credit losses, compensation liabilities, income taxes (including the impact on the tax receivable agreement obligation), 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.

The following is a description of Lazard's critical accounting estimates and judgments used in the preparation of its condensed consolidated financial statements.

#### ***Revenue Recognition***

Lazard generates substantially all of its revenue from providing Financial Advisory and Asset Management services to clients. Lazard recognizes revenue in accordance with the criteria in Note 2 of Notes to Consolidated Financial Statements in our Form 10-K.

Assessment of these criteria requires the application of judgment in determining the timing and amount of revenue recognized, including the probability of collection of fees.

## ***Allowance for Credit Losses***

We maintain an allowance for credit losses to provide coverage for estimated losses from our receivables. We determine the adequacy of the allowance under the current expected credit losses (“CECL”) guidance by (i) applying a bad debt charge-off rate based on historical charge-off experience; (ii) 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 uncollectible, which may include situations where a fee is in dispute or litigation has commenced; and (iii) performing qualitative assessments to monitor economic risks that may require additional adjustments.

The allowance for credit losses involves judgment including incorporation of historical loss experience and assessment of risk characteristics of our clients. The bad debt charge-off rate based on historical charge-off experience was an average annual rate estimated using the most recent two years of charge-off data. When assessing risk characteristics of individual clients, we considered the macroeconomic environment in the local market, our collection experience and recent communication with the client, as well as any potential future engagement with the client.

## ***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 estimated 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 jurisdiction. 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 the relevant taxing authority. The measurement of deferred tax assets and liabilities is based upon currently enacted tax rates in the applicable jurisdictions. At December 31, 2022, on a consolidated basis, we recorded gross deferred tax assets of approximately \$598 million, with such amount partially offset by a valuation allowance of approximately \$88 million (as described below).

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. See Note 2 of Notes to Consolidated Financial Statements in our Form 10-K for additional information on sources of taxable income, and the information considered when assessing whether a valuation allowance is required.

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 or have tax attributes that may expire unused. In addition, some of our tax-paying entities have recorded a valuation allowance on substantially all of their deferred tax assets due to the combined effect of operating losses in certain subsidiaries of these entities 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 held by these entities will be realized. Consequently, we have recorded valuation allowances on \$88 million of deferred tax assets held by these entities as of December 31, 2022.

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” in our Form 10-K and Note 14 of Notes to Condensed Consolidated Financial Statements for additional information related to income taxes.

#### *Amended and Restated Tax Receivable Agreement*

The Second Amended and Restated Tax Receivable Agreement, dated as of October 26, 2015 (the “TRA”), between Lazard and LTBP Trust (the “Trust”) provides for payments by our subsidiaries to the owners of the Trust, who include certain of our executive officers.

The amount of the TRA liability is an undiscounted amount based upon current tax laws and the structure of the Company and various assumptions regarding potential future operating profitability. The assumptions reflected in the estimate involve significant judgment, and if our structure or income assumptions were to change, we could be required to accelerate payments under the TRA. As such, the actual amount and timing of payments under the TRA could differ materially from our estimates. See Note 16 of Notes to Condensed Consolidated Financial Statements for additional information regarding the TRA.

Pursuant to the periodic revaluation of the TRA liability and the assumptions reflected in the estimate, the revaluation had the effect of reducing the estimated liability under the TRA. As a result, the Company recorded a “benefit pursuant to tax receivable agreement” of \$40 million on the condensed consolidated statement of operations for the three month period ended March 31, 2023. In addition, the Company made a payment under the TRA in the three months ended March 31, 2023 of \$32 million.

The cumulative liability relating to our obligations under the TRA as of March 31, 2023 and December 31, 2022 was \$119 million and \$191 million, respectively, and is recorded in “tax receivable agreement obligation” on the condensed consolidated statements of financial condition.

#### *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 goodwill associated with each business combination is allocated to the related reporting units for impairment testing. 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. The qualitative evaluation includes significant judgment on the business outlook assumptions of each reporting unit based on historical data, current economic conditions, stock performance and industry trends. See Note 8 of Notes to Condensed Consolidated Financial Statements for additional information regarding goodwill.

#### *Consolidation*

The condensed consolidated financial statements include entities in which Lazard 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 holds a majority of the voting interest in such VOE.

- **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 we are the primary beneficiary having (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses of, or receive benefits from, the VIE that could be potentially significant to the VIE.

Lazard's involvement with various entities that are VOEs or VIEs primarily arises from LFI investments, investment management contracts with fund entities in our Asset Management business and LGAC. Lazard is not required to consolidate such entities because, with the exception of certain seed and LFI investments, and LGAC, 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 and LFI investments in certain entities that are considered VOEs and VIEs and often require consolidation as a result of our investment. The impact of seed and LFI 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 such investments is limited to the extent of our investment in, or investment commitment to, such entities.

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 and LFI 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.

Seed investments held in entities in which the Company maintained a controlling interest were \$109 million in twelve entities as of March 31, 2023, as compared to \$112 million in thirteen entities as of December 31, 2022. LFI investments held in entities in which the Company maintained a controlling interest were \$172 million in eleven entities as of March 31, 2023, as compared to \$139 million in nine entities as of December 31, 2022.

As of March 31, 2023 and December 31, 2022, the Company did not consolidate any seed investment entities or LFI investment entities, with the exception of the consolidation of certain LFI funds (see Note 19 of Notes to Condensed Consolidated Financial Statements). As such, seed investments and substantially all of LFI investments included in "investments" on the consolidated statements of financial condition represented the Company's economic interest in the seed and LFI investments.

See Note 1 of Notes to Condensed Consolidated Financial Statements for additional information on the consolidation of LGAC.

## **Risk Management**

### ***Investments***

Investments consist primarily of debt and equity securities, and interests in alternative investment, debt, equity and private equity funds. These 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.

Investments also include those investments accounted for under the equity method of accounting. Any increases or decreases in the Company's share of net income or losses pertaining to its equity method investments are reflected in earnings.

See Note 5 of Notes to Condensed Consolidated Financial Statements for additional information on the measurement of the fair value of investments.

Lazard is subject to market and credit risk on investments held. As such, 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.

Data relating to investments is set forth below:

	March 31, 2023	December 31, 2022
(\$ in thousands)		
Seed investments by asset class:		
Debt	\$ 4,116	\$ -
Equities (a)	114,952	126,632
Fixed income	15,077	14,774
Alternative investments	41,979	31,634
Private equity	18,871	18,508
Total seed investments	<u>194,995</u>	<u>191,548</u>
Other investments owned:		
Private equity	18,934	18,876
Fixed income and other	16,690	23,337
Total other investments owned	<u>35,624</u>	<u>42,213</u>
Subtotal	<u>230,619</u>	<u>233,761</u>
Add:		
Private equity consolidated, not owned	13,723	16,438
Equity method	-	15,481
LFI	497,526	433,297
Total investments	<u>\$ 741,868</u>	<u>\$ 698,977</u>

(a) At March 31, 2023 and December 31, 2022, seed investments in directly owned equity securities were invested as follows:

	March 31, 2023	December 31, 2022
Percentage invested in:		
Financials	12%	15%
Consumer	33	34
Industrial	15	12
Technology	17	17
Other	23	22
Total	<u>100%</u>	<u>100%</u>

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, (ii) investments in funds owned entirely by the noncontrolling interest holders of certain acquired entities and (iii) investments accounted for under the equity method of accounting.

The market risk associated with investments held in connection with LFI and other similar deferred compensation arrangements 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.

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 March 31, 2023 and December 31, 2022, 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 \$149 million and \$147 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 (increase) decrease of approximately \$(1.0) million and \$2.0 million in the carrying value of such investments as of March 31, 2023 and December 31, 2022, respectively, including the effect of the hedging transactions.

**Interest Rate/Credit Spread Risk**—At March 31, 2023 and December 31, 2022, 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 \$48 million and \$53 million, respectively. 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 \$0.04 million and \$0.1 million in the carrying value of such investments as of March 31, 2023 and December 31, 2022, respectively, including the effect of the hedging transactions.

**Foreign Exchange Rate Risk**—At March 31, 2023 and December 31, 2022, 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 and \$63 million, respectively. 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 U.S. Dollar would result in a decrease of approximately \$1.9 million and \$3.0 million in the carrying value of such investments as of March 31, 2023 and December 31, 2022, 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 March 31, 2023 and December 31, 2022, the Company’s exposure to changes in fair value of such investments was approximately \$38 million and \$37 million, respectively. The Company estimates that a hypothetical 10% adverse change in fair value would result in a decrease of approximately \$3.8 million and \$3.7 million in the carrying value of such investments as of March 31, 2023 and December 31, 2022, respectively.

For additional information regarding risks associated with our investments, see 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.

#### ***Risks Related to Receivables***

We maintain an allowance for credit losses to provide coverage for expected losses from our receivables. We determine the adequacy of the allowance by estimating the expected credit losses based on our analysis of the client’s creditworthiness and specifically provide for exposures where we determine the receivables are uncollectible. At March 31, 2023, total receivables amounted to \$698 million, net of an allowance for credit losses of \$25 million. As of that date, Financial Advisory and Asset Management fees, and customers and other receivables comprised 73% and 27% of total receivables, respectively. At December 31, 2022, total receivables amounted to \$653 million, net of an allowance for credit losses of \$18 million. As of that date, Financial Advisory and Asset Management fees, and customers and other receivables comprised 75% and 25% of total receivables, 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.

LFG and LFB offer wealth management and banking services to high net worth individuals and families. At both March 31, 2023 and December 31, 2022, customers and other receivables included \$129 million of LFB loans. Such loans were fully collateralized and closely monitored for counterparty creditworthiness. Therefore, there was no allowance for credit losses required at those dates related to such receivables.

#### ***Credit Concentrations***

The Company monitors its exposures to individual counterparties and diversifies where appropriate to reduce the exposure to concentrations of credit.

#### ***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. Net derivative assets amounted to \$4 million and \$15 million at March 31, 2023 and December 31, 2022, respectively, and net 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 at both March 31, 2023 and December 31, 2022, respectively.

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 \$368 million and \$326 million at March 31, 2023 and December 31, 2022, 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 March 31, 2023, Lazard estimates that its annual operating income relating to cash and cash equivalents would increase by approximately \$6 million in the event interest rates were to increase by 1% and decrease by approximately \$6 million if rates were to decrease by 1%.

As of March 31, 2023, the Company's cash and cash equivalents totaled approximately \$597 million. Substantially all of the Company's cash and cash equivalents were invested in (i) highly liquid institutional money market funds (a significant majority of which were invested solely in U.S. Government or agency money market funds), (ii) in short-term interest bearing and non-interest bearing accounts at a number of leading banks throughout the world, and (iii) 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 of our businesses 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, legal actions due to operating deficiencies, noncompliance or cyber attacks. 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 our operating subsidiaries 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.

### **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, governmental, 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 may experience 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 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 for the year ended December 31, 2022.

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

None.

### Issuer Repurchases of Equity Securities

The following table sets forth information regarding Lazard's purchases of its common stock on a monthly basis during the first quarter of 2023. Share repurchases are recorded on a trade date basis.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
<b>January 1 – January 31, 2023</b>				
Share Repurchase Program (1)	910,000	\$ 37.82	910,000	\$ 267.7 million
Employee Transactions (2)	-	-	-	-
<b>February 1 – February 28, 2023</b>				
Share Repurchase Program (1)	177,718	\$ 37.83	177,718	\$ 261.0 million
Employee Transactions (2)	5,792	\$ 38.74	-	-
<b>March 1 – March 31, 2023</b>				
Share Repurchase Program (1)	1,604,443	\$ 36.01	1,604,443	\$ 203.2 million
Employee Transactions (2)	1,202,494	\$ 37.36	-	-
<b>Total</b>				
Share Repurchase Program (1)	2,692,161	\$ 36.75	2,692,161	\$ 203.2 million
Employee Transactions (2)	1,208,286	\$ 37.36	-	-

(1) Since 2021 and through the three months ended March 31, 2023, the Board of Directors of Lazard authorized the repurchase of common stock as set forth in the table below.

Date	Repurchase Authorization (\$ in thousands)	Expiration
April 2021	\$ 300,000	December 31, 2022
February 2022	\$ 300,000	December 31, 2024
July 2022	\$ 500,000	December 31, 2024

A significant portion of the Company's purchases under the share repurchase program are used to offset a portion of the shares that have been or will be issued under the 2008 Plan and the 2018 Plan. Purchases under the share repurchase program may be 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. Amounts shown in this line item include repurchases of common stock and exclude the shares of common stock withheld by the Company to meet the minimum statutory tax withholding requirements as described below.

- (2) Under the terms of the 2008 Plan and the 2018 Plan, upon the vesting of RSUs, PRSUs, DSUs and delivery of restricted common stock, shares of common stock may be withheld by the Company to meet the minimum statutory tax withholding requirements. During the three month period ended March 31, 2023, the Company satisfied such obligations in lieu of issuing (i) 1,094,533 shares of common stock upon the vesting or settlement of 2,753,616 RSUs and (ii) 113,753 shares of common stock upon the vesting of 297,142 shares of restricted common stock.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.

## PART IV

### Item 6. Exhibits

- 3.1 [Certificate of Incorporation and Memorandum of Association of the Registrant \(incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement \(File No. 333-121407\) on Form S-1/A filed on March 21, 2005\).](#)
- 3.2 [Certificate of Incorporation on Change of Name of the Registrant \(incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement \(File No. 333-121407\) on Form S-1/A filed on March 21, 2005\).](#)
- 3.3 [Amended and Restated Bye-Laws of Lazard Ltd \(incorporated by reference to Exhibit 3.3 to the Registrant's Quarterly Report \(File No. 001-32492\) on Form 10-Q filed on June 16, 2005\).](#)
- 3.4 [First Amendment to Amended and Restated Bye-Laws of Lazard Ltd \(incorporated by reference to Exhibit 3.4 to the Registrant's Quarterly Report \(File No. 001-32492\) on Form 10-Q filed on May 9, 2008\).](#)
- 3.5 [Second Amendment to the Amended and Restated Bye-Laws of Lazard Ltd \(incorporated by reference to Exhibit 3.5 to the Registrant's Quarterly Report \(File No. 001-32492\) on Form 10-Q filed on April 30, 2010\).](#)
- 4.1 [Form of Specimen Certificate for Class A common stock \(incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement \(File No. 333-121407\) on Form S-1/A filed on April 11, 2005\).](#)
- 4.2 [Indenture, dated as of May 10, 2005, by and between Lazard Group LLC and The Bank of New York, as Trustee \(incorporated by reference to Exhibit 4.1 to Lazard Group LLC's Registration Statement \(File No. 333-126751\) on Form S-4 filed on July 21, 2005\).](#)
- 4.3 [Sixth Supplemental Indenture, dated as of February 13, 2015, between Lazard Group LLC and The Bank of New York Mellon, as trustee \(incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K \(File No. 001-32492\) filed on February 13, 2015\).](#)
- 4.4 [Seventh Supplemental Indenture, dated as of November 4, 2016, between Lazard Group LLC and The Bank of New York Mellon, as trustee \(incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K \(File No. 001-32492\) filed on November 7, 2016\).](#)
- 4.5 [Eighth Supplemental Indenture, dated as of September 19, 2018, 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 \(File No. 001-32492\) filed on September 19, 2018\).](#)
- 4.6 [Ninth Supplemental Indenture, dated as of March 11, 2019, 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 \(File No. 001-32492\) filed on March 11, 2019\).](#)
- 4.7 Form of Senior Note (included in Exhibits [4.3](#), [4.4](#), [4.5](#), and [4.6](#)).
- 10.1 [Third Amended and Restated Operating Agreement of Lazard Group LLC, dated as of March 31, 2023.](#)
- 10.2 [Second Amended and Restated Tax Receivable Agreement, dated as of October 26, 2015, by and among Ltd Sub A, Ltd Sub B and LTBP Trust \(incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report \(File No. 001-32492\) on Form 10-Q filed on October 28, 2015\).](#)
- 10.3 [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 the Registrant's Registration Statement \(File No. 333-121407\) on Form S-1/A filed on February 11, 2005\).](#)
- 10.4 [Fourth Amendment dated as of February 16, 2011, 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 10.16 to the Registrant's Quarterly Report \(File No. 001-32492\) on Form 10-Q filed on April 29, 2011\).](#)
- 10.5\* [Lazard Ltd 2005 Equity Incentive Plan \(incorporated by reference to Exhibit 10.21 to the Registrant's Registration Statement \(File No. 333-121407\) on Form S-1/A filed on May 2, 2005\).](#)
- 10.6\* [Lazard Ltd 2008 Incentive Compensation Plan \(incorporated by reference to Annex B to the Registrant's Definitive Proxy Statement on Schedule 14A \(File No. 001-32492\) filed on March 24, 2008\).](#)
- 10.7\* [Lazard Ltd 2018 Incentive Compensation Plan \(incorporated by reference to Annex B to the Registrant's Definitive Proxy Statement on Schedule 14A \(File No. 001-32492\) filed on March 15, 2018\).](#)
- 10.8\* [Amended and Restated Agreement relating to Retention and Noncompetition and Other Covenants, dated as of March 31, 2022, by and among the Registrant, Lazard Group LLC and Kenneth M. Jacobs \(incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K \(File No. 001-32492\) filed on April 6, 2022\).](#)

- 10.9\* [Amended and Restated Agreement relating to Retention and Noncompetition and Other Covenants, dated as of March 31, 2022, by and among the Registrant, Lazard Group LLC and Evan L. Russo \(incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K \(File No. 001-32492\) filed on April 6, 2022\).](#)
- 10.10\* [Amended and Restated Agreement relating to Retention and Noncompetition and Other Covenants, dated as of March 31, 2022, by and among the Registrant, Lazard Group LLC and Peter R. Orszag \(incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K \(File No. 001-32492\) filed on April 6, 2022\).](#)
- 10.11\* [Amended and Restated Agreement relating to Retention and Noncompetition and Other Covenants, dated as of March 29, 2019, by and among the Registrant, Lazard Group LLC and Ashish Bhutani \(incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K \(File No. 001-32492\) filed on April 3, 2019\).](#)
- 10.12\* [Resignation Letter Agreement, dated as of March 31, 2022, by and between the Registrant and Ashish Bhutani \(incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K \(File No. 001-32492\) filed on April 6, 2022\).](#)
- 10.13\* [Letter Agreement, dated as of January 1, 2023, by and between Lazard Asset Management LLC and Ashish Bhutani.](#)
- 10.14\* [Amended and Restated Agreement relating to Retention and Noncompetition and Other Covenants, dated as of March 29, 2019, by and among the Registrant, Lazard Group LLC and Alexander F. Stern \(incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K \(File No. 001-32492\) filed on April 3, 2019\).](#)
- 10.15\* [Resignation Letter Agreement, dated as of March 31, 2022, by and between the Registrant and Alexander F. Stern \(incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K \(File No. 001-32492\) filed on April 6, 2022\).](#)
- 10.16\* [Letter Agreement, dated as of January 1, 2023, by and between Lazard Frères & Co. LLC and Alexander F. Stern.](#)
- 10.17\* [Letter Agreement, dated as of July 23, 2022, by and between Lazard Group LLC and Mary Ann Betsch \(incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K \(File No. 001-32492\) filed on July 28, 2022\).](#)
- 10.18\* [Form of Award Letter for Annual Grant of Deferred Stock Units to Non-Executive Directors \(incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K \(File No. 001-32492\) filed on September 8, 2005\).](#)
- 10.19\* [Directors' Fee Deferral Unit Plan \(incorporated by reference to Exhibit 10.39 to the Registrant's Quarterly Report on Form 10-Q \(File No. 001-32492\) filed on May 11, 2006\).](#)
- 10.20 [Amended and Restated Credit Agreement, dated as of July 22, 2020, among Lazard Group LLC, the Banks from time to time parties thereto, and Citibank, N.A., as Administrative Agent \(incorporated by reference to Exhibit 10.18 to the Registrant's Quarterly Report on Form 10-Q \(File No. 001-32492\) filed on August 4, 2020\).](#)
- 10.21\* [Form of Agreement for Performance-Based Profits Interest Participation Right Units under the 2018 Incentive Compensation Plan \(incorporated by reference to Exhibit 10.24 to the Registrant's Quarterly Report on Form 10-Q \(File No. 001-32492\) filed on April 30, 2019\).](#)
- 10.22\* [First Amendment to the Lazard Ltd 2018 Incentive Compensation Plan \(incorporated by reference to Annex B to the Registrant's Definitive Proxy Statement on Schedule 14A \(File No. 001-32492\) filed on March 16, 2021\).](#)
- 10.23\* [Form of Agreement evidencing grant of Performance-Based Restricted Participation Units under the 2018 Incentive Compensation Plan \(incorporated by reference to Exhibit 10.19 to the Registrant's Quarterly Report on Form 10-Q \(File No. 001-32492\) filed on May 4, 2021\).](#)
- 10.24\* [Form of Agreement evidencing grant of Lazard Fund Interests to Named Executive Officers under the 2018 Incentive Compensation Plan \(incorporated by reference to Exhibit 10.20 to the Registrant's Quarterly Report on Form 10-Q \(File No. 001-32492\) filed on May 4, 2021\).](#)
- 10.25\* [Form of Agreement for Profits Interest Participation Right Units under the 2018 Compensation Plan \(incorporated by reference to Exhibit 10.21 to the Registrant's Quarterly Report on Form 10-Q \(File No. 001-32492\) filed on May 4, 2021\).](#)
- 10.26\* [Form of Agreement for Profits Interest Participation Right Units under the 2018 Incentive Compensation Plan.](#)
- 10.27\* [Form of Agreement evidencing grant of Restricted Stock Units under the 2018 Incentive Compensation Plan.](#)

31.1	<a href="#">Rule 13a-14(a) Certification of Kenneth M. Jacobs.</a>
31.2	<a href="#">Rule 13a-14(a) Certification of Mary Ann Betsch.</a>
32.1	<a href="#">Section 1350 Certification for Kenneth M. Jacobs.</a>
32.2	<a href="#">Section 1350 Certification for Mary Ann Betsch.</a>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because iXBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

---

\* 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: May 2, 2023

### LAZARD LTD

By: /s/ Mary Ann Betsch

Name: Mary Ann Betsch

Title: Chief Financial Officer

By: /s/ Dominick Ragone

Name: Dominick Ragone

Title: Chief Accounting Officer

THIRD AMENDED AND RESTATED

OPERATING AGREEMENT

OF

LAZARD GROUP LLC

Dated as of March 31, 2023

---



## TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	
DEFINITIONS	
SECTION 1.01.	Definitions 1
SECTION 1.02.	Other Definitional Provisions 10
SECTION 1.03.	References to Schedules 10
ARTICLE II	
FORMATION, CONTINUATION AND POWERS	
SECTION 2.01.	Formation and Continuation 11
SECTION 2.02.	Name 11
SECTION 2.03.	Purpose and Scope of Activity 11
SECTION 2.04.	Principal Place of Business 11
SECTION 2.05.	Registered Agent and Office 11
SECTION 2.06.	Authorized Persons 11
ARTICLE III	
MANAGEMENT	
SECTION 3.01.	Management Generally 11
SECTION 3.02.	Lazard Board 12
SECTION 3.03.	Officers 14
SECTION 3.04.	Resignations 17
SECTION 3.05.	Members 17
ARTICLE IV	
MEMBERS AND INTERESTS	
SECTION 4.01.	Members 17
SECTION 4.02.	Managing Member 17
SECTION 4.03.	Interests 18
SECTION 4.04.	Admission and Withdrawal of Members 20
SECTION 4.05.	Liability to Third Parties; Capital Account Deficits 22
SECTION 4.06.	Classes 22
SECTION 4.07.	Certificates 22
ARTICLE V	
CAPITAL, TAX AND ACCOUNTING MATTERS	
SECTION 5.01.	Capital 22
SECTION 5.02.	Withdrawals; Return on Capital 23
SECTION 5.03.	Maintenance of Capital Accounts 23

SECTION 5.04.	Allocations	24
SECTION 5.05.	Determinations	29
SECTION 5.06.	Books and Accounts	29
SECTION 5.07.	Audits; Tax Representative	30
SECTION 5.08.	Tax Information	31
SECTION 5.09.	Withholding	31

## ARTICLE VI DISTRIBUTIONS

SECTION 6.01.	Distributions in Respect of Profit Participation Interests	31
SECTION 6.02.	Tax Distributions	32
SECTION 6.03.	Regular Distributions	32
SECTION 6.04.	Limitation on Distributions	34

## ARTICLE VII TRANSFERS OF INTERESTS

SECTION 7.01.	Transfer of Interests	34
SECTION 7.02.	Permitted Transfers	34
SECTION 7.03.	PIPR Unit Exchange	35
SECTION 7.04.	Encumbrances	36
SECTION 7.05.	Legend	36
SECTION 7.06.	Effect of Transfer Not in Compliance with This Article	37

## ARTICLE VIII DISSOLUTION

SECTION 8.01.	Dissolution	37
SECTION 8.02.	Liquidation	37
SECTION 8.03.	Distributions	37

## ARTICLE IX INDEMNIFICATION AND EXCULPATION

SECTION 9.01.	Exculpation	38
SECTION 9.02.	Indemnification	38
SECTION 9.03.	Non-Exclusivity of Rights	41
SECTION 9.04.	Insurance	41
SECTION 9.05.	Survival	41

## ARTICLE X MISCELLANEOUS

SECTION 10.01.	Use of Firm Name	41
SECTION 10.02.	Amendments	41
SECTION 10.03.	Benefits of Agreement	42
SECTION 10.04.	Waiver of Notice	42
SECTION 10.05.	Arbitration	42

SECTION 10.06.	Successors and Assigns	43
SECTION 10.07.	Confidentiality	43
SECTION 10.08.	Notices	44
SECTION 10.09.	No Waiver of Rights	44
SECTION 10.10.	Power of Attorney	44
SECTION 10.11.	Severability	45
SECTION 10.12.	Headings	45
SECTION 10.13.	Entire Agreement	45
SECTION 10.14.	Governing Law	45
SECTION 10.15.	Counterparts	45
SECTION 10.16.	Effectiveness	45
SECTION 10.17.	Corporate Opportunity; Fiduciary Duty	45
SECTION 10.18.	PIPR Agreement Conflicts	46

## Schedules

Schedule A

Schedule B

Schedule 1.01(a)

Schedule 3.02(a)

Schedule 3.03(a)

Schedule 4.01

Schedule 4.03(c)

Schedule 5.01

THIRD AMENDED AND RESTATED OPERATING AGREEMENT (together with all exhibits, annexes and schedules hereto, this “Agreement”) of Lazard Group LLC, a Delaware limited liability company (the “Company”), dated as of March 31, 2023.

WHEREAS, the Operating Agreement, dated as of May 10, 2005, as amended, was amended and restated in its entirety by the Amended and Restated Operating Agreement, dated as of October 26, 2015 (the “First Amended and Restated Operating Agreement”) to reflect certain amendments thereto.

WHEREAS, the First Amended and Restated Operating Agreement was amended and restated in its entirety by the Amended and Restated Operating Agreement, dated as of February 4, 2019 (the “Second Amended and Restated Operating Agreement”) to reflect certain amendments thereto.

WHEREAS, the Lazard Board, the Managing Members and the Lazard Ltd Board have approved and adopted this Agreement.

NOW, THEREFORE, the Second Amended and Restated Operating Agreement, as amended, is hereby amended and restated in its entirety and this amended and restated agreement is adopted as the “limited liability company agreement” of the Company within the meaning of the Act:

## ARTICLE I

### DEFINITIONS

SECTION 1.01. Definitions. As used in this Agreement, the following terms have the meanings set forth below:

“Accounting Period” means the period commencing immediately after a Closing of the Books Event and ending at the next Closing of the Books Event.

“Accrued Capital Return Distribution Amount” means, with respect to a PIPR Member, the return described in Section 6.03(d) allocable to such PIPR Member to the extent accrued during the applicable Accounting Period.

“Accrued Capital Return Distribution Percentage” means, with respect to a PIPR Member, the fraction, expressed as a percentage, equal to (i) such PIPR Member’s Accrued Capital Return Distribution Amount over (ii) all PIPR Members’ Accrued Capital Return Distribution Amounts, in each case, during the applicable Accounting Period.

“Acknowledgement” means a Membership Acknowledgement and Agreement with respect to the Profit Participation Interests or the PIPR Interests, as applicable, in the form or forms to be approved by the Chief Executive Officer, the Chief Financial Officer and the General Counsel (or any of them).

“Act” means the Delaware Limited Liability Company Act (6 Del. C. § 18-101, et seq.), as amended from time to time and any successor statute thereto.

“Actual Parity Shortfall Amount” has the meaning set forth in Section 5.04(g)(v).

“Affiliate” means, with respect to any person, any other person that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such person.

“Agreement” has the meaning set forth in the preamble to this Agreement.

“Audit Taxes” has the meaning set forth in Section 5.07(c).

“Cap” has the meaning set forth in Section 5.04(c)(i).

“Capital” means, (i) with respect to any Common Member, the balance in such Member’s Common Capital Account from time to time, (ii) with respect to any Profit Participation Member, the balance in such Member’s Profit Participation Capital Account from time to time and (iii) with respect to any PIPR Member, the balance in such Member’s PIPR Capital Account from time to time.

“Capital Account” means, with respect to any Member, such Member’s Common Capital Account, Profit Participation Capital Account or PIPR Capital Account, as applicable.

“Certificate of Conversion” means the certificate of conversion converting the Company’s prior partnership into the Company filed with the office of the Secretary of State of the State of Delaware on March 2, 2000.

“Certificate of Formation” means the certificate of formation of the Company filed with the office of the Secretary of State of the State of Delaware on March 2, 2000.

“Change in Control” has the meaning set forth in Lazard Ltd’s 2018 Incentive Compensation Plan, as amended from time to time, or, if Lazard Ltd has adopted a new equity incentive compensation plan, the meaning set forth in such new plan.

“Closing of the Books Event” means any of (i) the close of the last day of each calendar year and each calendar quarter, (ii) the close of any date on which there occurs a dissolution of the Company, the admission of a new Common Member or the withdrawal of a Common Member, or (iii) any other time that the Managing Members determine to be appropriate for an interim closing of the Company’s books.

“Code” means the U.S. Internal Revenue Code of 1986, as amended from time to time.

“Common Capital Account” has the meaning set forth in Section 5.03.

“Common Interest” means, with respect to any Common Member, such Member’s rights and obligations with respect to the Company pursuant to this Agreement.

“Common Member” means any person who, from time to time, is entitled to a Common Interest pursuant to and in compliance with this Agreement and who has been admitted to the Company as a Common Member in accordance with this Agreement and has not ceased to be a Common Member under the terms of this Agreement.

“Common Parity Amount” means, with respect to a PIPR Unit, as of the date of any allocation of Revaluation Gain pursuant to Section 5.04(e)(i), (ii), or (iii), the Equitizing Target Capital of the PIPR Units issued on the date such allocation is made (or, if no PIPR Units are issued on that date, the amount that would be the Equitizing Target Capital of a PIPR Unit if it were issued on that date).

“Common Percentage Interest” means, with respect to a Common Member, the percentage set forth on Schedule 1.01(a) with respect to such Common Member.

“Company” has the meaning set forth in the preamble to this Agreement.

“Compensation Committee” means the Compensation Committee of the Lazard Ltd Board.

“Deemed Common Units” has the meaning set forth in Section 4.03(a).

“Delaware Arbitration Act” has the meaning set forth in Section 10.05(d).

“DGCL” has the meaning set forth in Section 9.02(a).

“Directors” has the meaning set forth in Section 3.02(a).

“Disinterested Director” has the meaning set forth in Section 9.02(i)(i).

“Disputes” has the meaning set forth in Section 10.05(a).

“Effective Period” means the period beginning January 1, 2023, and ending December 31, 2028.

“Encumbrance” has the meaning set forth in Section 7.04.

“Equitized PIPR Unit” means a PIPR Unit the PIPR Capital of which is at least equal to the Equitizing Target Capital.

“Equitizing Target Capital” means, with respect to a PIPR Unit, the amount equal to the Common Capital Account balance with respect to a Deemed Common Unit at the time such PIPR Unit is issued, as adjusted from time to time.

“Exchangeable PIPR Unit” has the meaning set forth in Section 7.03(a).

“Excluded Items” means (i) depreciation, (ii) amortization, (iii) other cost recovery deduction, and (iv) items of deduction, expense or loss attributable to all deferred compensation issued by or on behalf of Lazard Ltd or any of its Subsidiaries including the grant

or delivery of (1) restricted stock units, performance-based restricted stock units, PIPR Units or other equity-based compensation awards issued and (2) interests in The Lazard Funds Inc. or any other fund, in each case, as may be offered by Lazard Ltd or any of its Subsidiaries.

“Executive Officer” has the meaning set forth in Section 3.03(g).

“Executive Review” has the meaning set forth in Section 10.05(b).

“Fixed Percentage” has the meaning set forth in Section 5.04(c)(i).

“Funding Proportion” has the meaning set forth in Section 5.04(d)(i).

“Grant Date”, with respect to any PIPR Unit, has the meaning set forth in the applicable PIPR Agreement.

“ICC” has the meaning set forth in Section 10.05(b).

“ICC Rules” has the meaning set forth in Section 10.05(b).

“in Parity” means, with respect to a PIPR Unit, that the Parity Shortfall Amount with respect to such PIPR

Unit is zero.

“Independent Counsel” has the meaning set forth in Section 9.02(i)(ii).

“Interest” means a Common Interest, a Profit Participation Interest and a PIPR Interest.

“Lazard Board” has the meaning set forth in Section 3.01.

“Lazard Ltd” means Lazard Ltd, a Bermuda exempted company.

“Lazard Ltd Affiliate” has the meaning set forth in Section 10.17(a).

“Lazard Ltd Board” means the Board of Directors of Lazard Ltd.

“Lazard Ltd Common Stock” means the Class A common stock, par value \$0.01 per share, of Lazard Ltd.

“Lazard Ltd Sub A” means the Subsidiary of Lazard Ltd designated as such on Schedule 1.01(a).

“Lazard Ltd Sub B” means the Subsidiary of Lazard Ltd designated as such on Schedule 1.01(a).

“Managing Director” means (a) a managing director of Lazard Frères & Co. LLC, a New York limited liability company, (b) an Associé-Gérant of Lazard Frères S.A.S., a French *Société par Actions Simplifiée*, (c) a managing director or limited managing director of Lazard & Co., Holdings Limited, an English private limited company, or (d) a managing director, limited managing director or comparable executive of any other Lazard Ltd Affiliate designated by the Managing Members.

“Managing Member” has the meaning set forth in Section 4.02.

“Members” means the Common Members, the Profit Participation Members and the PIPR Members, and “Member” means any of the foregoing.

“Non-Equitized PIPR Unit” means a PIPR Unit that is not an Equitized PIPR Unit.

“Operating Expenses” has the meaning set forth in Section 5.04(c)(ii).

“Operating Income” has the meaning set forth in Section 5.04(c)(iii).

“Operating Revenue” has the meaning set forth in Section 5.04(c)(iv).

“Parity Shortfall Amount” means, with respect to a PIPR Unit, the excess, if any, of (i) the Common Parity Amount over (ii) the PIPR Capital, in each case with respect to such PIPR Unit.

“Performance Achievement PIPR” has the meaning set forth in Section 6.03(c).

“Performance PIPR” means each PIPR Unit that is subject, in whole or in part, to performance-based vesting conditions, but only until the end of the final performance period set forth in the applicable PIPR Agreement (effective as of which time the Compensation Committee shall determine whether that PIPR Unit shall either be forfeited or become a Performance Achievement PIPR). For the avoidance of doubt, in the case of a Performance PIPR that is subject to performance goals that can be assessed either on an annual basis or over one or more longer performance periods, such Performance PIPR shall remain a Performance PIPR and shall not be eligible to become a Performance Achievement PIPR until the end of the longest applicable performance period.

“Performance True-Up Distribution Amount” means, with respect to a PIPR Member, the amount of distributions that such PIPR Member is entitled to receive under Section 6.03(c) (without regard to the proviso in Section 6.03(c)) during the applicable Accounting Period.

“Performance True-Up Distribution Percentage” means, with respect to a PIPR Member, the fraction, expressed as a percentage, equal to (i) such PIPR Member’s Performance True-Up Distribution Amount over (ii) all PIPR Members’ Performance True-Up Distribution Amounts, in each case, during the applicable Accounting Period.

“PIPR Agreement” means, with respect to a PIPR Unit, the Profits Interest Participation Right Unit Agreement between the Company, Lazard Ltd and the applicable PIPR Member, applicable to such PIPR Unit.

“PIPR Capital” means, with respect to any PIPR Member, the balance, from time to time, in such Member’s PIPR Capital Account, (i) increased by the amount of such Member’s share of any partnership minimum gain and any partner nonrecourse debt minimum gain (in each



case, as defined and determined by Treasury Regulation section 1.704-2) to the extent attributable to such Member's PIPR Units and (ii) decreased by the amount of (A) distributions with respect to such Member's PIPR Units that are delayed pursuant to the proviso in Section 6.03(b) or the proviso in Section 6.03(c), (B) any undistributed Accrued Capital Return Distribution Amount with respect to such Member's PIPR Units and (C) any unreturned capital contributed by such PIPR Member with respect to such Member's PIPR Units, in each case as reasonably determined by the Managing Members.

"PIPR Capital Account" has the meaning set forth in Section 5.03.

"PIPR Distribution Amount" means, with respect to a PIPR Member, the amount of distributions that such PIPR Member is entitled to under Section 6.03(b) (without regard to the proviso in Section 6.03(b)) during the applicable Accounting Period.

"PIPR Distribution Percentage" means, with respect to a PIPR Member, the fraction, expressed as a percentage, equal to (i) such PIPR Member's PIPR Distribution Amount over (ii) all PIPR Members' PIPR Distribution Amounts, in each case, during the applicable Accounting Period.

"PIPR Interest" means, with respect to any PIPR Member, such Member's rights and obligations with respect to the Company pursuant to this Agreement and the applicable PIPR Agreement(s) to which the PIPR Member is a party.

"PIPR Member" means any person who, from time to time, is entitled to a PIPR Interest pursuant to and in compliance with this Agreement and the applicable PIPR Agreement and who has been admitted to the Company as a PIPR Member in accordance with this Agreement and has not ceased to be a PIPR Member under the terms of this Agreement.

"PIPR Units" has the meaning set forth in Section 4.03(c)(i).

"Proceeding" has the meaning set forth in Section 9.02(a).

"Profit or Loss", as the case may be, means the combined items of income, gain, loss or deduction of the Company, excluding any items allocated pursuant to Sections 5.04(e) through 5.04(h) (in each case, calculated in accordance with Section 5.03). For the avoidance of doubt, "Profit or Loss" (whether operating or otherwise) shall include items of loss or deduction attributable to foreign or other taxes paid by Subsidiaries of the Company that are treated as "flow-through" entities for U.S. Federal income tax purposes.

"Profit Participation Amount" has the meaning set forth in Section 5.04(c)(v).

"Profit Participation Capital" means, with respect to any Profit Participation Member, the balance in such Member's Profit Participation Capital Account from time to time.

"Profit Participation Capital Account" has the meaning set forth in Section 5.03.

“Profit Participation Interest” means, with respect to any Profit Participation Member, such Member’s rights and obligations with respect to the Company pursuant to this Agreement.

“Profit Participation Member” means any person who has acquired a Profit Participation Interest pursuant to and in compliance with this Agreement and who shall have been admitted to the Company as a Profit Participation Member in accordance with this Agreement and shall not have ceased to be a Profit Participation Member under the terms of this Agreement.

“Profit Participation Member’s Proportionate Tax Share” means, with respect to a Profit Participation Member, the product of (i) the Profit Participation Tax Distribution for the fiscal year, fiscal quarter or other period, as applicable, and (ii) the Profit Participation Percentage of such Profit Participation Member for such fiscal year, fiscal quarter or other period. In the event that the Profit Participation Percentage of a Profit Participation Member changes during any fiscal year, fiscal quarter or other period, the Profit Participation Member’s Proportionate Tax Share of such Profit Participation Member and the other Profit Participation Members, as the case may be, for such fiscal year, fiscal quarter or other period shall be appropriately adjusted to take into account the Profit Participation Members’ varying interests.

“Profit Participation Percentage” means, with respect to any Accounting Period, (i) the profit percentage of a Profit Participation Member under the terms of this Agreement for such Accounting Period determined in accordance with Section 4.03(b) or (ii) the profit percentage constituting the Unallocated Float.

“Profit Participation Tax Distribution” means, for each fiscal year, fiscal quarter or other period of the Company, the product of (i) the aggregate amount of positive taxable income or gain allocated to the Profit Participation Members pursuant to Section 5.04(a)(i) or Section 5.04(b)(i), as the case may be, for such fiscal year, fiscal quarter or other period and (ii) the highest tax rate applicable to an individual resident in New York, NY, as determined by the Company in its sole discretion, for such fiscal year, fiscal quarter or other period.

“Proportionate Tax Share” means, (a) with respect to a Common Member, the product of (i) the aggregate total Tax Distribution determined with respect to Common Members for the fiscal year, fiscal quarter or other period and (ii) a fraction, (A) the numerator of which is the positive taxable income or gain allocated to such Common Member pursuant to Section 5.04 for such fiscal year, fiscal quarter or other period and (B) the denominator of which is the sum of the positive taxable income or gain allocated to all Common Members pursuant to Section 5.04 for such fiscal year, fiscal quarter or other period, and (b) with respect to a PIPR Member, the product of (i) the aggregate total Tax Distribution determined with respect to PIPR Members for the fiscal year, fiscal quarter or other period and (ii) a fraction, (A) the numerator of which is the positive taxable income or gain allocated to such PIPR Member pursuant to Section 5.04 for such fiscal year, fiscal quarter or other period and (B) the denominator of which is the sum of the positive taxable income or gain allocated to all PIPR Members pursuant to Section 5.04 for such fiscal year, fiscal quarter or other period.

“Quarterly Profit Participation Tax Distribution” means, for each Profit Participation Member for each of the first three fiscal quarters of the applicable fiscal year of the Company, such Profit Participation Member’s Proportionate Tax Share for such fiscal quarter.

“Quarterly Tax Distribution” means, for each Common Member and each PIPR Member for each of the first three fiscal quarters of the applicable fiscal year of the Company, such Member’s Proportionate Tax Share for such fiscal quarter.

“Retirement” means, with respect to any Profit Participation Member, (i) the resignation, removal (including, for the avoidance of doubt, for cause) or withdrawal of such Member from the Company, (ii) such Member ceasing to be a Managing Director, (iii) the purported Transfer by such Member of his or her Profit Participation Interest in violation of Article VII, (iv) the death of such Member, or (v) the occurrence with respect to such Member of any of the events set forth in Section 18-304 of the Act.

“Revaluation” means any adjustment to the value of property of the Company in accordance with Treasury Regulation sections 1.704-1(b)(2)(iv)(f), (g), and (s).

“Revaluation Gain” means the net gain, if any, realized for purposes of maintaining the Members’ Capital Accounts in connection with (1) the actual sale of assets of the Company or (2) a Revaluation (determined as if there were a taxable disposition of all of the Company’s property for fair market value, as described in Treasury Regulation section 1.704-1(b)(2)(iv)(f)).

“Revaluation Loss” means the net loss, if any, realized for purposes of maintaining the Members’ Capital Accounts in connection with (1) the actual sale of assets of the Company or (2) a Revaluation (determined as if there were a taxable disposition of all of the Company’s property for fair market value, as described in Treasury Regulation section 1.704-1(b)(2)(iv)(f)).

“Sarbanes-Oxley Act” means the Sarbanes-Oxley Act of 2002, as amended from time to time.

“Securities Act” has the meaning set forth in Section 7.05.

“Service and Performance Vested PIPR Unit” means a PIPR Unit (regardless of whether it is an Equitized PIPR Unit or a Non-Equitized PIPR Unit) with respect to which all vesting conditions (including performance conditions, if any) set forth in the applicable PIPR Agreement, other than the condition that the PIPR Unit be an Equitized PIPR Unit, have been satisfied.

“Specific Tax Rate” means, with respect to a Common Member, the highest aggregate marginal statutory U.S. Federal, state, local and foreign income, franchise and branch profits tax rate (determined taking into account the deductibility of state and local income taxes for U.S. Federal income tax purposes and the creditability or deductibility of foreign income taxes for U.S. Federal income tax purposes) applicable to a person or entity, as appropriate, whose principal tax residence is in the same national jurisdiction as such Common Member on

income of the same character and source as the income allocated to such Common Member pursuant to Section 5.04 for the applicable fiscal year, fiscal quarter or other period.

“Specified Percentage” means, with respect to each Performance PIPR, 50%; provided that the applicable PIPR Agreement may specify a different percentage for any Performance PIPR.

“Subsidiary” means, with respect to any person, any corporation, limited liability company, company, partnership, trust, association or other legal entity or organization of which such person (either directly or through one or more Subsidiaries of such person) (i) owns, directly or indirectly, a majority of the capital stock or other equity interests the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such corporation, limited liability company, partnership, trust, association or other legal entity or organization, or (ii) is otherwise entitled to exercise (A) a majority of the voting power generally in the election of the board of directors or other governing body of such corporation, limited liability company, partnership, trust, association or other legal entity or organization or (B) control of such corporation, limited liability company, partnership, trust, association or other legal entity or organization.

“Tax Distribution” means, for each fiscal year, fiscal quarter or other period of the Company, (a) with respect to Common Members, the product of (i) the aggregate amount of positive taxable income or gain allocated to the Common Members pursuant to Section 5.04 for such fiscal year, fiscal quarter or other period and (ii) the Tax Rate for such fiscal year, fiscal quarter or other period, and (b) with respect to PIPR Members, the product of (i) the aggregate amount of positive taxable income or gain allocated to the PIPR Members pursuant to Section 5.04 for such fiscal year, fiscal quarter or other period and (ii) the highest tax rate applicable to an individual resident in New York, NY, as determined by the Company in its sole discretion, for such fiscal year, fiscal quarter or other period. For purposes of this definition, the Company may, in its discretion, take into account limitations, if any, on the deductibility of certain expenses allocated to the PIPR Members.

“Tax Rate” means the greatest of any Common Members’ Specific Tax Rate.

“Tax Representative” means, with respect to any taxable year, (a) the Member or other person designated as the “partnership representative” of the Company under Section 6223 of the Code (as in effect after 2017 and as amended by Title XI of the Bipartisan Budget Act of 2015, H.R. 1314, Public Law Number 114-74) and/or (b) the Member designated as the “tax matters partner” for the Company under Section 6231(a)(7) of the Code (as in effect before 2018 and before amendment by Title XI of the Bipartisan Budget Act of 2015, H.R. 1314, Public Law Number 114-74), including, in each case, analogous roles under state, local or non-U.S. law, as amended from time to time.

“Transfer” means any transfer, sale, conveyance, assignment, gift, hypothecation, pledge or other disposition, whether voluntary or by operation of law, of all or any part of an Interest or any right, title or interest therein.

“Transferee” means the transferee in a Transfer or proposed Transfer.

“Unallocated Entity” has the meaning set forth in Section 5.04(d)(i).

“Unallocated Float” means any Profit Participation Percentage for any Accounting Period that is not allocated to a particular Member.

“Unvested PIPR Unit” means any PIPR Unit (regardless of whether it is an Equitized PIPR Unit or a Non-Equitized PIPR Unit) that is not a Service and Performance Vested PIPR Unit.

SECTION 1.02. Other Definitional Provisions. Wherever required by the context of this Agreement, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa, and references to any agreement, document or instrument shall be deemed to refer to such agreement, document or instrument as amended, supplemented or modified from time to time. When used herein:

(a) the word “or” is not exclusive;

(b) the word “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”), as used with respect to any person, means the direct or indirect possession of the power to direct or cause the direction of the management or policies of such person, whether through the ownership of voting securities, by contract or otherwise;

(c) the words “including”, “includes”, “included” and “include” are deemed to be followed by the words “without limitation”;

(d) the terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision;

(e) the word “person” means any individual, corporation, limited liability company, trust, joint venture, association, company, partnership or other legal entity or a government or any department or agency thereof or self-regulatory organization; and

(f) all section, paragraph or clause references not attributed to a particular document shall be references to such parts of this Agreement, and all exhibit, annex and schedule references not attributed to a particular document shall be references to such exhibits, annexes and schedules to this Agreement.

SECTION 1.03. References to Schedules. The Chief Executive Officer and General Counsel shall maintain and revise from time to time all schedules referred to in this Agreement in accordance with this Agreement. Notwithstanding anything in Section 10.02 to the contrary, any such revision shall not be deemed an amendment to this Agreement and shall not require any act, vote or approval of any person. The Company shall not be obligated by this Agreement to distribute or otherwise provide to the Members copies of or access to such schedules.

## ARTICLE II

### FORMATION, CONTINUATION AND POWERS

SECTION 2.01. Formation and Continuation. Effective as of 5:00 a.m., New York City time, on March 3, 2000, the Company was converted into a limited liability company pursuant to the provisions of the Act by the filing of the Certificate of Conversion and the Certificate of Formation. Pursuant to the Act, the existence of the Company is deemed to have commenced on June 12, 1984, the date the Company's prior partnership was formed.

SECTION 2.02. Name. The name of the Company is "Lazard Group LLC".

SECTION 2.03. Purpose and Scope of Activity. The Company has been formed for the object and purpose of, and the nature of the business to be conducted by the Company is, engaging in any lawful business purpose or activity for which limited liability companies may be formed under the Act and engaging in any and all activities necessary or incidental to the foregoing. The Company shall possess and may exercise all the powers and privileges granted by the Act or by any other law or by this Agreement, together with any powers incidental thereto, that are necessary or convenient to the conduct, promotion or attainment of the business, purposes or activities of the Company.

SECTION 2.04. Principal Place of Business. For purposes of the Act, the principal place of business of the Company shall be located in New York, New York or at such other place as may hereafter be designated from time to time by the Lazard Board. Company, committee and board meetings shall take place at the Company's principal place of business unless decided otherwise for any particular meeting.

SECTION 2.05. Registered Agent and Office. The registered agent for service of process is, and the mailing address of the registered office of the Company in the State of Delaware is in care of, The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware. At any time, the Company may designate another registered agent or registered office.

SECTION 2.06. Authorized Persons. The officers of the Company are hereby designated as authorized persons, within the meaning of the Act, to act in connection with executing and causing to be filed, when approved by the appropriate governing body or bodies hereunder, any certificates required or permitted to be filed with the Secretary of State of the State of Delaware and any certificates (and any amendments or restatements thereof) necessary for the Company to file in any jurisdiction in which the Company is required to make a filing.

## ARTICLE III

### MANAGEMENT

SECTION 3.01. Management Generally. Except as otherwise expressly provided in this Agreement with respect to the Managing Members, the business and affairs of the Company shall be managed under the direction of the board of directors of the Company (the

“Lazard Board”). In addition to the powers and authorities by this Agreement expressly conferred upon them, the Lazard Board may exercise all such powers of the Company and do all such lawful acts and things as are not by the Act or by this Agreement required to be exercised or done by the Members or the Managing Members. Certain powers and authorities of the Lazard Board may be concurrently allocated to or executed by the Chief Executive Officer, or one or more other officers, when and to the extent expressly delegated thereto by the Lazard Board in accordance with this Agreement; provided that any such delegation may be revoked at any time and for any reason by the Lazard Board. Approval by or action taken by the Lazard Board in accordance with this Agreement shall constitute approval or action by the Company and shall be binding on the Members.

SECTION 3.02. Lazard Board. (a) Composition. The Lazard Board shall consist of eleven individuals (the “Directors”); provided that the number of Directors may be increased or decreased from time to time exclusively by the Managing Members. The members of the Lazard Board are set forth on Schedule 3.02(a). Schedule 3.02(a) shall be amended pursuant to Section 1.03 to reflect any change in the identity of the members of, or increase or decrease in the size of, the Lazard Board in accordance with this Agreement. Each Director shall continue in such position until his or her successor shall have been duly elected and shall have qualified or until the earlier of his or her death, disability, resignation, retirement or removal from such position.

(b) Vacancies; Removal. Vacancies resulting from death, resignation, retirement, removal from office or other cause, and newly created directorships resulting from any increase in the authorized number of Directors, may be filled only by the Managing Members. Any Director may be removed at any time, with or without cause, by the Managing Members in their sole discretion.

(c) Compensation of Directors. Directors of the Company, in their capacity as such, shall not be entitled to compensation, unless, and to the extent, approved by the Managing Members.

(d) Meetings. Meetings of the Lazard Board shall be held at the Company’s principal place of business or such other place, within or without the State of Delaware, that has been designated from time to time by the Lazard Board. Meetings of the Lazard Board for any purpose or purposes may be called at any time by (i) the Managing Members, (ii) the Chief Executive Officer, (iii) the Chairman of the Board, or (iv) a majority of the Directors then in office. Notice of any meeting of the Lazard Board shall be given to each Director at his business or residence in writing by hand delivery, first-class or overnight mail or courier service, electronic mail transmission, telegram or facsimile transmission, or orally by telephone. If mailed by first-class mail, such notice shall be deemed adequately delivered when deposited in the United States mails so addressed, with postage thereon prepaid, at least five (5) days before such meeting. If by telegram, overnight mail or courier service, such notice shall be deemed adequately delivered when the telegram is delivered to the telegraph company or the notice is delivered to the overnight mail or courier service company at least twenty-four (24) hours before such meeting. If by electronic mail transmission, such notice shall be deemed adequately delivered when the notice is transmitted at least twelve (12) hours before such meeting. If by facsimile transmission, such notice shall be deemed adequately delivered when the notice is transmitted at least twelve (12) hours before such meeting. If by

telephone or by hand delivery, the notice shall be given at least twelve (12) hours prior to the time set for the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Lazard Board need be specified in the notice of such meeting. A meeting may be held at any time without notice if all the Directors are present or if those not present waive notice of the meeting in accordance with Section 3.02(g) of this Agreement.

(e) Quorum; Alternates; Participation in Meetings by Conference Telephone Permitted. The presence of a majority of the Directors then in office shall constitute a quorum for the transaction of business. Directors may participate in a meeting of the Lazard Board through use of conference telephone or similar communications equipment, so long as all Directors participating in such meeting can communicate with and hear one another. The Directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Directors to leave less than a quorum.

(f) Vote Required for Action. The act of the majority of the Directors present at a meeting of the Lazard Board at which a quorum is present shall be the act of the Lazard Board.

(g) Waiver of Notice; Consent to Meeting. Notice of a meeting need not be given to any Director who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director. All such waivers, consents and approvals shall be filed with the Company's records and made a part of the minutes of the meeting.

(h) Action by Lazard Board Without a Meeting. Any action required or permitted to be taken by the Lazard Board may be taken without a meeting and without prior notice if a majority of the Directors then in office shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Lazard Board. Such action by written consent shall have the same force and effect as a vote of the Lazard Board in favor of such action.

(i) Executive and Other Committees. The Lazard Board may, by resolution adopted by a majority of the Lazard Board then in office, designate an Executive Committee to exercise, subject to applicable provisions of law, all the powers of the Lazard Board in the management of the business and affairs of the Company when the Lazard Board is not in session, including the power to make distributions, to authorize the issuance of Interests if and to the extent permitted by this Agreement and to approve mergers of the Company, and may, by resolution similarly adopted, designate one or more other committees. The Executive Committee and each such other committee shall consist of two or more Directors of the Company. The Lazard Board may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, other than the Executive Committee (the powers of which are expressly provided for herein), may to the extent permitted by law exercise such powers and shall have such



responsibilities as shall be specified in the designating resolution. In the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the Lazard Board to act at the meeting in the place of any such absent or disqualified member. Each committee shall keep written minutes of its proceedings and shall report such proceedings to the Lazard Board when required. A majority of any committee may determine its action and fix the time and place of its meetings, unless the Lazard Board shall otherwise provide. Notice of such meetings shall be given to each member of the committee in the manner provided for in Section 3.02(d). The Lazard Board shall have power at any time to fill vacancies in, to change the membership of, or to dissolve any such committee. Nothing herein shall be deemed to prevent the Lazard Board from appointing one or more committees consisting in whole or in part of persons who are not Directors of the Company; provided, however, that, except as set forth in the following sentence, no such committee shall have or may exercise any authority of the Lazard Board. Except as specifically set forth herein regarding the Managing Members, with respect to any and all matters hereunder relating to the PIPR Interests, including the determinations, allocations, valuations and other matters contemplated by Section 5.05 and all determinations pursuant to any PIPR Agreement, any provision hereunder requiring the act or approval of the Lazard Board shall be deemed satisfied (with respect to such act or approval of the Lazard Board) if the act or approval is taken or approved by the Lazard Board or by the Compensation Committee.

(j) Records. The Lazard Board shall cause to be kept a record containing the minutes of the proceedings of the meetings of the Lazard Board and of the Members, appropriate books and registers and such books of records and accounts as may be necessary for the proper conduct of the business of the Company.

(k) Agents. To the extent of their powers set forth in this Agreement, the Directors are agents of the Company for the purpose of the Company's business, and the actions of the Directors taken in accordance with such powers set forth in this Agreement shall bind the Company. Notwithstanding the last sentence of Section 18-402 of the Act, except as provided in this Agreement or in a resolution of the Directors, a Director may not bind the Company.

SECTION 3.03. Officers. (a) Generally. The elected officers of the Company shall be a Chief Executive Officer, a Chief Financial Officer, a General Counsel, and such other officers as the Lazard Board from time to time may deem proper. The Lazard Board shall choose one of its Directors to serve as Chairman of the Board. All officers elected by the Lazard Board shall each have such powers and duties as generally pertain to their respective offices if the Company were a Delaware corporation, subject to the specific provisions of this Section 3.03. Such officers shall also have such powers and duties as from time to time may be conferred by the Lazard Board or by any committee thereof. The Lazard Board or any committee thereof may from time to time elect, or the Chief Executive Officer may appoint, such other officers (including one or more Vice Chairmen, Presidents, Vice Presidents, Secretaries, Treasurers, Controllers, Assistant Vice Presidents, Assistant Secretaries, Assistant Treasurers, and Assistant Controllers) and such agents, as may be necessary or desirable for the conduct of the business of the Company; provided that the Lazard Board shall be given prior notice of any proposed appointment by the Chief Executive Officer of any such Vice Chairman, President or

Secretary. Such other officers and agents shall have such duties and shall hold their offices for such terms as shall be provided in this Agreement or as may be prescribed by the Lazard Board or such committee or by the Chief Executive Officer, as the case may be; provided that, notwithstanding anything in this Section 3.03 to the contrary, such powers and duties may not impair, and shall be subordinate to, the powers and duties of the Lazard Board set forth in Section 3.01 hereof. The identity and office of the Officers are set forth on Schedule 3.03(a). Schedule 3.03(a) shall be amended pursuant to Section 1.03 to reflect any change in the identity or office of the Officers in accordance with this Agreement.

(b) Term of Office. Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified or until his or her death or until he or she shall resign or retire, but any officer may be removed from office with or without cause at any time by the Lazard Board or, except in the case of an officer or agent elected by the Lazard Board, the Chief Executive Officer. Such removal shall be without prejudice to the contractual rights, if any, of the person so removed.

(c) Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Members (if any shall be called) and of the Lazard Board. The Chairman of the Board may also serve as the Chief Executive Officer, if so elected by the Lazard Board.

(d) Chief Executive Officer. The Chief Executive Officer shall act in a general executive capacity and shall be responsible for the general management of the affairs of the Company and shall perform all duties incidental to his or her office that may be required by law and all such other duties as are properly required of him by the Lazard Board. He or she shall make reports to the Lazard Board and the Members and shall see that all orders and resolutions of the Lazard Board and of any committee thereof are carried into effect. The Chief Executive Officer shall, in the absence of or because of the inability to act as the Chairman of the Board, perform all duties of the Chairman of the Board and preside at all meetings of Members (if any shall be called) and of the Lazard Board.

(e) Chief Financial Officer. The Chief Financial Officer shall be the chief financial officer of the Company and act in an executive financial capacity. He or she shall assist the Chief Executive Officer in the general supervision of the Company's financial policies and affairs; and, in general, he or she shall perform all the duties incident to the office of Chief Financial Officer and such other duties as from time to time may be assigned to him or her by the Lazard Board or the Chief Executive Officer.

(f) General Counsel. The General Counsel shall keep or cause to be kept in one or more books provided for that purpose, the minutes of all meetings of the Lazard Board, the committees of the Lazard Board and the Members (if any shall be called); he or she shall see that all notices are duly given in accordance with the provisions of this Agreement and as required by law; he or she shall be custodian of the records; he or she shall see that the books, reports, statements, certificates and other documents and records required by law to be kept and filed are properly kept and filed; and, in general, he or she shall perform all the duties incident to the office of General Counsel and such other duties as from time to time may be assigned to him or her by the Lazard Board or the Chief Executive Officer.

(g) Other Officers. The Lazard Board or the Chief Executive Officer may from time to time appoint other officers of the Company and assign titles and functional titles to any such individual. Such officers shall have such functions, powers and obligations, including such power to bind the Company as the Lazard Board or the Chief Executive Officer shall delegate to them. The Lazard Board or the Chief Executive Officer may from time to time appoint certain of these officers as executive officers (each, an “Executive Officer”), with the additional power and authority set forth in this Agreement or as may be delegated to them.

(h) Contracts. Notwithstanding any other provision contained in this Agreement and except as required by law, any contracts or other instruments may be executed and delivered in the name and on the behalf of the Company by such officer or officers of the Company as the Lazard Board may from time to time direct. Such authority may be general or confined to specific instances as the Lazard Board may determine. The Chairman of the Board, the Chief Executive Officer, Chief Financial Officer, General Counsel or any Executive Officer may execute bonds, contracts, deeds, leases and other instruments to be made or executed for or on behalf of the Company. Subject to any restrictions imposed by the Lazard Board, the Chief Executive Officer, Chief Financial Officer, General Counsel or any Executive Officer may delegate contractual powers to others under his jurisdiction, it being understood, however, that any such delegation of power shall not relieve such officer of responsibility with respect to the exercise of such delegated power.

(i) Proxies. Unless otherwise provided by resolution adopted by the Lazard Board, the Chairman of the Board, the Chief Executive Officer, Chief Financial Officer, General Counsel or any Executive Officer may from time to time appoint an attorney or attorneys or agent or agents of the Company, in the name and on behalf of the Company, to cast the votes which the Company may be entitled to cast as the holder of stock or other securities in any other person, any of whose stock or other securities may be held by the Company, at meetings of the holders of the stock or other securities of such other person, or to consent in writing, in the name of the Company as such holder, to any action by such other person, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Company and under its corporate seal or otherwise, all such written proxies or other instruments as he or she may deem necessary or proper in the premises.

(j) Removal. Any officer may be removed by the affirmative vote of a majority of the Lazard Board then in office with or without cause. Any officer or agent appointed by the Chief Executive Officer may be removed by the Chief Executive Officer with or without cause. No elected officer shall have any contractual rights against the Company for compensation by virtue of such election beyond the date of the election of his successor, his death, his resignation or his removal, whichever event shall first occur, except as otherwise provided in an employment contract or under an employee deferred compensation plan.

(k) Vacancies. A newly created elected office and a vacancy in any elected office because of death, resignation, or removal may be filled by the Lazard Board for the unexpired portion of the term at any meeting of the Lazard Board. Any vacancy in an office appointed by the Chief Executive Officer because of death, resignation, or removal may be filled by the Chief Executive Officer.

SECTION 3.04. Resignations. Any Director or any officer, whether elected or appointed, may resign at any time by giving written notice of such resignation to the Chairman of the Board, the Chief Executive Officer or General Counsel, and such resignation shall be deemed to be effective as of the close of business on the date said notice is received by the Chairman of the Board, the Chief Executive Officer or General Counsel, or at such later time as is specified therein. No formal action shall be required of the Lazard Board or the Members (including the Managing Members) to make any such resignation effective.

SECTION 3.05. Members. (a) No Member Voting Rights. The Members shall not have voting rights under the Act, this Agreement or otherwise, and shall not be entitled to consent to, approve or authorize any actions by the Company, except in the case of the Managing Members, as set forth herein. Without in any way limiting the foregoing, the Members shall not have voting rights with respect to the matters set forth in Sections 18-209, 18-213, 18-216, 18-702, 18-704, 18-801 and 18-803 of the Act, all of which voting and approval rights shall be vested in the Lazard Board, except as expressly set forth herein with respect to the Managing Members.

(b) Authority of Members. Except as expressly set forth herein with respect to the Managing Members, no Member shall have any power or authority, in such Member's capacity as a Member, to act for or bind the Company except to the extent that such Member is so authorized in writing prior thereto by the Lazard Board. Without limiting the generality of the foregoing, except as expressly set forth herein with respect to the Managing Members, no Member, as such, shall, except as so authorized, have any power or authority to incur any liability or execute any instrument, agreement or other document for or on behalf of the Company, whether in the Company's name or otherwise.

#### ARTICLE IV

##### MEMBERS AND INTERESTS

SECTION 4.01. Members. The Company shall have Managing Members, Common Members, Profit Participation Members and PIPR Members. Schedule 1.01(a) sets forth the name and address of the Common Members and the Managing Members, Schedule 4.01 sets forth the name and address of the Profit Participation Members, and Schedule 4.03(c) sets forth the name and address of the PIPR Members. Such schedules shall be amended pursuant to Section 1.03 to reflect any change in the identity or address of the Members in accordance with this Agreement. Each person admitted to the Company as a Member pursuant to this Agreement shall be a member of the Company until such person ceases to be a Member in accordance with the provisions of this Agreement.

SECTION 4.02. Managing Member. The Company shall have one or two managing members (each, a "Managing Member"), who shall have the rights, powers, duties and obligations set forth in this Agreement. Schedule 1.01(a) shall designate whether a Member is a Managing Member. Schedule 1.01(a) shall be amended pursuant to Section 1.03 to reflect any change in the identity or address of each Managing Member in accordance with this Agreement. A Managing Member shall not be allocated, distributed or entitled to receive any interest in the

profits, losses, assets or capital of the Company by reason of being designated as a Managing Member. Each Managing Member shall be a “manager” of the Company within the meaning of the Act. In the event there shall be two Managing Members: (a) each Managing Member shall be entitled to 50% of the voting power with respect to any action to be taken by the Managing Members hereunder, such that each action of the Managing Members shall require the consent of both Managing Members, (b) each reference to the Managing Member in this Agreement shall be deemed to refer to both Managing Members unless the context otherwise requires, and (c) each reference to a consent, authorization, approval or other action of the Managing Member shall be deemed to refer to the consent, authorization, approval or other action of the Managing Members (taken in accordance with clause (a) of this sentence).

SECTION 4.03. Interests. (a) Common Interests. Each Common Member shall be deemed to have a Common Interest in the Company, which Common Interest shall entitle such holder to the rights, and subject such holder to the obligations, set forth in this Agreement. The Lazard Board shall have the authority to cause the Company to issue Common Interests in its discretion. The Managing Members shall have the authority to cause the Company to issue Common Interests to any Common Member and to any person who is admitted as an additional Common Member in accordance with this Agreement. Schedule 1.01(a) sets forth the Common Percentage Interest of each of the Common Members. Such schedule shall be amended pursuant to Section 1.03 to reflect any issuance of Common Interests in accordance with this Agreement. For purposes of certain provisions of this Agreement, the Common Interests are deemed to be divided into units (the “Deemed Common Units”) in a number equal to the total number of outstanding shares of Lazard Ltd Common Stock, excluding shares held by Lazard Ltd or any of its Subsidiaries, as of the applicable time.

(b) Profit Participation Interests. (i) The Profit Participation Interests shall consist of, and be allocated as, Profit Participation Percentages and Profit Participation Capital. The aggregate of all Profit Participation Percentages shall total 100%. The Profit Participation Percentages allocated to each of the Profit Participation Members and the Profit Participation Percentage contained in the Unallocated Float are set forth on Schedule 4.01. Schedule 4.01 shall be amended pursuant to Section 1.03 to reflect any change in identity of the Profit Participation Members and the Profit Participation Percentages in accordance with this Agreement.

(ii) In any Accounting Period, the Company (by action of the Chief Executive Officer or the Lazard Board) may from time to time change or otherwise modify any or all of the Profit Participation Percentages in his or her sole discretion, including by changing any Member’s Profit Participation Percentage to zero, allocating additional Profit Participation Interests from the Unallocated Float to new or existing Profit Participation Members or increasing or decreasing the aggregate Profit Participation Percentages allocated to the Members (with a corresponding decrease or increase in the Profit Participation Percentage contained in the Unallocated Float); provided that the aggregate of all Profit Participation Percentages allocated to the Members and the Profit Participation Percentages contained in the Unallocated Float shall total 100%.

(iii) Notwithstanding anything herein to the contrary, the Lazard Board shall have the power, in its sole discretion, to terminate the Profit Participation Interests, effective at the time specified in the resolutions of the Lazard Board approving such termination or, if not so specified in such resolutions, at the time that the resolutions approving such termination are approved by the Lazard Board. Upon termination of the Profit Participation Interests, all Profit Participation Interests shall immediately cease to be outstanding and shall no longer be allocable by the Company, and such termination shall have the effects set forth in Section 4.04(b)(ii).

(c) PIPR Interests. (i) Generally. Each PIPR Member shall be deemed to have a PIPR Interest in the Company, which PIPR Interest shall entitle such holder to the rights, and subject such holder to the obligations, set forth in this Agreement and the applicable PIPR Agreement. The PIPR Interests shall consist of, and be issued as, units (“PIPR Units”) and PIPR Capital Accounts. The number of PIPR Units issued to each PIPR Member, whether such PIPR Units are Service and Performance Vested PIPR Units or Unvested PIPR Units and whether any such PIPR Units are Performance PIPRs shall be set forth in Schedule 4.03(c). Schedule 4.03(c) shall be amended pursuant to Section 1.03 to reflect any change in the identity of any PIPR Member or the PIPR Units held by any PIPR Member and whether such PIPR Units are Service and Performance Vested PIPR Units, Performance PIPRs or Unvested PIPR Units in accordance with this Agreement and the applicable PIPR Agreement.

(ii) Intended Tax Treatment of PIPR Units. The PIPR Units are intended to be treated for tax purposes as “profits interests” within the meaning of Rev. Proc. 93-27, 1993-2 C.B. 343, and Rev. Proc. 2001-43, 2001-2 C.B. 191. The receipt of the PIPR Units is intended to be treated as a non-taxable event for the Company and the PIPR Member. In consideration of the receipt of the PIPR Units, the PIPR Member shall agree not to take any position inconsistent with the foregoing. The Company and the Members shall treat each PIPR Member as a Member of the Company as of the Grant Date for all purposes. Each PIPR Member shall take into account the distributive share of the Company’s income, gain, loss, deduction, and credit associated with such PIPR Member’s PIPR Units in computing such PIPR Member’s income tax liability for the entire period during which such PIPR Member holds the PIPR Units. Upon the grant of the PIPR Units or at any time on or before the date on which the PIPR Units become Service and Performance Vested PIPR Units, neither the Company nor any of the Members shall deduct any amount (as wages, compensation, or otherwise) for the fair market value of the PIPR Units. Notwithstanding anything to the contrary in this Agreement, no PIPR Member shall dispose of any portion of his or her PIPR Units within two years of receipt, unless permitted to do so by the Company. Neither the Company nor any Member shall take any action or position, or make any filing, inconsistent with the treatment described in this Section 4.03(c)(ii).

(iii) Section 83(b) Election. Absent a contrary determination by the Company, each person who is issued a PIPR Unit shall, as a condition precedent to the grant of such PIPR Unit, file a valid and timely election pursuant to Section 83(b) of the Code with respect to such PIPR Unit and provide a copy of the election to the Company.

(iv) Forfeiture; Reallocation of PIPR Capital. If the Compensation Committee determines that it is in the best interests of the Company or any of its Affiliates due to accounting, regulatory, tax, strategic planning or other reasons, any Non-Equitized PIPR Units of any Member shall be subject to forfeiture, cancelation or termination in accordance with the applicable PIPR Agreement. In the event of the forfeiture, cancelation or termination of Non-Equitized PIPR Units pursuant to the immediately preceding sentence, the applicable Member shall be entitled to replacement awards with similar potential fair value, as determined by the Compensation Committee reasonably and in good faith (for the avoidance of doubt, it is intended that the “similar potential fair value” of a Non-Equitized PIPR Unit shall be determined taking into account, among other factors, the difference between the PIPR Capital with respect to such PIPR Unit and the Equitizing Target Capital and/or Parity Shortfall Amount with respect to such PIPR Unit). Any PIPR Units of any Member may also be forfeited, canceled or terminated under any other circumstances as set forth in the relevant PIPR Agreement, including any failure to satisfy the relevant vesting conditions and any breach of restrictive covenants applicable to such PIPR Units. A Member’s PIPR Capital with respect to a PIPR Unit that is forfeited, canceled or terminated shall be allocated to the Capital Accounts of the Members (other than the Profit Participation Members) pro rata in accordance with their Units (including Deemed Common Units) as of the end of such Accounting Period; provided that no such allocation shall be made to the PIPR Capital Account of PIPR Units that were not outstanding on the date of the original issuance of the forfeited, canceled or terminated PIPR Unit.

SECTION 4.04. Admission and Withdrawal of Members. (a) Common Members. (i) Any recipient of a Common Interest pursuant to Section 4.03(a) or Section 7.02(a) who is not a Common Member at the time of such issuance or such Transfer, as applicable, shall be admitted as an additional Common Member and shall be listed as a “Common Member” on Schedule 1.01(a), and the issuance or Transfer, as applicable, of the Common Interest shall be effective upon the execution and delivery to the Company by such recipient of an agreement in which such person agrees to be bound by this Agreement and any other agreements, documents or instruments specified by the Managing Members or the Lazard Board; provided, however, that a recipient who is not a Common Member at the time of such issuance or Transfer, as applicable, shall only be admitted as an additional Common Member with the prior approval of the Lazard Board or the Lazard Ltd Board.

(ii) Effective immediately upon the Transfer of a Common Member’s entire Common Interest as provided in Section 7.02(a), such Member shall cease to have any interest in the profits, losses, assets, properties or capital of the Company and shall cease to be a Common Member.

(b) Profit Participation Members. (i) Schedule 4.01 sets forth the identity and current Profit Participation Interest of each Profit Participation Member. The Company may, by action of the Managing Members or the Lazard Board, from time to time admit additional Managing Directors as Profit Participation Members and may grant such persons Profit Participation Interests; provided that such additional Profit Participation Members properly execute and return an Acknowledgement. Schedule 4.01 shall be amended pursuant to

Section 1.03 to reflect any change in identity of the Profit Participation Members and the Profit Participation Interests in accordance with this Agreement.

(ii) Effective immediately upon the earliest of (A) Retirement of a Profit Participation Member or (B) termination of the Profit Participation Interests as provided in Section 4.03(b)(iii), such Member (or his estate) shall cease to have any interest in the profits, losses, assets, properties or capital of the Company (other than (1) in respect of such former Profit Participation Member's Profit Participation Capital and the right to receive any distributions in respect of such Profit Participation Capital to the extent provided in Section 8.03, and (2) if such Member is a PIPR Member, such Member's PIPR Interest) and shall cease to be a Profit Participation Member; provided that, for the avoidance of doubt, under no circumstances shall any Profit Participation Member be entitled to receive or otherwise be distributed any of the Profit Participation Capital associated with such Member's Profit Participation Interest in the event of the occurrence of any of the events set forth in clause (A) or (B) of this sentence, which Profit Participation Capital shall thereafter represent solely the right to receive distributions of such Profit Participation Capital to the extent provided in Section 8.03. Upon the Retirement of a Profit Participation Member or other termination of a Profit Participation Interest, the Profit Participation Percentage associated with such Member's Profit Participation Interest shall cease to be allocated and become part of the Unallocated Float.

(c) PIPR Members. (i) By action of the Compensation Committee, each holder of a PIPR Unit shall be admitted to the Company as a PIPR Member in accordance with this Agreement and the applicable PIPR Agreement; provided that such holder properly executes and returns an Acknowledgement. The PIPR Units of each PIPR Member shall be set forth in Schedule 4.03(c). Schedule 4.03(c) shall be amended pursuant to Section 1.03 to reflect any change in the identity of any PIPR Member or the PIPR Units held by any PIPR Member in accordance with this Agreement and the applicable PIPR Agreement.

(ii) Effective immediately upon the exchange, conversion, forfeiture, cancelation or termination of any PIPR Units of a PIPR Member, such PIPR Member shall cease to have any interest in the profits, losses, assets, properties or capital of the Company with respect to such exchanged, converted, forfeited, cancelled or terminated PIPR Units and, if such Member holds no other PIPR Units, shall cease to be a PIPR Member.

(d) Managing Members. As of the date hereof, Lazard Ltd Sub A and Lazard Ltd Sub B are the Managing Members. Notwithstanding anything in this Agreement to the contrary, a Managing Member may resign from the Company for any reason (with or without cause); provided that, subject to the final sentence of this Section 4.04(d), as a condition to such resignation, (i) such resigning Managing Member shall first appoint another person as a new Managing Member and (ii) such person shall be admitted to the Company as a new Managing Member (upon the execution and delivery of an agreement to be bound by the terms of this Agreement); provided, further, that in the event that the resigning Managing Member shall be the sole Managing Member and such resigning Managing Member elects to appoint two other



persons as Managing Members, as a condition to such resignation, (A) such resigning Managing Member shall first appoint two other persons as new Managing Members and (B) each such person shall be admitted to the Company as a new Managing Member (upon the execution and delivery of an agreement to be bound by the terms of this Agreement). Such admission shall be deemed effective immediately prior to the resignation, and, immediately following such admission, the resigning Managing Member shall cease to be a member of the Company (but, if applicable, shall otherwise remain a Member with respect to its Interests). Notwithstanding the foregoing, in the event that there shall be two Managing Members, the resigning Managing Member may, in lieu of appointing a new Managing Member in accordance with this Section 4.04(d), designate the remaining Managing Member as the sole Managing Member.

(e) No Additional Members. No additional Members shall be admitted to the Company except in accordance with this Article IV.

SECTION 4.05. Liability to Third Parties; Capital Account Deficits. Except as may otherwise be expressly provided by the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and the Members (including the Managing Members) and Directors shall not be obligated personally for any such debt, obligation or liability of the Company solely by reason of being Members or Directors or acting as managers or the Managing Members of the Company. The Members shall not be liable to make up any deficit in their Capital Accounts.

SECTION 4.06. Classes. As used in this Agreement, all Common Members, Profit Participation Members and PIPR Members shall be deemed to be separate Members even if any Member holds more than one class of Interest. References to a certain class of Interest (or Capital) with respect to any Member shall refer solely to that class of Interest (or Capital) of such Member and not to any other class of Interest (or Capital), if any, held by such Member. Members may hold multiple Interests of the same class (e.g., multiple PIPR Interests in the case of multiple issuances of PIPR Units to a Member).

SECTION 4.07. Certificates. The Company may issue Interests in certificated form in accordance with Section 18-702(c) of the Act, which certificates, if issued, shall be held by the Company as custodian for the applicable Members. The form of any such certificates shall be approved by the Managing Members or the Lazard Board and include the legend required by Section 7.05.

## ARTICLE V

### CAPITAL, TAX AND ACCOUNTING MATTERS

SECTION 5.01. Capital. (a) Schedule of Capital Accounts. Schedule 5.01 sets forth the names and Capital Accounts of the Members and shall be amended from time to time pursuant to Section 1.03 to reflect any change in the identity of the Members or Capital Accounts in accordance with this Agreement.

(b) Capital Contributions. (i) Subject to Section 5.01(b)(ii), no capital contributions shall be required (A) unless otherwise determined by the Managing Members or

the Lazard Board and agreed to by the contributing Member or (B) unless otherwise determined by the Managing Members or the Lazard Board in connection with the admission of a new Member or the issuance of additional Interests to a Member.

(ii) Any person who receives a PIPR Unit and who was not a Member before the Grant Date for such PIPR Unit shall make a capital contribution to the Company in accordance with the applicable PIPR Agreement.

(iii) The Company may invest or cause to be invested all amounts received by the Company as capital contributions in its sole discretion.

(iv) The Managing Members may cause the Company to issue Common Interests pursuant to Section 4.03(a) to any Common Member and to any person who is admitted as an additional Common Member in accordance with Section 4.04(a) of this Agreement, in each case in exchange for a capital contribution.

SECTION 5.02. Withdrawals; Return on Capital. No Member shall be entitled to withdraw or otherwise receive any distributions in respect of, or any return on, any Capital, except (i) as provided in this Agreement, (ii) as approved by the Managing Members and (iii) in the case of a Profit Participation Member or a PIPR Member, when such Profit Participation Member or PIPR Member ceases to be a Member.

SECTION 5.03. Maintenance of Capital Accounts. The Company has established or shall establish on its books and records a capital account for each Member. The Capital Account of each Member shall be established and maintained in accordance with Treasury Regulation section 1.704-1(b)(2)(iv). The Company may maintain sub-accounts for different types of Interests, and each such sub-account of a Member shall be a part of the Member's Capital Account for purposes of this Agreement. The Company shall maintain a sub-account for each Common Member with respect to such Member's Common Interest (a "Common Capital Account"), a sub-account for each Profit Participation Member with respect to such Member's Profit Participation Interest (a "Profit Participation Capital Account") and a sub-account for each PIPR Member with respect to such Member's PIPR Interest (a "PIPR Capital Account"). The Managing Members shall have sole discretion to determine whether to carry out a Revaluation in connection with any transaction or event. There shall be no more than four Revaluations in any taxable year; provided that a Revaluation shall not be counted against this limitation if it occurs in connection with (i) a Change in Control, (ii) the issuance of additional equity by Lazard Ltd in a public offering followed by the contribution of the net proceeds to the Company, (iii) the issuance of additional equity by the Company to fund the repayment of a material amount of debt or the acquisition of a material amount of assets, (iv) the sale of a material amount of assets by the Company or a Subsidiary followed by a non-pro rata distribution of the sales proceeds to the Members or (v) any comparable transaction between the Company and/or Lazard Ltd, on the one hand, and a third party, on the other.

SECTION 5.04. Allocations. (a) Profit and Loss After the Effective Period. For purposes of computing Capital Accounts, all items of Profit or Loss with respect to each Accounting Period after the Effective Period shall be allocated in the following order and priority:

(i) first, a net amount of Profit equal to the Profit Participation Amount for such Accounting Period shall be allocated to the Profit Participation Members in proportion to their respective Profit Participation Percentages as of the end of such Accounting Period;

(ii) second, a net amount of Profit equal to the aggregate PIPR Distribution Amount shall be allocated to the PIPR Members in proportion to their respective PIPR Distribution Percentages;

(iii) third, a net amount of Profit equal to the aggregate Performance True-Up Distribution Amount shall be allocated to the PIPR Members in proportion to their respective Performance True-Up Distribution Percentages;

(iv) fourth, a net amount of Profit equal to the aggregate Accrued Capital Return Distribution Amount shall be allocated to the PIPR Members in proportion to their respective Accrued Capital Return Distribution Percentages;

(v) fifth, a net amount of operating Profit or Loss, as the case may be, derived by or with respect to each entity set forth on Schedule B for the time period set forth on Schedule B shall be allocated to the Common Members in proportion to the ratio set forth for each Common Member on Schedule B with respect to such entity as of the end of such Accounting Period; and

(vi) thereafter, a net amount of Profit or Loss, as the case may be, shall be allocated to the Common Members in proportion to their respective Common Percentage Interests as of the end of such Accounting Period.

Schedule B may be revised from time to time by action of the Managing Members; provided that any such revisions to Schedule B shall be consistent with the principles set forth in Section 5.04(d)(ii). Notwithstanding anything in Section 10.02 to the contrary, any such revision shall not be deemed an amendment to this Agreement and shall not require any act, vote or approval of any person.

(b) Profit and Loss During the Effective Period. For purposes of computing Capital Accounts, all items of Profit or Loss with respect to each Accounting Period during the Effective Period shall be allocated in the following order and priority:

(i) first, a net amount of Profit equal to the Profit Participation Amount for such Accounting Period shall be allocated to the Profit Participation Members in proportion to their respective Profit Participation Percentages as of the end of such Accounting Period;

(ii) second, a net amount of Profit equal to the aggregate PIPR Distribution Amount shall be allocated to the PIPR Members in proportion to their respective PIPR Distribution Percentages;

(iii) third, a net amount of Profit equal to the aggregate Performance True-Up Distribution Amount shall be allocated to the PIPR Members in proportion to their respective Performance True-Up Distribution Percentages;

(iv) fourth, a net amount of Profit equal to the aggregate Accrued Capital Return Distribution Amount shall be allocated to the PIPR Members in proportion to their respective Accrued Capital Return Distribution Percentages;

(v) fifth, a net amount of operating Profit or Loss, as the case may be, derived by or with respect to each entity set forth on Schedule A shall be allocated to the Common Members in proportion to the ratio set forth for each Common Member on Schedule A with respect to such entity as of the end of such Accounting Period;

(vi) sixth, a net amount of operating Profit or Loss, as the case may be, derived by or with respect to each Unallocated Entity (if any) shall be allocated to the Common Members in proportion to their respective Funding Proportions with respect to such Unallocated Entity as of the end of such Accounting Period; and

(vii) thereafter, a net amount of Profit or Loss, as the case may be, shall be allocated to the Common Members in proportion to their respective Common Percentage Interests as of the end of such Accounting Period.

Schedule A may be revised from time to time by action of the Managing Members; provided that any such revisions shall be consistent with the principles set forth in Section 5.04(d)(ii). Notwithstanding anything in Section 10.02 to the contrary, any such revision shall not be deemed an amendment to this Agreement, and shall not require any act, vote or approval of any person.

(c) For purposes of this Agreement:

(i) “Fixed Percentage” means 12%; provided, however, that in the event that the Profit Participation Amount would in any Accounting Period exceed the product of (1) 6% and (2) the Operating Revenue for such Accounting Period (such product, the “Cap”), the Fixed Percentage shall, for such Accounting Period, be an amount (expressed as a percentage) equal to a fraction, the numerator of which shall be the Cap and the denominator of which shall be the Operating Income, in each case for such Accounting Period;

(ii) “Operating Expenses” means, with respect to any Accounting Period, an amount equal to the excess, if any, of (1) the consolidated expenses of the Company over (2) the sum of (a) the aggregate amount of compensation paid or payable to Managing Directors, (b) all minority interest, (c) all interest expense (but excluding all “operating” interest expense, including in respect of Lazard Frères Banque S.A.), (d) all income taxes, and (e) all extraordinary losses, in each case as determined in accordance with generally

accepted accounting principles in the United States of America and otherwise in accordance with Section 5.05. For the avoidance of doubt, “Operating Expense” shall exclude amounts allocable to Profit Participation Members in respect of their Profit Participation Interests;

(iii) “Operating Income” means, with respect to any Accounting Period, an amount equal to the excess, if any, of (1) the Operating Revenue over (2) the Operating Expenses, in each case for such Accounting Period;

(iv) “Operating Revenue” means, with respect to any Accounting Period, an amount equal to the excess, if any, of (1) the sum of (a) the consolidated net revenue of the Company and (b) all interest expense (but excluding all “operating” interest expense, including in respect of Lazard Frères Banque S.A.), over (2) all extraordinary gains, in each case as determined in accordance with generally accepted accounting principles in the United States of America and otherwise in accordance with Section 5.05; and

(v) “Profit Participation Amount” means, with respect to any Accounting Period, an amount equal to the product of (1) the Fixed Percentage and (2) the Operating Income, in each case for such Accounting Period.

In any calculation of Operating Income, all gains and losses arising from the sale of a business segment or a significant asset outside the ordinary course of business shall be excluded from Operating Revenue and Operating Expense, as applicable.

(d) Future Acquisitions. (i) In the event the Company or one of its Subsidiaries acquires an entity and the Managing Members do not revise Schedule A or Schedule B to reflect such entity, such entity shall be an “Unallocated Entity”. The Managing Members shall determine the “Funding Proportion” of each Common Member with respect to each Unallocated Entity in accordance with the principles set forth in Section 5.04(d)(ii).

(ii) Any revisions to Schedule A or Schedule B to reflect any acquired entity, and any determination of a Funding Proportion pursuant to Section 5.04(d)(i), shall reflect each Common Member’s economic investment with respect to the relevant entity relative to each other Common Member, as determined in good faith and taking into account (A) any adjustments to the Common Members’ respective Common Percentage Interests that result from transactions related to the acquisition of such entity, including pursuant to Section 4.03, (B) any portion of the consideration for the relevant entity provided by the Company and (C) any other relevant information. Determinations made in accordance with the principles set forth in this Section 5.04(d)(ii), and the allocations of Profit or Loss, as the case may be, that result therefrom, are intended to comply with Treasury Regulation section 1.704-1(b) and shall be interpreted and applied in a manner consistent therewith.

(e) Revaluation Gain. For purposes of computing Capital Accounts, Revaluation Gain with respect to each Accounting Period shall be allocated in accordance with Section 5.04(g) and in the following order and priority:

(i) first, pro rata among the Equitized PIPR Units until the PIPR Capital of such Equitized PIPR Units equals the Common Parity Amount;

(ii) second, pro rata among the Service and Performance Vested PIPR Units that are Non-Equitized PIPR Units until the PIPR Capital of such Service and Performance Vested PIPR Units equals the Common Parity Amount;

(iii) third, pro rata among the Unvested PIPR Units that are Non-Equitized PIPR Units until the PIPR Capital of such Unvested PIPR Units equals the Common Parity Amount; and

(iv) thereafter, to the Members (other than the Profit Participation Members) pro rata in accordance with their Units (including Deemed Common Units) as of the end of such Accounting Period.

The purpose of this Section 5.04(e) is to allocate Revaluation Gain so that (x) each PIPR Unit becomes an Equitized PIPR Unit when the PIPR Capital of such PIPR Unit equals the Common Capital Account balance of a Deemed Common Unit and (y) each PIPR Unit has, as of the Revaluation immediately preceding the exchange of such PIPR Unit pursuant to Section 7.03, PIPR Capital equal to the Common Parity Amount. Notwithstanding any other provision in this Agreement to the contrary, the Managing Members and the Compensation Committee shall apply this Section 5.04(e) in a manner consistent with this purpose.

(f) Revaluation Loss. For purposes of computing Capital Accounts, in accordance with Section 5.04(g), Revaluation Loss with respect to each Accounting Period shall be allocated to the Members (other than the Profit Participation Members) pro rata in accordance with their Units (including Deemed Common Units) as of the end of such Accounting Period; provided that, to the extent the allocation of Revaluation Loss would cause the PIPR Capital (determined, for purposes of this Section 5.04(f), without regard to clause (ii) of the definition of PIPR Capital) with respect to a PIPR Unit to be less than zero, such Revaluation Loss shall instead be allocated (i) first, to the Common Members pro rata in accordance with their Common Capital Account balances (increased, for purposes of this Section 5.04(f), by the amount of each Common Member's share of any partnership minimum gain and any partner nonrecourse debt minimum gain (in each case, as defined and determined by Treasury Regulation section 1.704-2)) until the aggregate total of the Common Capital Account balances is zero, (ii) second, to the PIPR Members pro rata in proportion to their PIPR Units until the aggregate total of the PIPR Capital Account balances is zero and (iii) thereafter, to the Profit Participation Members pro rata in accordance with their Profit Participation Percentages until the aggregate total of the Profit Participation Capital Account balances (increased, for purposes of this Section 5.04(f), by the amount of each Profit Participation Partner's share of any partnership minimum gain and any partner nonrecourse debt minimum gain (in each case, as defined and determined by Treasury Regulation section 1.704-2)) is zero. If the allocation of Revaluation Loss causes the Common Capital Account balance with respect to a Deemed Common Unit to be less than the Equitizing

Target Capital with respect to a PIPR Unit immediately before such allocation, then the Equitizing Target Capital with respect to such PIPR Unit shall be adjusted to equal the Common Capital Account balance with respect to a Deemed Common Unit immediately after such allocation.

(g) Additional Allocation Rules. (i) Unit-by-Unit Allocations. Allocations pursuant to Sections 5.04(e)(i), (ii) and (iii) shall be made on a Unit-by-Unit basis, in order of Grant Date (starting with the earliest), such that Revaluation Gain is allocated entirely to the longest-outstanding PIPR Unit until it is an Equitized PIPR Unit, then entirely to the next longest-outstanding PIPR Unit until it is an Equitized PIPR Unit, and so on.

(ii) Excluded Items. Excluded Items derived by or with respect to (A) each entity set forth on Schedule A or Schedule B shall be allocated to the Common Members in proportion to the ratio set forth for each Common Member on Schedule A or Schedule B, as applicable, and (B) an entity not set forth on Schedule A or Schedule B shall be allocated to the Common Members pro rata in accordance with their respective Common Percentage Interests.

(iii) Insufficient Profit to Make Certain Allocations. If, in any Accounting Period, there is not enough Profit to allocate the full amount that would otherwise be allocated pursuant to Sections 5.04(a)(i), (ii), (iii) or (iv) or Sections 5.04(b)(i), (ii), (iii) or (iv) (as applicable), then additional allocations shall be made in subsequent periods to make up for the shortfall.

(iv) Forfeiture Allocations. If any Member is required to irrevocably return any amount previously received as a distribution or is required to forfeit any PIPR Units pursuant to Section 4.03(c)(iv), the Company shall allocate Loss (or items of loss or deduction) to such Member in an amount equal to the returned distribution or the PIPR Capital allocable to such forfeited PIPR Units to reverse prior allocations of Profit to such Member, as applicable.

(v) Certain Parity Shortfall Amount Allocations. If a PIPR Unit is converted into a Common Interest pursuant to Section 7.03(d) and the PIPR Capital with respect to such PIPR Unit is less than the Common Capital Account balance of a Deemed Common Unit immediately before the conversion (the difference, an “Actual Parity Shortfall Amount”), then the Member holding the Common Interest into which such PIPR Unit was converted shall share pro rata in allocations under Section 5.04(e)(i) until such Member has been allocated an amount equal to the Actual Parity Shortfall Amount.

(vi) Managing Member Determination With Respect to Revaluation Loss. Notwithstanding any provision in this Agreement to the contrary, the Managing Members may determine that Revaluation Loss shall, before any allocation is made pursuant to Section 5.04(f), be allocated among the Members to reverse prior allocations of Revaluation Gain in any manner reasonably determined by the Managing Members.

(h) Regulatory Allocations. Each of (i) the “minimum gain chargeback” provision of Treasury Regulation section 1.704-2(f), (ii) the “chargeback of partner nonrecourse

debt minimum gain” provision of Treasury Regulation section 1.704-2(i)(4), (iii) the “qualified income offset” provision in Treasury Regulation section 1.704-1(b)(2)(ii)(d), and (iv) the requirement in Treasury Regulation section 1.704-1(b)(2)(ii)(d)(3) that an allocation “not cause or increase a deficit balance” in a Member’s Capital Account is hereby incorporated by reference as a part of this Agreement. Nonrecourse deductions shall be allocated in any manner determined by the Managing Members in accordance with Treasury Regulation section 1.704-2. Partner nonrecourse deductions shall be allocated to the Member who bears the economic risk of loss (within the meaning of Treasury Regulation section 1.752-2) with respect to the partner nonrecourse debt to which such partner nonrecourse deductions are attributable in accordance with Treasury Regulation section 1.704-2(i)(1).

(i) Tax Allocations. Except as otherwise required under Section 704(c) of the Code and the Treasury Regulations promulgated thereunder, the Company shall cause each item of income, gain, loss or deduction recognized by the Company to be allocated among the Members for U.S. Federal, state and local income and, where relevant, non-U.S. tax purposes in the same manner that each such item is allocated to the Members’ Capital Accounts or as otherwise provided herein. Allocations required by Section 704(c) of the Code shall be made using any reasonable method permitted by the Treasury Regulations promulgated under Section 704(c) of the Code.

SECTION 5.05. Determinations. All determinations, allocations, valuations and other matters of judgment required to be made for purposes of this Article V, including with respect to calculations of Profit Participation Amount, Operating Revenue, Operating Expenses, Revaluation Gain, Revaluation Loss and accounting procedures and tax matters not expressly provided for by the terms of this Agreement, or for determining the value of any type or form of proceeds, contribution or distributions hereunder shall be made by the Managing Members. In the event an additional Member is admitted to the Company and contributes property to the Company, or an existing Member contributes additional property to the Company, pursuant to this Agreement, the value of such contributed property shall be the fair market value of such property as determined by the Managing Members. The Managing Members may, in their sole discretion, determine that a Revaluation shall be carried out in connection with a Change in Control.

SECTION 5.06. Books and Accounts. (a) The Company shall at all times keep or cause to be kept true and complete records and books of account, which records and books shall be maintained in accordance with U.S. generally accepted accounting principles. Such records and books of account shall be kept at the principal place of business of the Company. The Managing Members and the Lazard Board shall have access thereto and the right to receive copies thereof. As permitted by Section 18-305(g) of the Act, no Member shall be entitled to review such records and books of account (including any of the schedules hereto) unless the Managing Members or the Lazard Board, in its sole discretion, shall permit such review. The Company’s accounts shall be maintained in United States dollars.

(b) The Company’s fiscal year shall begin on the first day of January and end on the thirty-first day of December of each year, or shall be such other period designated by the Managing Members or the Lazard Board. At the end of each fiscal year, the Company’s



accounts shall be prepared, presented to the Managing Members or the Lazard Board and submitted to the Company's auditors for examination.

(c) The Company's auditors shall be an independent accounting firm of international reputation to be appointed from time to time by the Lazard Board or the Managing Members. The Company's auditors shall be entitled to receive promptly such information, accounts and explanations from the Lazard Board, each officer and each Member that they deem reasonably necessary to carry out their duties. The Members shall provide such financial, tax and other information to the Company as may be reasonably necessary and appropriate to carry out the purposes of the Company.

SECTION 5.07. Audits; Tax Representative. (a) Lazard Ltd Sub B is hereby designated as the Tax Representative. Lazard Ltd Sub B shall have the authority, in its sole discretion, to (i) make an election under Section 754 of the Code on behalf of the Company, and each Member agrees to provide such information and documentation as Lazard Ltd Sub B may reasonably request in connection with any such election, (ii) determine the manner in which "excess nonrecourse liabilities" (within the meaning of Treasury Regulation section 1.752-3(a)(3)) are allocated among the Members, (iii) take any and all actions permitted by Sections 6221 through 6241 of the Code and the Treasury Regulations promulgated thereunder, including an election under Section 6226 of the Code, and (iv) make any other election or determination with respect to taxes (including with respect to depreciation, amortization and accounting methods).

(b) Each Member shall cooperate with Lazard Ltd Sub B and promptly provide any information reasonably requested by Lazard Ltd Sub B in connection with its exercise of its rights and obligations under this Section 5.07. Any Member that enters into an agreement with the U.S. Internal Revenue Service with respect to any item of the Company shall notify Lazard Ltd Sub B of such agreement and its terms within thirty (30) days of the execution of such agreement.

(c) If the Company pays any taxes (including any related interest, penalties or additions to tax and any related state or local or non-U.S. taxes) under Sections 6221 through 6241 of the Code and the Treasury Regulations promulgated thereunder ("Audit Taxes"), Lazard Ltd Sub B shall use its sole discretion to allocate Audit Taxes among the Members. If requested by Lazard Ltd Sub B, each Member shall promptly pay to the Company any Audit Taxes allocated to such Member under this Section 5.07(c). Alternatively, the Company may treat any Audit Taxes allocated to a Member under this Section 5.07(c) as an advance to such Member to be repaid by reducing the amount of distributions that would otherwise be made to such Member under this Agreement; provided that such Member shall be treated as receiving such distributions, unreduced by this Section 5.07(c), for all other purposes of this Agreement.

(d) This Section 5.07 shall survive any Transfer by any Member and any dissolution of the Company, and, solely for purposes of this Section 5.07, references to any Member or Members may (as determined by Lazard Ltd Sub B in its sole discretion) include any former Member or Members.

SECTION 5.08. Tax Information. The Company shall use commercially reasonable efforts to prepare and deliver, as soon as reasonably practicable after the end of each taxable year of the Company, to each Member (other than the Managing Member and each other person that was such a Member during such taxable year or its legal representatives) U.S. Internal Revenue Service Schedule K-1, "Partner's Share of Income, Credits, Deductions, Etc.," or any successor schedule or form, for such person.

SECTION 5.09. Withholding. The Company is authorized to withhold from distributions and allocations to the Members and to pay over to any U.S. Federal, state, local or foreign governmental authority any amounts believed in good faith to be so withheld pursuant to the Code or any provision of any other U.S. Federal, state, local or foreign law and, for all purposes of this Agreement, shall treat such amounts as distributed to those Members with respect to which such amounts were withheld.

## ARTICLE VI

### DISTRIBUTIONS

SECTION 6.01. Distributions in Respect of Profit Participation Interests. (a) Except as otherwise provided in this Section 6.01(a), the Company shall distribute to each Profit Participation Member from such Member's Profit Participation Capital Account as promptly as practicable after the end of each of the first three (3) fiscal quarters of each fiscal year of the Company or relevant estimated tax payment date an amount equal to such Profit Participation Member's Quarterly Profit Participation Tax Distribution for such fiscal quarter. In addition, the Company shall distribute to each Profit Participation Member from such Member's Profit Participation Capital Account as promptly as practicable after the end of each fiscal year an amount equal to the excess, if any, of such Profit Participation Member's Proportionate Tax Share for such fiscal year over the aggregate amount of Quarterly Profit Participation Tax Distributions made to such Profit Participation Member with respect to such fiscal year. If, at the end of any fiscal year of the Company, the aggregate amount of Quarterly Profit Participation Tax Distributions made to a Profit Participation Member exceeds such Profit Participation Member's Proportionate Tax Share, in each case with respect to such fiscal year, then the amount of such excess shall be treated as an advance against, and shall reduce the amount of, any future distributions that would otherwise be made to such Member pursuant to this Section 6.01(a). Any amount distributed to a Profit Participation Member pursuant to this Section 6.01(a) shall be treated as an advance against, and shall reduce the amount of, any future distributions that would otherwise be made to such Member pursuant to this Agreement. Notwithstanding the foregoing, if a Member is not entitled to any future distributions pursuant to this Agreement, then the Company shall be permitted to require the Member to repay the Company the amount of such advance; provided, however, that, if the Member is an Executive Officer, the Company shall not require repayment of such advance if it would violate Section 402 of the Sarbanes-Oxley Act, and instead, such Member shall use reasonable best efforts to claim any tax benefit related to such advance that the Company reasonably determines is available to the Member on all relevant tax returns and shall disgorge to the Company any tax benefit the Member so realizes.

(b) The Company shall, after the end of each fiscal year, distribute to each Profit Participation Member an amount (if positive) equal to the aggregate of all Profit Participation Amounts allocated to such Member's Profit Participation Capital Account pursuant to Section 5.04(a)(i) or Section 5.04(b)(i), as the case may be, during such fiscal year (reduced by the amount of any distributions pursuant to Section 6.01(a)), with such distribution to occur on such date and time as determined by the Company; provided that no distribution shall be made to such person pursuant to this Section 6.01(b) unless such person shall continue to be a Profit Participation Member as of the date and time of distribution; provided, further, that distributions pursuant to this Section 6.01(b) shall be made to a Profit Participation Member only to the extent of the positive balance in such Member's Profit Participation Capital Account unless otherwise determined by the Lazard Board. Notwithstanding the foregoing, the Company may (i) withhold all or a portion of the distributions otherwise payable to any Profit Participation Member pursuant to the immediately foregoing sentence, or (ii) distribute to any Profit Participation Member all or a portion of the positive balance, if any, in such Member's Profit Participation Capital Account as of the end of the applicable fiscal year (after giving effect to (A) the allocations pursuant to Section 5.04(a)(i) or Section 5.04(b)(i), as the case may be, with respect to the Accounting Period ending on December 31 of such fiscal year and (B) any distributions pursuant to the first sentence of this Section 6.01(b)).

SECTION 6.02. Tax Distributions. Except as otherwise provided in this Section 6.02, the Company shall distribute to each Common Member and each PIPR Member as promptly as practicable after the end of each of the first three (3) fiscal quarters of each fiscal year of the Company or relevant estimated tax payment date an amount equal to such Member's Quarterly Tax Distribution for such fiscal quarter. In addition, the Company shall distribute to each Common Member and each PIPR Member as promptly as practicable after the end of each fiscal year an amount equal to the excess, if any, of such Member's Proportionate Tax Share for such fiscal year over the aggregate amount of Quarterly Tax Distributions made to such Member with respect to such fiscal year. If, at the end of any fiscal year of the Company, the aggregate amount of Quarterly Tax Distributions made to a Common Member or a PIPR Member exceeds such Member's Proportionate Tax Share, in each case with respect to such fiscal year, then the amount of such excess shall be treated as an advance against, and shall reduce the amount of, any future distributions that would otherwise be made to such Member pursuant to this Section 6.02. Any amount distributed to a Common Member or a PIPR Member, as the case may be, pursuant to this Section 6.02 shall be treated as an advance against, and shall reduce the amount of, any future distributions that would otherwise be made to such Member pursuant to this Agreement. Notwithstanding the foregoing, if a Member is not entitled to any future distributions pursuant to this Agreement, then, except as otherwise set forth in the applicable PIPR Agreement, the Company shall be permitted to require the Member to repay the Company the amount of such advance; provided, however, that, if the Member is an Executive Officer, the Company shall not require repayment of such advance if it would violate Section 402 of the Sarbanes-Oxley Act, and, instead, such Member shall use reasonable best efforts to claim any tax benefit related to such advance that the Company reasonably determines is available to the Member on all relevant tax returns and shall disgorge to the Company any tax benefit the Member so realizes.

SECTION 6.03. Regular Distributions. (a) Generally. The Lazard Board shall have the right to cause the Company to make distributions to any Common Member (from

such Member's Common Capital Account) and PIPR Member (from such Member's PIPR Capital Account) at such times, and in such amounts, as may be determined by the Lazard Board in its sole discretion; provided that no such distribution to a Common Member or PIPR Member shall exceed such Member's Common Capital Account or PIPR Capital Account, respectively, immediately before such distribution. Distributions to the Common Members pursuant to this Section 6.03(a) need not be made on a pro rata basis.

(b) PIPR Units. Except as provided in the applicable PIPR Agreement, the Company shall make cash distributions with respect to each PIPR Unit in an amount equal to the amount of cash dividends paid on Lazard Ltd Common Stock (the right to such distributions shall be deemed to accrue on the record date for such dividends), calculated as if (i) each outstanding Performance PIPR had been exchanged, immediately prior to such record date, into a fraction of a share of Lazard Ltd Common Stock equal to the applicable Specified Percentage and (ii) all other outstanding PIPR Units had been exchanged, immediately prior to such record date, into one share of Lazard Ltd Common Stock; provided that any amount that would otherwise be distributed with respect to an Unvested PIPR Unit under this Section 6.03(b) shall be retained by the Company and shall not be distributed unless and until such Unvested PIPR Unit becomes a Service and Performance Vested PIPR Unit.

(c) Performance PIPR True-Up. Reasonably promptly after the date on which a Performance PIPR becomes a PIPR Unit that is no longer a Performance PIPR (a "Performance Achievement PIPR"), the Company shall make a distribution to the applicable PIPR Member in respect of such PIPR Unit in an amount (not less than zero) equal to (i) the amount of distributions that would have been made with respect to such PIPR Unit under Section 6.03(b) if the Specified Percentage applicable to such PIPR Unit had been 100% at all times during the period between its Grant Date and the date on which it ceased to be a Performance PIPR reduced by (ii) the amount, if any, of actual distributions made with respect to such PIPR Unit with respect to such period and further reduced by (iii) without duplication of any amounts described in clause (ii), the amount, if any, of (A) the aggregate tax distributions made pursuant to Section 6.02 in respect of such PIPR Member's Performance PIPRs that were granted on the same Grant Date as the relevant PIPR Unit but did not become Performance Achievement PIPRs, divided by (B) the total number of PIPR Units (including such PIPR Unit) with the same Grant Date as such PIPR Unit that became Performance Achievement PIPRs; provided that any amount that would otherwise be distributed with respect to an Unvested PIPR Unit under this Section 6.03(c) shall be retained by the Company and shall not be distributed unless and until such Unvested PIPR Unit becomes a Service and Performance Vested PIPR Unit.

(d) PIPR Accrued Return. A return (at a rate of 6%, compounded quarterly, or such other rate as specified by the Managing Members from time to time) shall accrue on (i) the net amount of Profit allocated to the PIPR Members under Section 5.04(b)(ii) (during the Effective Period) or Section 5.04(a)(ii) (after the Effective Period) plus (ii) the net amount of Profit allocated to the PIPR Members under Section 5.04(b)(iii) (during the Effective Period) or Section 5.04(a)(iii) (after the Effective Period), in each case, from the date that the related cash dividend on the Lazard Ltd Common Stock is paid to holders of the Lazard Ltd Common Stock until the date such Profits are distributed to the PIPR Members under Section 6.02, Section 6.03(b) or Section 6.03(c). The Company shall distribute an amount equal to such return to the applicable PIPR Member in cash at the same time it pays the relevant distributions to such PIPR Member.

SECTION 6.04. Limitation on Distributions. Notwithstanding any provision to the contrary contained in this Agreement, the Company, and the Lazard Board on behalf of the Company, shall not be required to make a distribution to a Member on account of its interest in the Company if such distribution would violate the Act or any other applicable law.

## ARTICLE VII

### TRANSFERS OF INTERESTS

SECTION 7.01. Transfer of Interests. No Member may Transfer or agree or otherwise commit to Transfer all or any portion of, or any of rights, title and interest in and to, its Interest, except as permitted by the terms and conditions set forth in this Article VII. The schedules shall be deemed to be amended from time to time to reflect any change in the Members or Interests to reflect any Transfer in accordance with this Article VII.

SECTION 7.02. Permitted Transfers. (a) Common Interests. Other than any Transfer by a Common Member to any other Common Member or to any person who is admitted as an additional Common Member in accordance with Section 4.04(a) of this Agreement, no Common Member may Transfer or agree or otherwise commit to Transfer all or any portion of, or any of its rights, title and interest in and to, its Common Interest without the prior approval of the Lazard Board. Schedule 1.01(a) sets forth the Common Percentage Interest of each of the Common Members. Such schedule shall be amended pursuant to Section 1.03 to reflect any Transfer of Common Interests in accordance with this Agreement. Notwithstanding anything to the contrary set forth herein, a Transferee pursuant to any Transfer under this Section 7.02(a) who is not a Common Member at the time of such Transfer shall be admitted as an additional Common Member, and shall be listed as a “Common Member” on Schedule 1.01(a), only in accordance with Section 4.04(a).

(b) Profit Participation Interests. No Profit Participation Member may Transfer or agree or otherwise commit to Transfer all or any portion of, or any of its rights, title and interest in and to, its Profit Participation Interest.

(c) PIPR Units. No PIPR Member may Transfer or agree or otherwise commit to Transfer all or any portion of, or any of its rights, title and interest in and to, its PIPR Interest other than (i) an exchange pursuant to Section 7.03, (ii) upon the death of such Member, a Transfer by operation of law to such Member’s estate, direct descendants or spouse, (iii) to an Affiliate of the Company in exchange solely for equity interests in such Affiliate or (iv) a Transfer for which the Managing Members have provided prior approval in their sole discretion. A Transferee pursuant to any Transfer under this Section 7.02(c) who is not a PIPR Member at the time of such Transfer shall be admitted as a PIPR Member and Schedule 4.03(c) shall be updated to reflect such Transfer.

(d) Transfer of Capital Accounts. Notwithstanding anything herein to the contrary, each Member who Transfers an Interest (or a portion thereof) shall be deemed to have Transferred the entire Interest, including the balance in the Capital Account with respect to such Interest (or, if a portion of an Interest is being Transferred, a proportionate amount of the balance in the Capital Account with respect to such Interest) to the Transferee.

SECTION 7.03. PIPR Unit Exchange. (a) Generally. Except as otherwise provided in this Agreement, each PIPR Member holding a Service and Performance Vested PIPR Unit that is an Equitized PIPR Unit that is in Parity (an “Exchangeable PIPR Unit”) shall have the right to require the Company to redeem such Exchangeable PIPR Unit in exchange for one share of Lazard Ltd Common Stock on the next redemption date selected by the Company; provided that, if such PIPR Member has not exercised that right before the end of the second month following the end of the fiscal quarter in which such PIPR Unit became an Exchangeable PIPR Unit, the Company shall redeem such Exchangeable PIPR Unit in exchange for one share of Lazard Ltd Common Stock. Lazard Ltd (and/or its Subsidiaries) shall have the right, but not the obligation, to purchase directly from an exchanging Member some or all of the Exchangeable PIPR Units to be exchanged upon the same terms and conditions set forth in the preceding sentence. Notwithstanding the foregoing, the Company shall be permitted to defer any exchange of an Exchangeable PIPR Unit for Lazard Ltd Common Stock if the Company determines, in its sole discretion, that such deferral is necessary or appropriate due to regulatory restrictions, a change in law or any event outside the ordinary course of business; provided that in no event shall the Company defer an exchange beyond the end of the second month following the end of the calendar year in which the PIPR Unit became an Exchangeable PIPR Unit.

(b) Exchange Limitation. For the avoidance of doubt, and notwithstanding any provision to the contrary in this Agreement or any PIPR Agreement, no PIPR Unit may be exchanged for a share of Lazard Ltd Common Stock under this Section 7.03 unless such PIPR Unit is an Equitized PIPR Unit that is in Parity. Notwithstanding the limitation in the preceding sentence and the first sentence of Section 7.03(a), if a PIPR Unit is not an Exchangeable PIPR Unit solely because it is not in Parity, the Company may treat that PIPR Unit as an Exchangeable PIPR Unit if the PIPR Member holding such PIPR Unit agrees to pay the Parity Shortfall Amount (i) to the Company, if the PIPR Unit is to be redeemed by the Company, or (ii) to the purchaser of the PIPR Unit, if the PIPR Unit is to be purchased pursuant to the penultimate sentence of Section 7.03(a). The payment required by the preceding sentence shall be made in cash unless the Managing Members permit the PIPR Member to pay the Parity Shortfall Amount by surrendering PIPR Units of equivalent value, as determined by the Managing Members.

(c) Unvested PIPR Units. Subject to Section 7.03(b) and the applicable PIPR Agreement, the Company shall have the right to require a Member to exchange any or all of such Member’s Unvested PIPR Units that are Equitized PIPR Units for shares of Lazard Ltd Common Stock if the Compensation Committee determines that it is in the best interests of the Company or any of its Affiliates due to accounting, regulatory, tax, strategic planning or other reasons; provided that such shares of Lazard Ltd Common Stock shall remain subject to the vesting conditions that were applicable to such Unvested PIPR Unit as set forth in the relevant PIPR Agreement. Any shares of Lazard Ltd Common Stock received in exchange for Unvested PIPR Units may contain a restrictive legend and may have other restrictions in accordance with the terms of the applicable PIPR Agreement.

(d) Consequence of Exchange. Upon the purchase of a PIPR Unit as provided in the second sentence of Section 7.03(a) in exchange for a share of Lazard Ltd Common Stock, such PIPR Unit shall automatically convert into a Common Interest, the PIPR Capital with

respect to such PIPR Unit shall become the Common Capital Account balance of the Deemed Common Unit, and such PIPR Unit shall be canceled and shall cease to exist.

(e) Notice. The Company shall deliver written notice to the applicable Member setting forth the procedures and terms related to an exchange under this Section 7.03.

(f) No Publicly Traded Partnership. Notwithstanding any provision to the contrary in this Agreement or any PIPR Agreement, no exchange pursuant to this Section 7.03 shall be permitted (and, if attempted, shall be null and of no effect) if the Company determines, in the sole discretion of the Managing Members, that such exchange would pose a material risk that the Company would be a “publicly traded partnership” as defined in Section 7704 of the Code. In the event the Company makes such a determination, an exchange pursuant to Section 7.03(a) shall be permitted upon the next redemption date selected by the Company that would not pose such a risk. Notwithstanding anything to the contrary herein, the Managing Members, in their sole discretion, shall be permitted to establish procedures that they determine are necessary or appropriate to ensure that the Company will not be treated as a “publicly traded partnership” or as an association taxable as a corporation for U.S. Federal income tax purposes.

SECTION 7.04. Encumbrances. No Member (other than Lazard Ltd or one of its Subsidiaries) may, without the consent of the Company, charge or encumber his Interest or subject his Interest to a lien, pledge, security interest, right of first refusal, option or other similar limitation (an “Encumbrance”) except in each case for those created by this Agreement. Notwithstanding anything to the contrary set forth in this Article VII, the incurrence of any Encumbrance permitted by this Section 7.04 shall not be deemed to be a Transfer.

SECTION 7.05. Legend. Each Member agrees that any certificate issued to it to evidence its Interests shall have inscribed conspicuously on its front or back the following legend:

THE LIMITED LIABILITY COMPANY INTEREST IN LAZARD GROUP LLC REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE OR FOREIGN JURISDICTION, AND THIS LIMITED LIABILITY COMPANY INTEREST MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED, ENCUMBERED OR OTHERWISE DISPOSED OF, IN WHOLE OR IN PART, EXCEPT (A) EITHER (1) WHILE A REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND SUCH OTHER APPLICABLE REGISTRATIONS AND QUALIFICATIONS ARE IN EFFECT OR (2) PURSUANT TO AN AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (INCLUDING, IF APPLICABLE, REGULATION D OR REGULATION S THEREUNDER) AND SUCH OTHER APPLICABLE LAWS AND (B) IF PERMITTED BY THE OPERATING AGREEMENT OF LAZARD GROUP LLC AS IT MAY BE AMENDED FROM TIME TO TIME, WHICH CONTAINS STRICT PROHIBITIONS ON TRANSFERS, SALES, ASSIGNMENTS, PLEDGES,

HYPOTHECATIONS, ENCUMBRANCES OR OTHER DISPOSITIONS OF THIS LIMITED LIABILITY COMPANY INTEREST.

SECTION 7.06. Effect of Transfer Not in Compliance with This Article. Any purported Transfer of all or any part of a Member's Interest, or any interest therein, that is not in compliance with this Article VII shall, to the fullest extent permitted by law, be void and shall be of no effect.

ARTICLE VIII

DISSOLUTION

SECTION 8.01. Dissolution. The Company shall be dissolved and its affairs shall be wound up upon (a) a decision made at any time by the Lazard Board to dissolve the Company, (b) the termination of the legal existence of the last remaining member of the Company or the occurrence of any other event which terminates the continued membership of the last remaining member of the Company in the Company unless the Company is continued without dissolution in a manner permitted by this Agreement or the Act, or (c) the entry of a decree of judicial dissolution under Section 18-802 of the Act. Subject to clause (b) of the immediately preceding sentence, the Company shall not be dissolved solely by reason of, and shall continue notwithstanding, the death, Retirement, resignation, bankruptcy or dissolution of any Member (including any Managing Member). None of the Members shall have any right to terminate, dissolve or have redeemed their class of Interests or, to the fullest extent permitted by law, to terminate, wind up or dissolve the Company.

SECTION 8.02. Liquidation. Upon a dissolution pursuant to Section 8.01, the Company's business and assets shall be wound up promptly in an orderly manner. The Lazard Board shall be the liquidator to wind up the affairs of the Company. In performing its duties, the Lazard Board is authorized to sell, exchange or otherwise dispose of the Company's business and assets in accordance with the Act in any reasonable manner that the Lazard Board determines to be in the best interests of the Members. Upon completion of the winding-up of the Company, the Lazard Board shall prepare and submit to each Common Member a final statement with respect thereto.

SECTION 8.03. Distributions. (a) In the event of a dissolution of the Company pursuant to Section 8.01, the Company shall apply and distribute the proceeds of the dissolution as provided below:

(i) first, to the creditors of the Company, including Members that are creditors of the Company to the extent permitted by law, in satisfaction of the liabilities of the Company (by payment or by the making of reasonable provision for payment thereof, including the setting up of any reserves which the Managing Members determine, in their sole discretion, are necessary therefor); and

(ii) thereafter, to the Members in proportion to (and to the extent of) the positive balances in their respective Capital Accounts (after making all required adjustments to the Members' Capital Accounts for the taxable year of the dissolution).



(b) Cancelation of Certificate of Formation. Upon completion of a liquidation and distribution pursuant to Section 8.03(a) following a dissolution of the Company pursuant to Section 8.01, the Managing Members shall execute, acknowledge and cause to be filed a certificate of cancelation of the Certificate of Formation of the Company in the office of the Secretary of State of the State of Delaware.

## ARTICLE IX

### INDEMNIFICATION AND EXCULPATION

SECTION 9.01. Exculpation. A Director shall not be personally liable to the Company or its Members for monetary damages for breach of fiduciary duty as a Director, except to the extent such exemption from liability or limitation thereof is not permitted under the Act as the same exists or may hereafter be amended. Any repeal or modification of the immediately preceding sentence shall not adversely affect any right or protection of a Director existing hereunder with respect to any act or omission occurring prior to such repeal or modification.

SECTION 9.02. Indemnification. (a) Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit, or proceeding, whether civil, criminal, administrative or investigative (a “Proceeding”), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was (i) a Director or officer of the Company, (ii) a director or officer of Lazard Ltd or (iii) serving at the request of the Company (including as evidenced in a written letter signed by a proper officer of the Company) as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise or person, including the Tax Representative (and any “designated individual” within the meaning of Treasury Regulation section 301.6223-1(b)(3)(ii)) and service with respect to employee benefit plans maintained or sponsored by the Company, in each case whether the basis of such Proceeding is alleged action in an official capacity as a Director, director, officer, employee or agent or in any other capacity while serving as a Director, director, officer, employee or agent, shall be indemnified and held harmless by the Company to the fullest extent authorized by the General Corporation Law of the State of Delaware (the “DGCL”) as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than said law permitted the Company to provide prior to such amendment), if the Company were a corporation organized under the DGCL, against all expense, liability and loss (including attorneys’ fees, judgments, fines, excise taxes or penalties arising under the Employee Retirement Income Security Act of 1974, and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a Director, director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in Section 9.02(c), the Company shall indemnify any such person seeking indemnification in connection with a Proceeding (or part thereof) initiated by such person only if such Proceeding (or part thereof) was authorized by the Lazard Board. The right to indemnification conferred in this Section 9.02 shall be a contract right. The right to indemnification conferred in this Section 9.02 in the case of any Director or officer of the

Company or any director or officer of Lazard Ltd shall include (and, in the case of any other person entitled to indemnification hereunder, may at the option of the Chief Executive Officer, General Counsel or the Lazard Board include) the right to be paid by the Company the expenses incurred in defending any such Proceeding in advance of its final disposition, such advances to be paid by the Company within twenty (20) days after the receipt by the Company of a statement or statements from the claimant requesting such advance or advances from time to time; provided, however, that the payment of such expenses incurred by any such person in advance of the final disposition of a Proceeding shall be made only upon delivery to the Company of an undertaking by or on behalf of such person to repay all amounts so advanced if it shall ultimately be determined that such person is not entitled to be indemnified under this Section 9.02 or otherwise.

(b) To obtain indemnification under this Section 9.02, a claimant shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to the claimant and is reasonably necessary to determine whether and to what extent the claimant is entitled to indemnification. Upon written request by a claimant for indemnification pursuant to the first sentence of this Section 9.02(b), a determination, if required by the DGCL if the Company were a corporation organized under the DGCL, with respect to the claimant's entitlement thereto shall be made as follows: (i) if requested by the claimant, by Independent Counsel (as hereinafter defined), or (ii) if no request is made by the claimant for a determination by Independent Counsel, by the Chief Executive Officer or General Counsel of the Company, whose determination shall be approved by the Lazard Board (by a majority vote of a quorum consisting of Disinterested Directors (as hereinafter defined)); provided that (A) if a quorum of the Lazard Board consisting of Disinterested Directors is not obtainable or, even if obtainable, such quorum of Disinterested Directors so directs, such determination shall be approved by Independent Counsel in a written opinion to the Lazard Board, a copy of which shall be delivered to the claimant, or (B) if a quorum of Disinterested Directors so directs, such determination shall be approved by the Common Members on a unanimous basis. In the event the determination of entitlement to indemnification is to be made by Independent Counsel at the request of the claimant, the Independent Counsel shall be selected by the Lazard Board unless there shall have occurred within two years prior to the date of the commencement of the Proceeding for which indemnification is claimed a Change in Control, in which case the Independent Counsel shall be selected by the claimant unless the claimant shall request that such selection be made by the Lazard Board. If it is so determined that the claimant is entitled to indemnification, payment to the claimant shall be made within ten (10) days after such determination.

(c) If a claim under Section 9.02(a) is not paid in full by the Company within thirty (30) days after a written claim pursuant to Section 9.02(b) has been received by the Company, the claimant may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any Proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Company) that the claimant has not met the standard of conduct that makes it permissible under the DGCL as the same exists or may hereafter be amended (but, in

the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than said law permitted the Company to provide prior to such amendment) for the Company to indemnify the claimant for the amount claimed if the Company were a corporation organized under the DGCL, but the burden of proving such defense shall be on the Company. Neither the failure of the Company (including the Lazard Board, Independent Counsel or Common Members) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Company (including its Lazard Board, Independent Counsel or Common Members) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(d) If a determination shall have been made pursuant to Section 9.02(b) that the claimant is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to Section 9.02(c).

(e) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to Section 9.02(c) that the procedures and presumptions of this Section 9.02 are not valid, binding and enforceable and shall stipulate in such proceeding that the Company is bound by all the provisions of this Section 9.02.

(f) No amendment or other modification of this Section 9.02 or Section 9.03 shall in any way diminish or adversely affect the rights of any Director, officer, employee or agent of the Company hereunder in respect of any occurrence or matter arising prior to any such repeal or modification.

(g) The Company may, to the extent authorized from time to time by the Lazard Board, grant rights to indemnification, and rights to be paid by the Company the expenses incurred in defending any Proceeding in advance of its final disposition, to any employee or agent of the Company to the fullest extent of the provisions of this Section 9.02 with respect to the indemnification and advancement of expenses of Directors and officers of the Company.

(h) If any provision or provisions of this Section 9.02 shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Section 9.02 (including each portion of any subsection of this Section 9.02 containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (ii) to the fullest extent possible, the provisions of this Section 9.02 (including each such portion of any subsection of this Section 9.02 containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

(i) For purposes of this Article IX:

(i) “Disinterested Director” means a Director of the Company who is not and was not a party to the matter in respect of which indemnification is sought by the claimant.

(ii) “Independent Counsel” means a law firm, a member of a law firm, or an independent practitioner, that is experienced in matters of corporation law and shall include any person who, under the applicable standards of professional conduct then prevailing, would not have a conflict of interest in representing either the Company or the claimant in an action to determine the claimant’s rights under this Section 9.02.

(j) Any notice, request or other communication required or permitted to be given to the Company under this Section 9.02 shall be in writing and either delivered in person or sent by telecopy, telex, telegram, overnight mail or courier service, or certified or registered mail, postage prepaid, return receipt requested, to the General Counsel of the Company and shall be effective only upon receipt by the General Counsel.

SECTION 9.03. Non-Exclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a Proceeding in advance of its final disposition conferred in this Article IX shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of this Agreement, agreement, vote of the Common Members or Disinterested Directors or otherwise.

SECTION 9.04. Insurance. The Company may maintain insurance, at its expense, to protect itself and any Director, officer, employee or agent of the Company or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the DGCL if the Company were a corporation organized under the DGCL.

SECTION 9.05. Survival. This Article IX shall survive any termination of this Agreement.

## ARTICLE X

### MISCELLANEOUS

SECTION 10.01. Use of Firm Name. The right to use the firm name, Lazard Group LLC, shall belong to the Company.

SECTION 10.02. Amendments. Except as provided in Section 1.03, this Agreement may not be amended except with (and any such amendment shall be authorized upon obtaining) the approval of the Lazard Board and the Managing Members; provided, however, that the Lazard Board may authorize, without further approval of another person or group, (a) any amendment to this Agreement to correct any technicality, incorrect statement or error apparent on the face hereof in order to further the intent of the parties hereto or (b) a correction

of any formality or error apparent on the face hereof or incorrect statement or defect in the execution hereof. Any merger or consolidation of the Company with any third party that shall amend or otherwise modify the terms of this Agreement shall require the approval of the persons referred to above to the extent the approval of such persons would have been required had such amendment or modification been effected by an amendment to this Agreement. For the avoidance of doubt and notwithstanding any provision of this Agreement, any PIPR Agreement, Lazard Ltd's 2018 Incentive Compensation Plan (as amended from time to time, or any successor equity plan thereto) or otherwise, in no event shall any Profit Participation Member or PIPR Member have any right to notice, consultation, consent or other approval rights with respect to any amendment to this Agreement.

SECTION 10.03. Benefits of Agreement. Except as provided in Article IX, none of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of the Company or by any creditor of any of the Members. Except as provided in Article IX, nothing in this Agreement shall be deemed to create any right in any person not a party hereto, and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of any third person. Without limiting the generality of the foregoing, except as provided in Article IX, no person not a party hereto shall have any right to compel performance by a manager of its obligations hereunder.

SECTION 10.04. Waiver of Notice. Whenever any notice is required to be given to any Member or Director under the provisions of the Act or this Agreement, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any meeting of the Members (if any shall be called) or the Lazard Board or committee thereof need be specified in any waiver of notice of such meeting.

SECTION 10.05. Arbitration. (a) All disputes, controversies and claims arising out of or relating to the Company's affairs, the rights or interests of the Members or the estate of any deceased Member (to the extent that they are related to any of the foregoing) ("Disputes"), whether arising during or after the Company's term or liquidation, shall be determined in accordance with this Section 10.05.

(b) All Disputes shall first be reviewed by the Chief Executive Officer ("Executive Review"). Any party to a Dispute may invoke Executive Review by written notice to the other party or parties thereto and the Chief Executive Officer. As soon as practicable and in any event within thirty (30) days after receipt of notice of a Dispute, the Chief Executive Officer shall attempt in good faith to resolve such Dispute. In the event that any Dispute remains unresolved forty-five (45) days after notice thereof to the Chief Executive Officer, such Dispute shall be finally determined by an arbitral tribunal under the Rules of Arbitration (the "ICC Rules") of the International Chamber of Commerce (the "ICC") and in accordance with Section 10.05(c).

(c) The arbitral tribunal determining any Dispute shall be comprised of three arbitrators. Each party to a Dispute shall designate one arbitrator. If a party fails to designate an

arbitrator within a reasonable period, the ICC shall designate an arbitrator for such party, including upon a request by another party. The two arbitrators designated by the parties to a Dispute (or, if applicable, the ICC) shall designate a third arbitrator. In the event that the two arbitrators designated by the parties to a Dispute (or, if applicable, the ICC) are unable to agree upon a third arbitrator within a reasonable period, the third arbitrator shall be selected in accordance with the ICC Rules by the ICC. The language, place and procedures of the arbitration of any Dispute shall be as agreed upon by the parties to such Dispute or, failing such agreement within a reasonable period, as determined in accordance with the ICC Rules in order to ensure a speedy, efficient and just resolution of such Dispute. If neither the parties nor the arbitral tribunal can agree upon procedures, the arbitration shall be conducted in accordance with the ICC's procedures. The hearings and taking of evidence of any Dispute may be conducted at any locations that will, in the judgment of the arbitral tribunal, result in a speedy, efficient and just resolution of such Dispute. The parties to any dispute shall use their best efforts to cooperate with each other and the arbitral tribunal in order to obtain a resolution as quickly as possible, including by adopting the ICC's "fast-track" procedure (as provided for in Article 32(1) of the ICC Rules) if appropriate.

(d) Notwithstanding any provision of this Agreement to the contrary, this Section 10.05 shall be construed to the maximum extent possible to comply with the laws of the State of Delaware, including the Uniform Arbitration Act (10 Del. C. § 5701 et seq.) (the "Delaware Arbitration Act"). If, nevertheless, it shall be determined by a court of competent jurisdiction that any provision or wording of this Section 10.05, including the ICC Rules, shall be invalid or unenforceable under the Delaware Arbitration Act or other applicable law, such invalidity shall not invalidate all of this Section 10.05. In that case, this Section 10.05 shall be construed so as to limit any term or provision so as to make it valid or enforceable within the requirements of the Delaware Arbitration Act or other applicable law, and, in the event such term or provision cannot be so limited, this Section 10.05 shall be construed to omit such invalid or unenforceable provision.

SECTION 10.06. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective estates, heirs, legal representatives, successors and permitted assigns, any additional Member admitted in accordance with the provisions hereof and any successor to a trustee of a trust that is or becomes a party hereto.

SECTION 10.07. Confidentiality. Each Member that is not a controlled Affiliate of Lazard Ltd expressly agrees, whether or not at the time a Member of the Company or providing services to the Company or any of its Subsidiaries, to maintain the confidentiality of, and not disclose to any person other than the Company, its officers or any financial, legal or other advisor to the Company, any information relating to the business, clients, affairs or financial structure, position or results of the Company or its affiliates (including any Affiliate) or any Dispute that shall not be generally known to the public or the securities industry; provided that such Member may disclose any such information (a) to the extent required by any applicable law, rule or regulation in the opinion of counsel or by the order of any securities exchange, banking supervisory authority or other governmental or self-regulatory organization of competent jurisdiction (provided that such Member notifies the Company of such requirement

prior to making such disclosure and cooperates with the Company in seeking to prevent or minimize such disclosure), (b) to his or its legal counsel and financial advisers (who shall agree to abide by the terms of this Section 10.07), or (c) with the prior written consent of the Company.

SECTION 10.08. Notices. Except as provided in Section 3.02(d), all notices and other communications required or permitted by this Agreement shall be made in writing and any such notice or communication shall be deemed delivered when delivered in person, properly transmitted by telecopier or one business day after it has been sent by an internationally recognized overnight courier to the address for notices shown in the Company's records (or any other address provided to the Company in writing for this purpose) or, if given to the Company, to the principal place of business of the Company in New York, New York. Communications by telecopier also shall be sent concurrently by overnight courier, but shall in any event be effective as stated above. Each Member and Director may from time to time change its address for notices under this Section 10.08 by giving at least five (5) days' prior written notice of such changed address to the Company.

SECTION 10.09. No Waiver of Rights. No failure or delay on the part of any Member in the exercise of any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or of any other right or power. The waiver by any Member, Managing Member or Director of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other or subsequent breach hereunder. All rights and remedies existing under this Agreement are cumulative and are not exclusive of any rights or remedies otherwise available.

SECTION 10.10. Power of Attorney. Each Member agrees that, by its execution of this Agreement, such Member irrevocably constitutes and appoints the Chief Executive Officer and the General Counsel, each acting alone, as its true and lawful attorney-in-fact coupled with an interest, with full power and authority, in its name, place and stead to make, execute, acknowledge and record (a) all certificates, instruments or documents, including fictitious name or assumed name certificates, as may be required by, or may be appropriate under, the laws of any state or jurisdiction in which the Company is doing or intends to do business and (b) all agreements, documents, certificates or other instruments amending this Agreement or the Certificate of Formation that may be necessary or appropriate to reflect or accomplish (i) a change in the name or location of the principal place of business of the Company or a change of name or address of a Member, (ii) the disposal or increase by a Member of his Interest in the Company or any part thereof, (iii) a distribution and reduction of the capital contribution of a Member or any other changes in the capital of the Company, (iv) the dissolution or termination of the Company, (v) the addition or substitution of a person becoming a Member of the Company and (vi) any amendment to this Agreement, in each case only to the extent expressly authorized and conducted in accordance with the preceding sections of this Agreement. The power granted hereby is coupled with an interest and shall survive the subsequent disability or incapacity of the principal.

SECTION 10.11. Severability. If any one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired.

SECTION 10.12. Headings. The Article, Section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

SECTION 10.13. Entire Agreement. This Agreement amends and restates in its entirety the Company's prior operating agreement. This Agreement, including the exhibits, annexes and schedules hereto and the Acknowledgements, constitutes the entire agreement among the parties hereto and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof and thereof.

SECTION 10.14. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflicts of law principles.

SECTION 10.15. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement.

SECTION 10.16. Effectiveness. This Agreement shall be effective immediately upon execution hereof.

SECTION 10.17. Corporate Opportunity; Fiduciary Duty. (a) To the greatest extent permitted by law, none of Lazard Ltd, any Affiliate of Lazard Ltd (each such Affiliate of Lazard Ltd, a "Lazard Ltd Affiliate") and none of their respective officers, directors, employees or agents shall owe any fiduciary duty to, nor shall any of Lazard Ltd or any Lazard Ltd Affiliate be liable for breach of fiduciary duty to, the Company, any Subsidiary of the Company or any other holder of Interests or Affiliate of such holder (or any of their respective officers, directors, employees or agents). To the greatest extent permitted by law, in taking any action, making any decision or exercising any discretion with respect to the Company, each of Lazard Ltd and each Lazard Ltd Affiliate shall be entitled to consider such interests and factors as it desires, including its own interests and those of other Lazard Ltd Affiliates, and shall have no duty or obligation (i) to give any consideration to the interests of or factors affecting the Company, the holders of Interests or any other person or (ii) to abstain from participating in any vote or other action of the Company or any Affiliate thereof, the Lazard Board or any committee or similar body of any of the foregoing. Lazard Ltd and any Lazard Ltd Affiliate (and their respective officers, directors, employees or agents) shall not violate a duty or obligation to the Company merely because such person's conduct furthers such person's own interest. Such persons may lend money to and transact other business with the Company. The rights and obligations of any such person who lends money to, contracts with, borrows from or transacts business with the Company are the same as those of a person who is not involved with the Company, subject to other applicable law. To the greatest extent permitted by law, no transaction with the Company shall be voidable solely because any such person has a direct or indirect interest in the transaction. Nothing herein contained shall prevent any such person from conducting any other business, including serving



as an officer, director, employee, or stockholder of any corporation, a trustee of any trust, an executor or administrator of any estate, or an administrative official of any other business or not-for-profit entity, or from receiving any compensation in connection therewith.

(b) Neither the alteration, amendment, termination, expiration or repeal of this Section 10.17 nor the adoption of any provision of this Agreement inconsistent with this Section 10.17 shall eliminate or reduce the effect of this Section 10.17 in respect of any matter occurring, or any cause of action, suit or claim that, but for this Section 10.17, would accrue or arise, prior to such alteration, amendment, termination, expiration, repeal or adoption.

SECTION 10.18. PIPR Agreement Conflicts. Except as otherwise provided in Section 7.03(b) or Section 10.02, in the event of any conflict between the terms of this Agreement relating to PIPR Units and any applicable PIPR Agreement, the relevant terms of the PIPR Agreement shall take precedence.

IN WITNESS WHEREOF, the undersigned, acting pursuant to the resolutions of the Lazard Board, has duly executed this Agreement to reflect approval by the Lazard Board as of the date first above written.

By:

/s/ Mary Ann Betsch

Name: Mary Ann Betsch

Title: Chief Financial Officer

IN WITNESS WHEREOF, the undersigned, acting pursuant to the resolutions of the Lazard Ltd Board, has duly executed this Agreement to reflect approval by the Lazard Ltd Board as of the date first above written.

By:

/s/ Mary Ann Betsch

\_\_\_\_\_  
Name: Mary Ann Betsch

Title: Chief Financial Officer

IN WITNESS WHEREOF, the Managing Members have duly executed this Agreement as of the date first above written.

LAZARD LTD SUB A,

By:

          /s/ Mary Ann Betsch            
Name: Mary Ann Betsch  
Title: Chief Financial Officer

By:

          /s/ Francois Funck-Brentano            
Name: Francois Funck-Brentano  
Title: Class A Manager

LAZARD LTD SUB B,

By:

          /s/ Mary Ann Betsch            
Name: Mary Ann Betsch  
Title: Chief Financial Officer

January 1, 2023

Mr. Ashish Bhutani  
12 East 13th Street  
Apartment 9  
New York, NY 10003

Dear Ashish:

This consulting agreement sets forth the terms upon which you shall be retained by Lazard Asset Management LLC (the “Company”) to provide consulting services to the Company as an independent contractor. You shall have the title of Senior Advisor.

1. Term. The term of this consulting agreement shall be for a period extending from January 1, 2023 (the “Effective Date”) until March 31, 2023 (the “Expiration Date”), unless earlier terminated by you or the Company. The consulting relationship between you and the Company may be terminated at any time for any reason. The period of time from the Effective Date through the Expiration Date or, if earlier, the date on which you cease providing services to the Company is herein referred to as the “Term”.

2. Services. During the Term, you shall provide consulting services to the Company regarding strategic matters on the terms and subject to the conditions of this consulting agreement. You agree that you will obtain advance written approval from Scott Hoffman before providing services to or becoming engaged by any other individual or entity.

3. Compensation and Related Matters. (a) Fee. For all services rendered pursuant to this consulting agreement during the Term, you shall be paid independent consultant fees at the rate of \$10,000 per month, which shall be paid monthly in arrears.

(b) Tax Matters. To the extent consistent with applicable law, the Company shall not withhold or deduct from any amounts payable under this consulting agreement any amount or amounts in respect of income taxes or other employment taxes of any other nature on your behalf. You will be issued a Form 1099. You shall be solely responsible for the payment of any federal, state, local or other income and/or self-employment taxes in respect of the amounts payable to you under this consulting agreement.

4. Independent Contractor Status During the Term. (a) It is understood by the parties hereto that you shall at all times during the Term be an independent contractor with respect to the Company and there shall not be implied any relationship of employer-employee, partnership, joint venture, principal and agent or the like by the agreements contained herein.

(b) You shall not have any authority to act as an agent of the Company or its affiliates, except on authority specifically so delegated in a prior writing from a duly authorized officer of the Company or one of its affiliates, and you shall not represent to the contrary to any person. You shall

not have or claim to have, under any circumstances, power of decision hereunder to obligate, bind or commit the Company in any respect. You shall not (i) make any management decisions on behalf of the Company or (ii) undertake to commit the Company to any course of action in relation to third persons. Although the Company may specify the results it desires you to achieve during the Term and may control and direct you in that regard, the Company shall not exercise or have the power to exercise such level of control over you as would indicate or establish that a relationship of employer and employee exists between the Company and you. Subject to the terms of this consulting agreement, you shall have full and complete control over the manner and method of rendering independent contractor services hereunder.

5. Miscellaneous. (a) Amendment. This consulting agreement may not be altered, modified or amended except by written instrument signed by the parties hereto. The terms of this consulting agreement may not be amended orally.

(b) Representation. You hereby represent to the Company that the execution and delivery of this consulting agreement by you and the Company and your performance of your duties hereunder shall not constitute a breach of, or otherwise contravene, or be prevented, interfered with or hindered by, the terms of any employment agreement or other agreement or policy to which you are a party or otherwise bound. In addition, you acknowledge and agree that you will be subject to the Company's policies and procedures, including with respect to the use of confidential information, limitations on personal securities trading and disclosures regarding your other business activities and associations (*e.g.*, directorships). Further, you acknowledge that you remain subject to continued compliance with any restrictive covenants contained in the award agreements governing your outstanding equity compensation or deferred awards in accordance with their respective terms.

(c) Other Agreements; Integration. On March 31, 2022, you entered into an agreement with Lazard Ltd (the "Letter Agreement") relating to the Retention and Noncompetition and Other Covenants, dated as of March 29, 2019, by and among you, Lazard Ltd and Lazard Group LLC. Nothing herein shall modify your rights and obligations pursuant to the Letter Agreement, which shall remain in full force and effect in accordance with its terms. Except as provided by the Letter Agreement, your rights and obligations shall in all respects be governed by the terms of this consulting agreement, and you acknowledge and agree that this consulting agreement contains the complete understanding and agreement between you and the Company concerning your provision of consulting services to the Company, your compensation therefor and the other matters covered herein. You represent and warrant that, in accepting this consulting assignment, you are not relying on any representations to you by the Company regarding this consulting assignment or the terms and conditions of your anticipated consulting assignment except as expressly set forth in this consulting agreement. You may accept this consulting agreement, and it shall become a binding agreement between you and the Company, by returning an executed copy of this consulting agreement to me. You should retain a copy for your files.

Please do not hesitate to contact me at \* if you have any questions.

Very truly yours,

LAZARD FRERES & CO. LLC

By: /s/ Scott D. Hoffman  
Scott D. Hoffman  
General Counsel and Chief Administrative Officer of  
Lazard Ltd

AGREED TO AND ACCEPTED:

/s/ Ashish Bhutani  
Ashish Bhutani

January 1, 2023

Mr. Alexander F. Stern  
3887 Purchase Street  
Purchase, NY 10577

Dear Alex:

This consulting agreement sets forth the terms upon which you shall be retained by Lazard Frères & Co. LLC (the “Company”) to provide consulting services to the Company as an independent contractor. You shall have the title of Senior Advisor.

1. Term. The term of this consulting agreement shall be for a period extending from January 1, 2023 (the “Effective Date”) until March 31, 2023 (the “Expiration Date”), unless earlier terminated by you or the Company. The consulting relationship between you and the Company may be terminated at any time for any reason. The period of time from the Effective Date through the Expiration Date or, if earlier, the date on which you cease providing services to the Company is herein referred to as the “Term”.

2. Services. During the Term, you shall provide consulting services to the Company regarding strategic matters on the terms and subject to the conditions of this consulting agreement. You agree that you will obtain advance written approval from Scott Hoffman before providing services to or becoming engaged by any other individual or entity.

3. Compensation and Related Matters. (a) Fee. For all services rendered pursuant to this consulting agreement during the Term, you shall be paid independent consultant fees at the rate of \$10,000 per month, which shall be paid monthly in arrears.

(b) Tax Matters. To the extent consistent with applicable law, the Company shall not withhold or deduct from any amounts payable under this consulting agreement any amount or amounts in respect of income taxes or other employment taxes of any other nature on your behalf. You will be issued a Form 1099. You shall be solely responsible for the payment of any federal, state, local or other income and/or self-employment taxes in respect of the amounts payable to you under this consulting agreement.

4. Independent Contractor Status During the Term. (a) It is understood by the parties hereto that you shall at all times during the Term be an independent contractor with respect to the Company and there shall not be implied any relationship of employer-employee, partnership, joint venture, principal and agent or the like by the agreements contained herein.

(b) You shall not have any authority to act as an agent of the Company or its affiliates, except on authority specifically so delegated in a prior writing from a duly authorized officer of the Company or one of its affiliates, and you shall not represent to the contrary to any person. You shall not have or claim to have, under any circumstances, power of decision hereunder to obligate, bind or commit the Company in any respect. You shall not (i) make any management decisions on behalf of the Company or (ii) undertake to commit the Company to any course of action in relation to third



persons. Although the Company may specify the results it desires you to achieve during the Term and may control and direct you in that regard, the Company shall not exercise or have the power to exercise such level of control over you as would indicate or establish that a relationship of employer and employee exists between the Company and you. Subject to the terms of this consulting agreement, you shall have full and complete control over the manner and method of rendering independent contractor services hereunder.

5. Miscellaneous. (a) Amendment. This consulting agreement may not be altered, modified or amended except by written instrument signed by the parties hereto. The terms of this consulting agreement may not be amended orally.

(b) Representation. You hereby represent to the Company that the execution and delivery of this consulting agreement by you and the Company and your performance of your duties hereunder shall not constitute a breach of, or otherwise contravene, or be prevented, interfered with or hindered by, the terms of any employment agreement or other agreement or policy to which you are a party or otherwise bound. In addition, you acknowledge and agree that you will be subject to the Company's policies and procedures, including with respect to the use of confidential information, limitations on personal securities trading and disclosures regarding your other business activities and associations (*e.g.*, directorships). Further, you acknowledge that you remain subject to continued compliance with any restrictive covenants contained in the award agreements governing your outstanding equity compensation or deferred awards in accordance with their respective terms.

(c) Other Agreements; Integration. On March 31, 2022, you entered into an agreement with Lazard Ltd (the "Letter Agreement") relating to the Retention and Noncompetition and Other Covenants, dated as of March 29, 2019, by and among you, Lazard Ltd and Lazard Group LLC. Nothing herein shall modify your rights and obligations pursuant to the Letter Agreement, which shall remain in full force and effect in accordance with its terms. Except as provided by the Letter Agreement, your rights and obligations shall in all respects be governed by the terms of this consulting agreement, and you acknowledge and agree that this consulting agreement contains the complete understanding and agreement between you and the Company concerning your provision of consulting services to the Company, your compensation therefor and the other matters covered herein. You represent and warrant that, in accepting this consulting assignment, you are not relying on any representations to you by the Company regarding this consulting assignment or the terms and conditions of your anticipated consulting assignment except as expressly set forth in this consulting agreement. You may accept this consulting agreement, and it shall become a binding agreement between you and the Company, by returning an executed copy of this consulting agreement to me. You should retain a copy for your files.

Please do not hesitate to contact me at \* if you have any questions.

Very truly yours,

LAZARD FRERES & CO. LLC

By: /s/ Scott D. Hoffman

Scott D. Hoffman

General Counsel and Chief Administrative Officer of  
Lazard Ltd

AGREED TO AND ACCEPTED:

/s/ Alexander F. Stern

Alexander F. Stern

**PROFITS INTEREST PARTICIPATION RIGHT UNIT AGREEMENT**

THIS AGREEMENT, dated as of [●] by, and among Lazard Ltd, a Bermuda exempted company (the “Company”), Lazard Group LLC, a Delaware limited liability company (“Lazard Group”), and [●] (the “Member”).

**WITNESSETH**

In consideration of the mutual promises and covenants made herein and the mutual benefits to be derived herefrom, the parties hereto agree as follows:

**1. Grant and Vesting of PIPR Interest.**

(a) Subject to the provisions of this Agreement, the provisions of the Company’s 2018 Incentive Compensation Plan, as amended from time to time (the “Plan”) and the Amended and Restated Operating Agreement of Lazard Group, as amended from time to time (the “Operating Agreement”) (all capitalized terms used herein, to the extent not defined, shall have the meaning set forth in the Operating Agreement, unless otherwise specified), Lazard Group hereby grants to the Member, as of the date set forth above (the “Grant Date”), a PIPR Interest issued on the date hereof as [●] PIPR Units.

The PIPR Interest is an “Other Equity-Based Award” within the meaning of Section 8 of the Plan. These PIPR Units are not performance-based restricted participation units, or PRPUs, or Performance PIPRs for purposes of the Operating Agreement.

(b) Subject to the terms and conditions of this Agreement and to the provisions of the Plan, each PIPR Unit shall vest and, subject to the Operating Agreement, no longer be subject to forfeiture, upon the date on which (i) such PIPR Unit has become an Equitized PIPR Unit (such date, as applicable to the relevant PIPR Unit, the “Equitization Date”) and (ii) the Member has remained in continuous service to the Company or any of its Affiliates until [●] (such condition, the “Service Condition”). The date that the Service Condition has been satisfied with respect to an Unvested Award (as defined below) is referred to herein as the “Vesting Date”, and an Unvested PIPR Unit or any Share (as defined in the Plan) that the Member receives in exchange for an Equitized PIPR Unit pursuant to Section 4 or receives pursuant to Section 10(a) (each such Share, a “Restricted Share”) that is outstanding prior to the Vesting Date is referred to as an “Unvested Award”.

Notwithstanding anything in this Agreement or in the Plan to the contrary, except as provided in this Section 1(b) and Section 1(e), the Member will forfeit all Unvested Awards and all rights thereunder will terminate in the event that the Member incurs a Termination of Employment (as defined in the Plan) prior to the Vesting Date for any reason not set forth in Section 1(c), which Termination of Employment and forfeiture shall be deemed to occur on the date that the Member provides notice of termination to the Company, in the case of a resignation by the Member, or on the Date of Termination (as defined in Appendix A), in the case of Termination of Employment by the Company.

The Member's PIPR Capital with respect to a PIPR Unit that has been forfeited, canceled or terminated shall be treated as provided in Section 4.03(c)(iv) of the Operating Agreement.

(c) (i) Except as set forth in Section 1(e), in the event that the Member incurs a Termination of Employment prior to the Vesting Date due to (A) the Member's Disability (as defined in the Plan), (B) the Member's death or (C) a Termination of Employment by the Company other than for Cause, the Member shall no longer be required to remain in continuous service to satisfy the Service Condition, but (other than in the case of death) the Unvested Awards shall remain outstanding and subject to forfeiture pursuant to Section 1(d) through the Vesting Date (for the avoidance of doubt, each PIPR Unit will remain outstanding subject to the occurrence of the relevant Equitization Date on or before the fifth anniversary of the date of grant (such date, the "Final Equitization Date"), and (other than in the case of death) will be subject to forfeiture pursuant to Section 1(d) through the Vesting Date).

(ii) Except as set forth in Section 1(e), in the event that the Member incurs a Termination of Employment prior to the Vesting Date due to the Member's Retirement (as defined below), the Member shall no longer be required to remain in continuous service to satisfy the Service Condition, but the Unvested Awards shall remain outstanding and subject to forfeiture pursuant to Section 1(d) through the Vesting Date (for the avoidance of doubt, each PIPR Unit will remain outstanding subject to the occurrence of the relevant Equitization Date on or before the Final Equitization Date, and will be subject to forfeiture pursuant to Section 1(d) through the Vesting Date). For purposes of this Agreement, "Retirement" shall mean that the Member voluntarily incurs a Termination of Employment on or after the date on which the Member meets all of the requirements of the retirement policy applicable to equity awards granted under the Plan, as in effect from time to time.

(d) Notwithstanding anything to the contrary in this Agreement, in the event that the Member incurs a Termination of Employment by the Company other than for Cause or a Termination of Employment due to Retirement in accordance with Section 1(c)(ii), in either case, prior to a Change in Control (as defined in the Plan), the Unvested Awards shall be treated as provided in Section 1(c)(i) or Section 1(c)(ii), as applicable, only if the Member (or the Member's estate, if applicable) signs a customary release of claims in favor of the Company and its Affiliates that is acceptable to the Company, and such release becomes effective and irrevocable on or before the 65th day following the Member's Termination of Employment. In the event the Member (or the Member's estate, if applicable) does not sign such release or revokes such release before it becomes effective, the Member shall forfeit all rights to any Unvested Awards. In the event that, prior to a Change in Control or prior to a Termination of Employment (including by reason of Retirement in accordance with Section 1(c)(ii)) following a Change in Control, as applicable, the Member violates any of the restrictive covenants set forth in Appendix A, which are incorporated herein by reference (the "Restrictive Covenants"), all outstanding Unvested Awards shall be forfeited and canceled. For the avoidance of doubt, in no event shall a violation of the Restrictive Covenants following a Termination

of Employment serve as a basis for forfeiture of Unvested Awards from and after a Change in Control. Notwithstanding that certain Restrictive Covenants apply for only a limited period following Termination of Employment, in the event that the Member incurs a Termination of Employment by reason of Retirement, the Member will forfeit any outstanding Unvested Awards if the Member does not comply with all of the Restrictive Covenants until the Vesting Date.

(e) (i) Upon a Change in Control, an Equitized PIPR Unit or a Restricted Share may be converted into an award in respect of stock of, or other equity interests in, the acquirer (or one of its affiliates) based on the value of such Unvested Award (in the case of an Equitized PIPR Unit that is in Parity, which value shall be determined as if exchanged for a Share on a one-for-one basis) at the time of such Change in Control and, following conversion, any such award will be considered an Unvested Award to the extent provided in this Agreement. A Non-Equitized PIPR Unit outstanding as of a Change in Control may either (A) remain outstanding or (B) be converted into replacement awards in accordance with Section 10(a) of this Agreement and Section 4.03(c)(iv) of the Operating Agreement in respect of stock of, or other equity interests in, the acquirer (or one of its affiliates). Except as otherwise provided in this Section 1(e)(i) and Section 1(e)(ii), following a Change in Control, the Unvested Awards shall remain subject to the Service Condition; provided, however, that in the event that the Member incurs a Termination of Employment upon or following a Change in Control but prior to the Vesting Date under any of the circumstances described in Section 1(c), the Service Condition shall be deemed to have been satisfied immediately upon such Termination of Employment, and the date of such Termination of Employment shall be deemed to be the Vesting Date for purposes of such Unvested Awards (and any related Unvested Dividend Amount (as defined in Section 6 of this Agreement)). Furthermore, in the event that the Member incurs a Termination of Employment under any of the circumstances described in Section 1(c) prior to the Vesting Date and prior to a Change in Control, upon a Change in Control, the date of the Change in Control shall be deemed to be the Vesting Date for purposes of any Unvested Awards (and any related Unvested Dividend Amount). Notwithstanding the forgoing, solely to the extent required to avoid taxation and penalties under Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), the Unvested Awards (and any related Unvested Dividend Amount) shall be settled no later than March 15th of the calendar year (or, if applicable, two and one-half months after the end of the applicable service recipient’s fiscal year) following the later of (1) the calendar year (or fiscal year, as applicable) in which the Change in Control occurs and (2) the calendar year (or fiscal year, as applicable) in which the Unvested Awards (and any related Unvested Dividend Amount) are no longer subject to a “substantial risk of forfeiture” within the meaning of Section 409A of the Code. In the event of settlement of any Unvested Awards (and any related Unvested Dividend Amount) prior to the Vesting Date (or deemed Vesting Date) in accordance with the immediately preceding sentence, a portion of the Shares (or acquirer shares) may be sold pursuant to Section 1(e)(iv) below, and the remainder of the Unvested Award (and any related Unvested Dividend Amount) will remain forfeitable until the Vesting Date (or deemed Vesting Date).

(ii) Notwithstanding any other provision of this Agreement, in the event of a Change in Control prior to the Vesting Date, unless (A) either (1) the Unvested Awards remain outstanding following the Change in Control or (2) provision is made in connection with the Change in Control for assumption of Unvested Awards or substitution of such Unvested Awards for new awards covering equity interests in a successor entity, with appropriate adjustments to the number of Unvested Awards, as determined by the Committee (as defined in the Plan) in accordance with Section 1(e)(i) of this Agreement and Section 4.03(c)(iv) of the Operating Agreement, prior to the Change in Control pursuant to Section 3(b)(ii) of the Plan and (B) the material terms and conditions of such Unvested Awards as in effect immediately prior to the Change in Control are preserved following the Change in Control (including, without limitation, with respect to the vesting schedule, the intrinsic value of the Unvested Awards (or similar potential fair value in accordance with Section 10(a) of this Agreement and Section 4.03(c)(iv) of the Operating Agreement, in the case of a Non-Equitized PIPR Unit) and transferability of the Unvested Awards (and interests into which the Unvested Awards may be converted or exchanged) prior to and following the Change in Control), the Service Condition shall be deemed satisfied immediately upon such Change in Control, and the date of the Change in Control shall be deemed to be the Vesting Date for purposes of such Unvested Awards (and any related Unvested Dividend Amount).

(iii) Notwithstanding Section 10(a) of the Plan, except as set forth in Section 1(e)(ii), in the event that the Member incurs a Termination of Employment upon or following a Change in Control but prior to the Vesting Date, under any circumstances other than those described in Section 1(c) or this Section 1(e) (including a voluntary resignation if the individual is not retirement eligible (in accordance with the Company's policies as in effect prior to the Change in Control) or a termination for Cause), then any outstanding Unvested Awards shall be immediately forfeited.

(iv) To the extent that the conversion, assumption or substitution of the PIPR Units in connection with a Change in Control would result in the Member incurring tax liability with respect to such PIPR Units, subject to applicable law and any policies of the Company or any successor that impose trading restrictions (such as blackout periods), the Member shall be permitted to sell the number of Shares (or acquirer shares) subject to the replacement award that the Company determines to be necessary to satisfy the Member's tax liability incurred in connection with such exchange. Any such Shares (or acquirer shares) that the Member is entitled to sell pursuant to this Section 1(e)(iv) will no longer be considered Unvested Awards.

## **2. Capital.**

(a) **Capital Contribution.** Each Member of Lazard Group has made or shall be required to make an initial capital contribution to Lazard Group. In the event that the Member fails to make the required capital contribution prior to the date specified by

Lazard Group, the PIPR Units will be immediately forfeited and the Member will have no further rights pursuant to this Agreement.

(b) PIPR Capital Accounts.

(i) On the Grant Date, the Member's initial PIPR Capital Account shall have a balance of zero, provided that in the event that the Member has made a capital contribution to Lazard Group pursuant to Section 2(a) above, then the Member's initial PIPR Capital Account balance shall equal the amount of such contribution. The Member shall not be entitled to withdraw or otherwise receive any distributions in respect of, or any return on, any PIPR Capital except as provided in the Operating Agreement.

(ii) Certain adjustments to the Member's PIPR Capital Account shall be handled in the manner specified in Section 5.04 of the Operating Agreement (the date of any such adjustment, a "Revaluation Date").

**3. Achievement of Equitizing Target Capital.**

Upon any Revaluation Date, PIPR Units shall become Equitized PIPR Units subject to the conditions set forth in the Operating Agreement. Except as otherwise set forth in this Agreement, any Non-Equitized PIPR Unit that does not become an Equitized PIPR Unit on such Revaluation Date shall remain outstanding and shall be eligible to become an Equitized PIPR Unit on each subsequent Revaluation Date in accordance with the Operating Agreement; provided that any such Non-Equitized PIPR Unit that has not become an Equitized PIPR Unit on or prior to the Final Equitization Date shall be automatically forfeited. For the avoidance of doubt, from and after the relevant Equitization Date, the Equitized PIPR Units shall remain Unvested Awards until the Vesting Date.

**4. Exchange of Equitized PIPR Units for Shares.**

(a) As of the Vesting Date, the Member shall have the right to exchange all of the Member's Equitized PIPR Units that are Exchangeable PIPR Units for Shares at such times, on the terms, and subject to the conditions set forth in Section 7.03 of the Operating Agreement; provided that, notwithstanding anything in Section 7.03(a) of the Operating Agreement to the contrary, in no event shall Lazard Group be permitted to defer an exchange of the Member's Exchangeable PIPR Units if the Member is an "officer" within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(b) The Committee shall have the right to require the exchange of any or all Equitized PIPR Units that the Member has received pursuant to this Agreement for Shares in accordance with Section 7.03 of the Operating Agreement. In the event that the Committee requires any such exchange prior to the Vesting Date, then the Shares that the Member receives will be considered an Unvested Award until the Vesting Date and will be subject to the forfeiture provisions in Section 1 of this Agreement. Notwithstanding anything in this Agreement, the Plan or the Operating Agreement to the contrary, in the

event that the Committee requires an exchange of Equitized PIPR Units for Shares, subject to Section 7.03(f) of the Operating Agreement, applicable law and any Company policies that impose trading restrictions (such as blackout periods), the Shares will be subject to the same vesting conditions that were applicable to the Equitized PIPR Units; provided that the Member shall be permitted to sell the number of Shares that the Company determines to be necessary to satisfy the Member's tax liability incurred with respect to such Shares and in connection with such exchange. Any such Shares that the Member is entitled to sell pursuant to this Section 4(b) will no longer be considered Unvested Awards.

## 5. **Nontransferability.**

(a) Except as provided by the Committee, the PIPR Units shall not be transferrable by the Member except as set forth in Section 7.02(c) of the Operating Agreement, and the Restricted Shares shall not be transferable by the Member by means of sale, assignment, exchange, encumbrance, pledge, hedge or otherwise, except (i) upon the death of the Member, a transfer by operation of law to the Member's estate, direct descendants or spouse or (ii) to an affiliate of the Company in exchange solely for affiliate equity interests. In the event of any transfer pursuant Section 7.02(c) of the Operating Agreement or any transfer pursuant to the preceding clause (i) or (ii) of this Section 5(a), any obligations of the Member to claim tax benefits or to refund amounts to the Company or Lazard Group shall be binding upon the relevant Transferee.

(b) Any Unvested Awards that are Shares shall be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of one or more stock certificates. Any certificate or book entry credit delivered or entered in respect thereof pursuant to Section 4(b) of this Agreement shall be registered in the name of the Member and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable thereto, substantially in the following form:

“The transferability of this certificate (if certificated) and the shares of stock represented hereby is subject to the terms and conditions (including forfeiture) of the Lazard Ltd 2018 Incentive Compensation Plan, the Amended and Restated Operating Agreement of Lazard Group LLC and an Award Agreement, as well as the terms and conditions of applicable law. Copies of such Plan, Operating Agreement and Award Agreement are on file at the offices of Lazard Ltd.”

The Committee is likely to require that the certificates or book entry credits evidencing title of the Restricted Shares be held in custody by the escrow agent (if any) that is designated by the Company (the “Designated Escrow Agent” which, in the absence of any such designation, shall mean the Company) until the restrictions thereon shall have lapsed and that, as a condition of receiving the Restricted Shares, the Member shall have delivered to the Company a stock power, endorsed in blank, relating to such Restricted Shares. If and when the Vesting Date occurs with respect to the Restricted Shares or the Restricted Shares otherwise become vested in accordance with Section 1(c)(i) or 1(e), provided that the Restricted Shares have not been forfeited pursuant to



Section 1(b), 1(d) or 1(e)(iii), the legend set forth above shall be removed from the certificates or book entry credits evidencing such Shares within 30 days following such date. Notwithstanding the foregoing, the Designated Escrow Agent shall be entitled to hold the Restricted Shares until the Company shall have received from the Member a duly executed Form W-9 and any other information or completed forms the Company may reasonably require.

## **6. Allocations, Distributions and Dividends.**

Allocations and distributions with respect to the PIPR Units (including tax distributions) shall be handled in the manner specified in the Operating Agreement. In the case of any Restricted Shares, any dividends or other distributions that are paid on such Restricted Shares prior to the Vesting Date (whether payable in cash or in kind) will be held by the Designated Escrow Agent and shall vest and be paid (less any taxes required to be withheld) at the time the corresponding Restricted Shares vest (it being understood that the provisions of this sentence shall not apply to any extraordinary dividends or distributions, which are addressed in Section 9 of this Agreement and Section 3(c)(i) of the Plan). In the event that any Restricted Shares are forfeited in accordance with Section 1(b), 1(d) or 1(e)(iii), all dividends held by the Designated Escrow Agent with respect to such Restricted Shares shall also be forfeited. The amount of any distributions credited under Section 6.03 of the Operating Agreement to the Member's PIPR Units prior to the Vesting Date and any amounts that are held by the Designated Escrow Agent, are referred to herein as "Unvested Dividend Amounts". Any such Unvested Dividend Amounts shall be settled through a cash payment (less any prior tax distributions pursuant to Section 6.02 of the Operating Agreement in respect of Unvested Dividend Amounts) to the Member upon the Member's satisfaction of the Service Condition applicable to the Unvested Awards to which such Unvested Dividend Amounts relate. Upon the forfeiture of an Unvested Award pursuant to the terms of this Agreement, all Unvested Dividend Amounts (including the amount of cash tax distributions previously paid pursuant to Section 6.02 of the Operating Agreement) allocated to the Member's forfeited PIPR Units and any amounts that are held by the Designated Escrow Agent with respect to such Unvested Award, shall also be forfeited. The Member's PIPR Capital that has been forfeited, canceled or terminated shall be treated as provided in Section 4.03(c)(iv) of the Operating Agreement, as applicable. From and after the Vesting Date, the rights of the Member to receive distributions with respect to any PIPR Unit shall be governed by the Operating Agreement, and the rights of the Member to receive distributions with respect to the Shares shall be the same as regular shareholders of the Company.

## **7. Tax Distributions.**

Tax distributions in respect of the PIPR Units shall be handled in the manner specified in Section 6.02 of the Operating Agreement. Notwithstanding anything in Section 6.02 of the Operating Agreement, if the Member forfeits any Unvested Awards because the Member is not permitted to retire pursuant to Section 1(c)(ii) above and resigns prior to the Vesting Date or is terminated by the Company for Cause and if the Member is not entitled to a sufficient amount of distributions pursuant to Section 6.02 or

Section 6.03 of the Operating Agreement, then, subject to the limitations set forth in Section 6.02 of the Operating Agreement, Lazard Group shall be permitted to require the Member to repay, and the Member agrees to repay and shall be obligated to repay, Lazard Group the amount of such advance not later than 30 days following such forfeiture. If the Member is a partner in the Company for U.S. tax purposes, and if the Company pays the New York State pass-through entity tax under Tax Law Article 24-A (the “NY PTET”) on any income of the Company allocable to the Member and the Company has not previously been reimbursed for the NY PTET from amounts otherwise distributable to the Member, the Company shall have the right to reduce any future distributions to the Member by the Member’s allocable share of the NY PTET.

#### **8. Section 83(b) Election.**

The Member agrees that the Member will make a protective election to be taxed immediately on the value of the PIPR Interest on the Grant Date; provided that the Member shall have no liability to the Company if the Member fails to comply with this Section 8. In order to do so, the Member must file an election with the Internal Revenue Service pursuant to Section 83(b) of the Code, and the applicable Treasury Regulations thereunder (a “Section 83(b) Election”) with respect to the PIPR Interest within 30 days following the Grant Date. The Member further agrees that, in the event that the Member receives Restricted Shares pursuant to Section 4(b) of this Agreement, the Member will make a Section 83(b) Election with respect to such Restricted Shares within 30 days following the date the Member receives such Restricted Shares. The Member will provide a copy of each such Section 83(b) Election to Lazard Group not later than ten (10) days after filing the election with the Internal Revenue Service or other governmental authority.

#### **9. Payment of Transfer Taxes, Fees and Other Expenses.**

(a) The Company agrees to pay, or to cause its applicable Affiliate to pay, any and all original issue taxes and stock transfer taxes that may be imposed on the delivery of any PIPR Units or Shares (including any Restricted Shares) pursuant to this Agreement, together with any and all other fees and expenses necessarily incurred by the Company or any of its Affiliates in connection therewith.

(b) If the Company, or its applicable Affiliate, pays any taxes (including any related interest, penalties or additions to tax) in respect of PIPR Units or Shares (including any Restricted Shares) on the Member’s behalf, (i) except if the Member is an “executive officer” (within the meaning of Rule 3b-7 under the Exchange Act), as may be required to comply with the Sarbanes-Oxley Act, if requested by Lazard Group, the Member agrees to reimburse and shall reimburse Lazard Group for such taxes within 30 days following the Company’s request or (ii) if such taxes are paid by Lazard Group, Lazard Group may treat any such taxes as an advance to the Member to be repaid by reducing the amount of distributions that would otherwise be made to the Member under this Agreement and the Operating Agreement; provided that the Member shall be treated as receiving such distributions, unreduced by this Section 9, for all other purposes of this Agreement and the Operating Agreement. For the avoidance of doubt, all determinations

of the Managing Members in accordance with Section 5.05 of the Operating Agreement, the Tax Representative and Lazard Group in accordance with Section 5.07 of the Operating Agreement shall be binding on the Member and any Transferee.

(c) Except as otherwise provided in Section 9(a), Section 9(b) and Section 13, the Member shall be solely responsible for the payment of any taxes in respect of PIPR Units or Shares (including any Restricted Shares) (including any related interest, penalties or additions to tax) and shall hold the Company and its Affiliates and their respective directors, officers and employees harmless from any liability arising from the Member's failure to comply with the foregoing provisions of this Section 9(c).

#### **10. Termination of Unvested Awards; Adjustment Provisions.**

(a) The Committee shall have the right to terminate any Non-Equitized PIPR Units on the terms and subject to the conditions set forth in Section 4.03(c)(iv) of the Operating Agreement. For purposes of Section 4.03(c)(iv) of the Operating Agreement, "replacement awards" for the terminated Non-Equitized PIPR Units shall constitute restricted stock units in respect of Shares (or acquirer shares) or Restricted Shares (or restricted stock of an acquirer) or any other stock or cash-based Award (as defined in the Plan), which in the case of replacement awards with respect to Unvested Awards would have the same remaining vesting conditions as the applicable Non-Equitized PIPR Units.

(b) In the event of any extraordinary dividend or other extraordinary distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, rights offering, stock split, reverse stock split, split-up or spin-off or any other event that constitutes an "equity restructuring" within the meaning of Topic 718 in the FASB Accounting Standards Codification with respect to Shares, the Committee shall, in the manner determined appropriate or desirable by the Committee, adjust any outstanding PIPR Units.

#### **11. Effect of Agreement.**

Except as otherwise provided hereunder, this Agreement shall be binding upon and shall inure to the benefit of any successor or successors of the Company or Lazard Group. The invalidity or enforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. Nothing in this Agreement or the Plan shall confer upon the Member any right to continue in the employ of the Company or any of its Affiliates or interfere in any way with the right of the Company or any such Affiliates to terminate the Member's service at any time. Until Shares are actually delivered to the Member upon exchange of Equitized PIPR Units for Shares, the Member shall not have any rights as a shareholder, except as specifically provided herein.

#### **12. Laws Applicable to Construction; Consent to Jurisdiction.**

(a) Notwithstanding anything in the Operating Agreement to the contrary, this Agreement shall be governed by and construed in accordance with the laws of the State of New York (United States of America), without regard to principles of conflict of laws

that could cause the application of the law of any jurisdiction other than the State of New York. In addition to the terms and conditions set forth in this Agreement and the Restrictive Covenants, the Unvested Awards are subject to the terms and conditions of the Plan, which is hereby incorporated by reference, and the PIPR Units are subject to the Operating Agreement, which is hereby incorporated by reference. By signing this Agreement, the Member agrees to and is bound by the Plan, the Operating Agreement and the Restrictive Covenants.

(b) Notwithstanding anything in the Operating Agreement to the contrary, subject to the provisions of Section 12(c), any controversy or claim between the Member and the Company, Lazard Group or any of its or their Affiliates arising out of or relating to or concerning the provisions of this Agreement or the Plan shall be finally settled by arbitration administered in New York City by JAMS.

(c) Notwithstanding the provisions of Section 12(b), and in addition to its right to submit any dispute or controversy to arbitration in accordance with Section 12(b), the Company or Lazard Group may submit any dispute or controversy hereunder to arbitration in accordance with Section 10.05 of the Operating Agreement or bring an action or special proceeding in a state or federal court of competent jurisdiction sitting in the City of New York, whether or not an arbitration proceeding has theretofore been or is ever initiated, for the purpose of temporarily, preliminarily, or permanently enforcing the provisions of the Restrictive Covenants, or to enforce an arbitration award, and, for the purposes of this Section 12(c), the Member (i) expressly consents to the application of Section 12(d) to any such action or proceeding, (ii) agrees that proof shall not be required that monetary damages for breach of the provisions of the Restrictive Covenants or this Agreement would be difficult to calculate and that remedies at law would be inadequate, and (iii) irrevocably appoints the General Counsel of the Company as the Member's agent for service of process in connection with any such action or proceeding, who shall promptly advise the Member of any such service of process by notifying the Member at the last address on file in the Company's records.

(d) Notwithstanding anything in the Operating Agreement to the contrary, the Member, the Company and Lazard Group hereby irrevocably submit to the exclusive jurisdiction of any state or federal court located in the City of New York over any suit, action, or proceeding arising out of, relating to or in connection with this Agreement or the Plan that is not otherwise required to be arbitrated or resolved in accordance with the provisions of Section 12(b). This includes any suit, action or proceeding to compel arbitration or to enforce an arbitration award. The Member, the Company and Lazard Group acknowledge that the forum designated by this Section 12(d) has a reasonable relation to this Agreement, and to the Member's relationship to the Company. Notwithstanding the foregoing, nothing herein shall preclude the Company, Lazard Group or the Member from bringing any action or proceeding in any other court for the purpose of enforcing the provisions of Section 12(a) or this Section 12(d). The agreement of the Company, Lazard Group and the Member as to forum is independent of the law that may be applied in the action, and the Company, Lazard Group and the Member agree to such forum even if the forum may under applicable law choose to apply non-forum law. The Member, the Company and Lazard Group hereby waive, to the fullest extent

permitted by applicable law, any objection which the Member, the Company or Lazard Group now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding in any court referred to in this Section 12(d). The Member, the Company and Lazard Group undertake not to commence any action arising out of or relating to or in connection with this Agreement in any forum other than a forum described in this Section 12(d), or, to the extent applicable, Section 12(b). The Member, the Company and Lazard Group agree that, to the fullest extent permitted by applicable law, a final and non-appealable judgment in any such suit, action or proceeding in any such court shall be conclusive and binding upon the Member, the Company and Lazard Group, as applicable.

### **13. Section 409A of the Code.**

It is intended that the PIPR Units shall comply with or shall be exempt from Section 409A of the Code. In the event that it shall be determined that the PIPR Units are subject to and are not in compliance with Section 409A of the Code and any payment that is paid or payable in respect of the PIPR Units pursuant to this Agreement, the Plan or the Operating Agreement is subject to the additional tax described in Section 409A(a)(1)(B)(i)(II) of the Code (to the extent that the Member incurs the additional tax) or any penalties are incurred by the Member with respect to such additional tax or any premium interest tax under Section 409A of the Code (such tax, together with any such penalties and premium interest tax, are hereinafter collectively referred to as the “409A Tax”), then the Member shall be entitled to receive an additional payment (an “Indemnity Payment”) in an amount such that after payment by the Member of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and 409A Tax imposed upon the Indemnity Payment, the Member retains an amount of the Indemnity Payment equal to the 409A Tax imposed upon the payments. All determinations required to be made under this Section 13, including whether and when a Indemnity Payment is required and the amount of such Indemnity Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Managing Members in accordance with Section 5.05 of the Operating Agreement.

Any Indemnity Payment, as determined pursuant to this Section 13, shall be paid by Lazard Group to the Member within 30 days of the receipt of the Managing Members’ determination; provided that, the Indemnity Payment shall in all events be paid no later than the end of the Member’s taxable year next following the Member’s taxable year in which the 409A Tax (and any income or other related taxes or interest or penalties thereon) on a payment are remitted to the Internal Revenue Service or any other applicable taxing authority or, in the case of amounts relating to a claim that does not result in the remittance of any federal, state, local and foreign income, excise, social security and other taxes, the calendar year in which the claim is finally settled or otherwise resolved. Notwithstanding any other provision of this Section 13, Lazard Group may, in its sole discretion, following reasonable notice to the Member, withhold and pay over to the Internal Revenue Service or any other applicable taxing authority, for the benefit of the Member, all or any portion of any Indemnity Payment, and the Member hereby consents to such withholding.

For purposes of Section 409A of the Code, each installment payable to the Member pursuant to this Agreement shall be deemed to be a “separate payment” within the meaning of Treas. Reg. Section 1.409A-2(b)(iii) or any successor thereto. The provisions of Section 12 of the Plan are hereby incorporated by reference.

#### **14. Conflicts and Interpretation.**

In the event of any conflict between the terms of the Operating Agreement, the Plan and/or this Agreement relating to PIPR Units, the agreements shall take precedence in the following order: (a) this Agreement, (b) the Operating Agreement and (c) the Plan; provided that Sections 7.03(b) and 10.02 of the Operating Agreement shall take precedence over the terms of this Agreement. Except as expressly set forth in this Agreement with respect to PIPR Units, the Operating Agreement shall govern the Member’s rights and obligations with respect to Lazard Group under the Operating Agreement. In the event of any ambiguity in this Agreement, or any matters as to which this Agreement is silent, the Plan shall govern including, without limitation, the provisions thereof pursuant to which the Committee has the power, among others, to (i) interpret the Plan, (ii) prescribe, amend and rescind rules and regulations relating to the Plan, and (iii) make all other determinations deemed necessary or advisable for the administration of the Plan.

#### **15. Amendment.**

Except for the actions specifically described in Section 10 of this Agreement, any modification, amendment or waiver to this Agreement that shall materially impair the rights of the Member shall require an instrument in writing to be signed by the Member, the Company and Lazard Group, except such a modification, amendment or waiver made to cause the Plan, the Operating Agreement or this Agreement to comply with applicable law, tax rules, stock exchange rules or accounting rules and which is made to similarly situated service providers. Any compensation or benefits that are provided to the Member in connection with any such amendment shall be taken into account for purposes of determining whether the Member’s rights would be materially impaired by such amendment. The waiver by any of the Member, the Company or Lazard Group of compliance with any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

#### **16. Electronic Delivery and Signature**

The Member acknowledges and agrees that (a) this Agreement may be delivered to the Member electronically, including via a Company email system or by reference to a location on a Company intranet or secure internet site to which the Member has access (including, but not limited to, that of a third-party vendor involved in administering the Plan, as may be designated by the Company in its sole discretion) and (b) (i) the Member’s signature, whether a manual signature, including any facsimile or electronic image scan of such manual signature, or an electronic signature, including signatures collected and remitted to the Company digitally via a third-party provider or

(ii) acceptance on a location on a Company intranet or secure internet site to which the Member has access (including, but not limited to, that of a third-party vendor involved in administering the Plan, as may be designated by the Company in its sole discretion) will constitute the Member's acceptance of and agreement with all of the terms and conditions of the PIPR Units, as set forth in this Agreement (including the Restrictive Covenants) and the Plan. If the Member accepts and agrees with the terms and conditions of the PIPR Units with a manual signature, then this Agreement may be executed in counterparts, which together shall constitute one and the same original, whether delivered in person, by mail, by facsimile or by electronic image scan. In lieu of receiving documents in paper format, the Member hereby agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company or any Affiliate may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or Award notifications and agreements, account statements, annual and quarterly reports, and all other forms of communications) in connection with the PIPR Units or any other prior or future Award (it being understood and agreed that the Company or its Affiliates may, in their sole discretion, elect to satisfy any delivery requirements electronically, in paper format, or a combination of both methods).

**17. Headings.**

The headings of paragraphs herein are included solely for convenience of reference and shall not affect the meaning or interpretation of any of the provisions of this Agreement.

**18. Counterparts.**

This Agreement may be executed in counterparts, which together shall constitute one and the same original.

IN WITNESS WHEREOF, as of the date first above written, each of the Company and Lazard Group has caused this Agreement to be executed on behalf of itself or its applicable Affiliate by a duly authorized officer and the Member has hereunto set the Member's hand.

LAZARD LTD,

by

\_\_\_\_\_  
Name

LAZARD GROUP LLC,

by

\_\_\_\_\_  
Name



**Exhibit 10.27**  
**STOCK UNIT AGREEMENT**

THIS AGREEMENT, dated as of [●], between Lazard Ltd, a Bermuda exempted company (the “Company”), on behalf of its applicable Affiliate (as defined under the definitional rules of Section 1(a) below), and [●] (the “Employee”).

**W I T N E S S E T H**

In consideration of the mutual promises and covenants made herein and the mutual benefits to be derived herefrom, the parties hereto agree as follows:

**1. Grant and Vesting of Stock Units.**

(a) Subject to the provisions of this Agreement and to the provisions of the Company’s 2018 Incentive Compensation Plan, as may be amended from time to time (the “Plan”) (all capitalized terms used herein, to the extent not defined, shall have the meaning set forth in the Plan), the Company, on behalf of its applicable Affiliate, hereby grants to the Employee, as of the date set forth above (the “Grant Date”), [●] Stock Units (“Stock Units”) each with respect to one Share. As a condition to receiving the Stock Units, the Employee agrees to timely execute a brokerage account authorization and any such other form as the Company may reasonably request (in the form reasonably acceptable to the Company) in connection with the administration of a brokerage account related to the Stock Units, Remaining Shares and/or Transferable Shares (each as defined below) received pursuant to this Agreement.

(b) Subject to the terms and conditions of this Agreement and to the provisions of the Plan, the Stock Units shall vest and no longer be subject to any restriction if the Employee has remained continuously employed by the Company or any of its Affiliates until [●] (such date, the “Final Service Date”, and such condition, the “Service Condition”).

(c) Except as set forth in Section 1(f) below, in the event that the Employee incurs a Termination of Employment prior to the Final Service Date for any reason not set forth in Section 1(d), all unvested Stock Units (and any Remaining Shares (as defined in Section 1(d)(iii) below) and Unvested Dividend Amounts (as defined in Section 4 of this Agreement)) shall be forfeited by the Employee effective immediately upon such Termination of Employment. For purposes of this Section 1(c), the Employee will be deemed to have incurred a Termination of Employment on the date that the Employee provides notice of termination to the Company, in the case of a resignation by the Employee, or on the Date of Termination (as defined in Appendix A), in the case of Termination of Employment by the Company, and accordingly, all unvested Stock Units (and any Remaining Shares) shall be forfeited by the Employee immediately upon delivery of any such notice.

(d) (i) Except as set forth in Section 1(f) below, in the event that the Employee incurs a Termination of Employment prior to the Final Service Date due to (A) the Employee’s Disability, (B) the Employee’s death or (C) a Termination of Employment by the Company other than for Cause, subject to Section 1(e) below, the Stock Units (and any Remaining Shares) held by the Employee on the Date of Termination shall no longer be subject to the Service Condition, and any Stock Units shall, if applicable, be settled as set forth in Section 1(d)(iii) or Section 2

below but in all cases, such Stock Units and Remaining Shares shall remain subject to forfeiture pursuant to Section 1(e) through the Final Service Date; provided that, in the case of a Termination of Employment due to the Employee's death as described in clause (B) of this Section 1(d)(i) or in the case of the Employee's death subsequent to a Termination of Employment described in this Section 1(d)(i), the Stock Units (and any Remaining Shares) will immediately vest upon the date of death and the Stock Units shall be settled through delivery of fully transferable Shares as soon as practicable following such date.

- (ii) Except as set forth in Section 1(f) below, in the event that the Employee incurs a Termination of Employment prior to the Final Service Date due to the Employee's Retirement (as defined below), all Stock Units held by the Employee on the Date of Termination (and any Remaining Shares) shall no longer be subject to the Service Condition and, subject to Section 1(e), shall be settled as set forth in Section 1(d)(iii) below, if applicable, but shall remain subject to forfeiture pursuant to Section 1(e) through the Final Service Date (subject to any acceleration of vesting as otherwise set forth in this Agreement). For purposes of this Agreement, "Retirement" shall mean that the Employee voluntarily incurs a Termination of Employment on or after the date on which the Employee meets all of the requirements of the retirement policy applicable to equity awards granted under the Plan, as in effect from time to time.
- (iii) If necessary to avoid the imposition of taxes or penalties under Section 409A of the Code, then subject to the final sentence of Section 2 below, all Shares underlying the Stock Units for which the Service Condition has been satisfied (or are deemed to be satisfied in accordance with Section 1(d)(i) or Section 1(f)) shall be delivered to the Employee (1) in the case of any Termination of Employment due to Disability or the occurrence of the Retirement Eligibility Date, within 30 days following the date that the Employee is no longer required to perform any additional services in order to retain such Stock Units and (2) in the case of a Termination of Employment by the Company other than for Cause, as soon as practicable following the date that the release described in Section 1(e) below has become effective and irrevocable (but in all cases, such settlement shall not be later than March 15 of the calendar year following the year in which such Stock Units are no longer subject to a substantial risk of forfeiture within the meaning of Treasury Regulation Section 1.409A-1(d)) (the date that Shares are delivered to the Employee is an "Initial Delivery Date"). Immediately following the Initial Delivery Date with respect to any Stock Units, subject to approval of the Compliance Department of the Company or an Affiliate, the Employee will be permitted to dispose of the Applicable Percentage (as defined below) of the Shares (such Shares, the "Transferable Shares") delivered to the Employee pursuant to this Section 1(d)(iii) immediately following the date that such Shares are delivered to the Employee. For purposes of this Agreement, the "Applicable Percentage" is the percentage of the Shares (if any) delivered to the Employee that the Company determines, in its sole

discretion, is necessary to satisfy the Employee's tax liability incurred with respect to such Shares on the date that such Shares are delivered to the Employee. All Shares delivered to the Employee on the Initial Delivery Date that are not Transferable Shares (such Shares, the "Remaining Shares") will remain subject to the restrictions set forth in this Agreement (including Section 1(e)) until the date that such Remaining Shares otherwise would have been delivered to the Employee following the Final Service Date or such earlier date on which such Remaining Shares would have been delivered pursuant to this Agreement as a result of the Employee's death or a Change in Control (such date, the "Final Delivery Date"). Accordingly, prior to the Final Delivery Date, neither the Employee nor any of the Employee's creditors or beneficiaries will have the right to subject the Remaining Shares to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, hedge, exchange, attachment or garnishment or any similar transaction. Furthermore, for the avoidance of doubt, the Remaining Shares shall continue to be subject to the forfeiture provisions set forth in this Agreement relating to violation of the restrictive covenants set forth in Appendix B, which are incorporated herein by reference (the "Restrictive Covenants") until the Final Delivery Date.

(e) Notwithstanding any provision of this Agreement to the contrary, in the event that the Employee incurs a Termination of Employment by the Company other than for Cause or due to a Retirement in accordance with Section 1(d)(ii), in each case, prior to a Change in Control, from and after the date of such Termination of Employment, in order for the Stock Units or the Remaining Shares, as applicable, to be treated as provided in Section 1(d), the Employee must sign a customary release of claims in favor of the Company and its Affiliates that is acceptable to the Company, and such release must become effective and irrevocable on or before the 65th day following the Employee's Termination of Employment. In the event the Employee (or the Employee's estate, if applicable) does not sign such release or revokes such release before it becomes irrevocable, the Employee shall forfeit all rights to any unvested Stock Units or Remaining Shares, as applicable. In the event that, prior to a Change in Control or prior to a Termination of Employment (including by reason of Retirement in accordance with Section 1(d)(ii)) following a Change in Control, as applicable, the Employee violates any of the provisions of the Restrictive Covenants prior to the Final Delivery Date, all outstanding vested or unvested Stock Units (including Unvested Dividend Amounts) and, if applicable, all Remaining Shares shall be forfeited and canceled. Notwithstanding that certain Restrictive Covenants apply for only a limited period following a Termination of Employment, in the event that the Employee incurs a Termination of Employment due to a Retirement prior to a Change in Control, the Employee will forfeit any outstanding Stock Units (including Unvested Dividend Amounts) and, if applicable, any Remaining Shares, if the Employee does not comply with all of the Restrictive Covenants in Appendix A until the earlier of the Final Service Date or, as applicable, Final Delivery Date. For the avoidance of doubt, in no event shall a violation of the Restrictive Covenants following a Termination of Employment serve as a basis for forfeiture of Stock Units (including Unvested Dividend Amounts) and, if applicable, any Remaining Shares, from and after a Change in Control.

(f) (i) Except as otherwise provided in this Section 1(f)(i) and 1(f)(ii) below, following a Change in Control, the unvested Stock Units (and, if applicable, any Remaining Shares) shall remain outstanding through the Final Service Date or Final Delivery Date, as applicable; provided, however, that in the event that the Employee incurs a Termination of Employment upon or following a Change in Control but prior to the Final Service Date under any of the circumstances described in Section 1(d)(i) or 1(d)(ii) above, the date of such Termination of Employment shall be deemed to be the Final Delivery Date, and all Shares issued in settlement of such Stock Units shall be Transferable Shares and all Unvested Dividend Amounts shall be paid to the Employee at the time of issuance of such Transferable Shares. Furthermore, in the event that the Employee incurs a Termination of Employment under any of the circumstances described in Section 1(d)(i) or 1(d)(ii) above prior to the Final Delivery Date and prior to a Change in Control, upon a Change in Control, the date of the Change in Control shall be deemed to be the Final Service Date for purposes of any Stock Units and Unvested Dividend Amounts (and the Final Delivery Date for any Remaining Shares and, for purposes of Section 1(e), all Stock Units) then held by the Employee and any dividends held by an escrow agent with respect thereto, as set forth in Section 4 below.

(ii) Notwithstanding the foregoing, in the event of a Change in Control prior to the Final Service Date, unless (A) either (1) the unvested Stock Units and Remaining Shares remain outstanding following such Change in Control or (2) provision is made in connection with the Change in Control for assumption of such Stock Units or substitution of such Stock Units and Remaining Shares for new awards covering equity interests in a successor entity, with appropriate adjustments to the number of Stock Units and Remaining Shares, as determined by the Committee prior to the Change in Control pursuant to Section 3(b)(ii) of the Plan, and (B) the material terms and conditions of such Stock Units and Remaining Shares as in effect immediately prior to the Change in Control are preserved following the Change in Control (including, without limitation, with respect to the vesting schedules, the intrinsic value of the Stock Units and Remaining Shares and transferability of the Shares or other securities underlying the Stock Units and Remaining Shares prior to and following the Change in Control), the date of the Change in Control shall be deemed to be the Final Service Date for purposes of such Stock Units (and the Final Delivery Date for purposes of any Remaining Shares then outstanding and, for purposes of Section 1(e), all Stock Units and Unvested Dividend Amounts) and such Stock Units and Unvested Dividend Amounts shall be settled within 30 days following such date.

## **2. Settlement of Units, Restrictions on Remaining Shares.**

To the extent the Stock Units are not forfeited, as soon as practicable (but in no event more than 30 days) after the Final Service Date or, if applicable, such earlier date under Section 1(d)(iii), the Company shall, subject to Sections 1(d), 1(e) and 6, cause its applicable Affiliate to deliver to the Employee one or more unlegended, freely-transferable stock certificates or book-entry credits in respect of such Shares issued upon settlement of the vested Stock Units. Notwithstanding the foregoing, (a) the Company shall be entitled to hold the Shares or cash

issuable upon settlement of Stock Units that have vested until the Company shall have received from the Employee a duly executed Form W-9 or W-8, as applicable, and any other information or completed forms the Company may reasonably require, and (b) any certificate or book entry credit issued or entered in respect of the Remaining Shares shall be registered in the Employee's name and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to the Remaining Shares, substantially in the following form:

“The transferability of this certificate and the shares of stock represented hereby is subject to the terms and conditions (including forfeiture) of the Lazard Ltd 2018 Incentive Compensation Plan and an Award Agreement, as well as the terms and conditions of applicable law. Copies of such Plan and Agreement are on file at the offices of Lazard Ltd.”

The Company may require that the certificates or book entry credits evidencing title of the Remaining Shares be held in custody by the Company until the restrictions thereon shall have lapsed and that, as a condition of receiving the Remaining Shares, the Employee shall have delivered to the Company a stock power, endorsed in blank, relating to such Remaining Shares. If and when the Final Delivery Date occurs (or is deemed to occur) with respect to the Remaining Shares, the legend set forth shall be removed from the certificates or book entry credits evidencing such Shares. Notwithstanding any provision of this Agreement to the contrary, to the extent that Section 409A of the Code is applicable to the Employee, Shares will be delivered to the Employee in settlement of any Stock Units for which all conditions have been satisfied (or deemed satisfied) no later than March 15 of the year following the year in which such Stock Units are no longer subject to a substantial risk of forfeiture within the meaning of Treasury Regulation Section 1.409A-1(d).

### **3. Nontransferability of the Stock Units and Remaining Shares.**

Until such time as the Stock Units are ultimately settled or the Remaining Shares are ultimately free from restriction, as applicable, as provided in Section 1(d), Section 1(f) or Section 2 above, the Stock Units and Remaining Shares shall not be transferable by the Employee by means of sale, assignment, exchange, encumbrance, pledge, hedge or otherwise.

### **4. Dividend Equivalents, Rights as a Shareholder.**

(a) If the Company declares and pays (or sets a record date with respect to) ordinary quarterly cash dividends on Shares during the period commencing on the Grant Date and ending on the Final Service Date, the Employee shall not be entitled to dividend equivalents in respect thereto at the time of payment to holders of Shares. Instead, subject to Section 6, any such dividend equivalents will be held by the escrow agent designated by the Company and shall vest and be paid (less any taxes required to be withheld) at the time the corresponding Stock Units vest. For the avoidance of doubt, the provisions of the immediately preceding sentence shall not apply to any extraordinary dividends or distributions, which are addressed in Section 3(b)(i) of the Plan. In the event that any Stock Units are forfeited in accordance with Section 1(c) or 1(e), all dividend equivalents held by the escrow agent with respect to such Stock Units shall also be forfeited.

(b) Notwithstanding the foregoing, subject to Section 1(d) and Section 2 and any other applicable law or agreement, from and after the Initial Delivery Date, the Employee will

have all rights and privileges of a shareholder with respect to the Shares delivered on such Initial Delivery Date, including the right to vote the Shares and to receive dividends and other distributions with respect thereto, provided that, any dividends that are paid on the Remaining Shares prior to the Final Delivery Date (whether payable in cash or Shares) will be held until the Final Delivery Date by an escrow agent that is designated by the Company, and in the event that the Remaining Shares are forfeited in accordance with Section 1(e), such dividends will also be forfeited. For the avoidance of doubt, the determination of applicable dividends, and the calculation of amounts equivalent thereto, provided for in this Section 4 shall be made consistent with the Company's past practice with respect to similar Awards.

(c) The amounts that are held by the designated escrow agent pursuant to this Section 4 are referred to herein as "Unvested Dividend Amounts".

#### **5. Payment of Transfer Taxes, Fees and Other Expenses.**

The Company agrees, or will cause its applicable Affiliate, to pay any and all original issue taxes and stock transfer taxes that may be imposed on the issuance of Shares received by an Employee in connection with the Stock Units, together with any and all other fees and expenses necessarily incurred by the Company in connection therewith.

#### **6. Taxes and Withholding; Disbursement of Tax Benefits.**

(a) No later than the date as of which an amount first becomes includible in the gross income of the Employee for federal, state, local or foreign income tax purposes with respect to any Stock Units, the Employee shall pay to the Company or its applicable Affiliate, or make arrangements satisfactory to the Company or its applicable Affiliate regarding the payment of, any federal, state, local and foreign taxes that are required by applicable laws and regulations to be withheld with respect to such amount. Except as otherwise required by applicable law, the Company will report that the Employee will be taxed on the full value of the Shares underlying the Employee's Stock Units on the date that such Shares are issued to the Employee in accordance with this Agreement. The obligations of the Company under this Agreement shall be conditioned on compliance by the Employee with this Section 6, and the Company or its applicable Affiliate shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the Employee, including deducting such amount from the delivery of Shares or cash issued upon settlement of the Stock Units that gives rise to the withholding requirement. Notwithstanding the foregoing, the Company or an Affiliate may, in the Company's sole discretion and subject to such other terms and conditions as the Company may determine, if the Employee is not subject to withholding as a matter of applicable law as of the date that the Shares are delivered to the Employee (including if the Employee is a member of the Company who reports income from the Company and its Affiliates on Schedule K-1 to the Company's Federal income tax return) and pursuant to the prior written approval of the Company, permit the Employee to surrender some or all of the Transferable Shares to the Company or an Affiliate and have the Company or such Affiliate remit the relevant taxes on the Employee's behalf to the appropriate taxing authorities. If Shares are to be delivered pursuant to Section 1(d)(iii), then prior to an Initial Delivery Date, the Company will notify the Employee of (i) how many Shares will be delivered to the Employee on such Initial Delivery Date and (ii) the portion, if any, of the Transferable Shares that the Company or an Affiliate will retain pursuant to the immediately preceding sentence.

(b) In the event that the Employee incurs a Termination of Employment due to a Retirement and, after such Retirement, the Employee forfeits the Remaining Shares and the dividends held in escrow in accordance with Section 4 of this Agreement, the Employee shall disgorge to the Company any tax benefit the Employee realizes from the forfeiture of any such Remaining Shares or dividends, if, as and when actually realized by the Employee. The Employee agrees to use commercially reasonable efforts to claim any tax benefit from such forfeiture that the Company reasonably determines is available to the Employee on all relevant tax returns filed after having received notice from the Company. Notwithstanding the foregoing, this Section 6(b) shall not apply from and after a Change in Control or a Termination of Employment pursuant to Section 1(d)(i).

## **7. Effect of Agreement.**

Except as otherwise provided hereunder, this Agreement shall be binding upon and shall inure to the benefit of any successor or successors of the Company. The invalidity or enforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. Nothing in this Agreement or the Plan shall confer upon the Employee any right to continue in the employ of the Company or any of its Affiliates or interfere in any way with the right of the Company or any such Affiliates to terminate the Employee's employment at any time. Until Shares are actually delivered to the Employee upon settlement of the Stock Units, the Employee shall not have any rights as a shareholder with respect to the Stock Units, except as specifically provided herein.

## **8. Laws Applicable to Construction; Consent to Jurisdiction.**

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of New York (United States of America), without regard to principles of conflict of laws that could cause the application of the law of any jurisdiction other than the State of New York. In addition to the terms and conditions set forth in this Agreement and the Restrictive Covenants, the Stock Units are subject to the terms and conditions of the Plan, which is hereby incorporated by reference. By accepting the Stock Units, the Employee agrees to and is bound by the Plan and the Restrictive Covenants.

(b) Subject to the provisions of Section 8(c), any controversy or claim between the Employee and the Company or its Affiliates arising out of or relating to or concerning the provisions of this Agreement or the Plan shall be finally settled by arbitration administered in New York City by JAMS.

(c) Notwithstanding the provisions of Section 8(b), and in addition to its right to submit any dispute or controversy to arbitration, the Company or one of its Affiliates may bring an action or special proceeding in a state or federal court of competent jurisdiction sitting in the City of New York, whether or not an arbitration proceeding has theretofore been or is ever initiated, for the purpose of temporarily, preliminarily, or permanently enforcing the provisions of the Restrictive Covenants, or to enforce an arbitration award, and, for the purposes of this Section 8(c), the Employee (i) expressly consents to the application of Section 8(d) to any such action or proceeding, (ii) agrees that proof shall not be required that monetary damages for breach of the provisions of the Restrictive Covenants or this Agreement would be difficult to calculate and that remedies at law would be inadequate, and (iii) irrevocably appoints the

General Counsel of the Company as the Employee's agent for service of process in connection with any such action or proceeding, who shall promptly advise the Employee of any such service of process by notifying the Employee at the last address on file in the Company's records.

(d) The Employee and the Company hereby irrevocably submit to the exclusive jurisdiction of any state or federal court located in the City of New York over any suit, action, or proceeding arising out of, relating to or in connection with this Agreement or the Plan that is not otherwise required to be arbitrated or resolved in accordance with the provisions of Section 8(b). This includes any suit, action or proceeding to compel arbitration or to enforce an arbitration award. The Employee and the Company acknowledge that the forum designated by this Section 8(d) has a reasonable relation to this Agreement, and to the Employee's relationship to the Company. Notwithstanding the foregoing, nothing herein shall preclude the Company or the Employee from bringing any action or proceeding in any other court for the purpose of enforcing the provisions of Sections 8(a), 8(b), or this Section 8(d). The agreement of the Employee and the Company as to forum is independent of the law that may be applied in the action, and the Employee and the Company agree to such forum even if the forum may under applicable law choose to apply non-forum law. The Employee and the Company hereby waive, to the fullest extent permitted by applicable law, any objection which the Employee or the Company now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding in any court referred to in this Section 8(d). The Employee and the Company undertake not to commence any action arising out of, or relating to or in connection with this Agreement in any forum other than a forum described in this Section 8(d), or, to the extent applicable, Section 8(b). The Employee and the Company agree that, to the fullest extent permitted by applicable law, a final and non-appealable judgment in any such suit, action or proceeding in any such court shall be conclusive and binding upon the Employee and the Company.

#### **9. Conflicts and Interpretation.**

In the event of any conflict between this Agreement and the Plan, the Plan shall control. In the event of any ambiguity in this Agreement, or any matters as to which this Agreement is silent, the Plan shall govern including, without limitation, the provisions thereof pursuant to which the Committee has the power, among others, to (a) interpret the Plan, (b) prescribe, amend and rescind rules and regulations relating to the Plan, and (c) make all other determinations deemed necessary or advisable for the administration of the Plan.

#### **10. Amendment.**

Any modification, amendment or waiver to this Agreement that shall materially impair the rights of the Employee with respect to the Stock Units shall require an instrument in writing to be signed (either in paper format or electronically) by both parties hereto, except such a modification, amendment or waiver made to cause the Plan or the Stock Units to comply with applicable law, tax rules, stock exchange rules or accounting rules and which is made to similarly situated employees. The waiver by either party of compliance with any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.



**11. Section 409A of the Code.**

To the extent that Section 409A of the Code is applicable to the Employee, it is intended that the Stock Units shall be exempt from Section 409A of the Code pursuant to the “short-term deferral” rule applicable to such section, as set forth in the regulations or other guidance published by the Internal Revenue Service thereunder.

**12. Electronic Delivery.**

The Employee acknowledges and agrees that (a) this Agreement may be delivered to the Employee electronically, including via a Company email system or by reference to a location on a Company intranet or secure internet site to which the Employee has access (including, but not limited to, that of a third-party vendor involved in administering the Plan, as may be designated by the Company in its sole discretion) and (b) (i) the Employee’s signature, whether a manual signature, including any facsimile or electronic image scan of such manual signature, or an electronic signature, including signatures collected and remitted to the Company digitally via a third-party provider or (ii) acceptance on a location on a Company intranet or secure internet site to which the Employee has access (including, but not limited to, that of a third-party vendor involved in administering the Plan, as may be designated by the Company in its sole discretion) will constitute the Employee’s acceptance of and agreement with all of the terms and conditions of the Stock Units, as set forth in this Agreement (including the Restrictive Covenants) and the Plan. If the Employee accepts and agrees with the terms and conditions of the Stock Units with a manual signature, then this Agreement may be executed in counterparts, which together shall constitute one and the same original, whether delivered in person, by mail, by facsimile or by electronic image scan. In lieu of receiving documents in paper format, the Employee hereby agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company or any Affiliate may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or Award notifications and agreements, account statements, annual and quarterly reports, and all other forms of communications) in connection with the Stock Units or any other prior or future Award (it being understood and agreed that the Company or its Affiliates may, in their sole discretion, elect to satisfy any delivery requirements electronically, in paper format, or a combination of both methods).

**13. Compensation Recovery Policy.**

The Employee acknowledges and agrees that the Employee and the Stock Units are subject to the Company’s Compensation Recovery Policy Applicable to Executive Officers, as in effect as of the date hereof (a copy of which has been provided to the Employee).

**14. Headings.**

The headings of paragraphs herein are included solely for convenience of reference and shall not affect the meaning or interpretation of any of the provisions of this Agreement.

**15. Counterparts.**

This Agreement may be executed in counterparts, which together shall constitute one and the same original, whether delivered in person, by facsimile or by electronic image scan. If

delivery is by facsimile or electronic image scan, then the facsimile or electronic image scan, as applicable, of any signatures shall act as the Employee's signature to this Agreement in addition to the original.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, as of the date first above written, the Company has caused this Agreement to be executed on behalf of its applicable Affiliate by a duly authorized officer and the Employee has hereunto set the Employee's hand.

LAZARD LTD,

by

\_\_\_\_\_  
Name:

Title:

\_\_\_\_\_  
[Employee]

I, Kenneth M. Jacobs, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 of Lazard Ltd (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: May 2, 2023

/s/ Kenneth M. Jacobs

\_\_\_\_\_  
Kenneth M. Jacobs

Chairman and Chief Executive Officer

I, Mary Ann Betsch, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 of Lazard Ltd (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: May 2, 2023

/s/ Mary Ann Betsch

Mary Ann Betsch  
Chief Financial Officer

May 2, 2023  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Lazard Ltd (the “Registrant”) hereby certifies that the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 (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.

May 2, 2023  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Lazard Ltd (the “Registrant”) hereby certifies that the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 (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/ Mary Ann Betsch

\_\_\_\_\_  
Mary Ann Betsch  
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.