
**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, 2021**

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 23, 2021, there were 112,766,091 shares of the Registrant's common stock outstanding (including 7,406,096 shares held by subsidiaries).

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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, 2021 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.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

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LAZARD LTD
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
MARCH 31, 2021 AND DECEMBER 31, 2020
(UNAUDITED)
(dollars in thousands, except for per share data)

	March 31, 2021	December 31, 2020
ASSETS		
Cash and cash equivalents	\$ 974,696	\$ 1,389,876
Deposits with banks and short-term investments	1,014,145	1,134,463
Restricted cash	615,090	44,488
Receivables (net of allowance for doubtful accounts of \$35,002 and \$36,649 at March 31, 2021 and December 31, 2020, respectively):		
Fees	556,239	621,880
Customers and other	183,376	121,261
	739,615	743,141
Investments	782,351	658,532
Property (net of accumulated amortization and depreciation of \$398,968 and \$402,471 at March 31, 2021 and December 31, 2020, respectively)	250,538	257,587
Operating lease right-of-use assets	492,089	513,923
Goodwill and other intangible assets (net of accumulated amortization of \$70,198 and \$70,155 at March 31, 2021 and December 31, 2020, respectively)	381,947	384,071
Deferred tax assets	506,836	538,448
Other assets	452,252	307,332
Total Assets	<u>\$ 6,209,559</u>	<u>\$ 5,971,861</u>

See notes to condensed consolidated financial statements.

LAZARD LTD
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
MARCH 31, 2021 AND DECEMBER 31, 2020
(UNAUDITED)
(dollars in thousands, except for per share data)

	March 31, 2021	December 31, 2020
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits and other customer payables	\$ 1,239,716	\$ 1,201,150
Accrued compensation and benefits	485,739	734,544
Operating lease liabilities	582,178	606,963
Tax receivable agreement obligation	211,236	221,451
Senior debt	1,683,362	1,682,741
Deferred tax liabilities	2,202	1,041
Other liabilities	563,427	524,538
Total Liabilities	4,767,860	4,972,428
Commitments and contingencies		
Redeemable noncontrolling interests	575,000	-
STOCKHOLDERS' EQUITY		
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, 2021 and December 31, 2020, including shares held by subsidiaries as indicated below)	1,128	1,128
Additional paid-in-capital	-	135,439
Retained earnings	1,278,907	1,295,386
Accumulated other comprehensive loss, net of tax	(255,711)	(238,368)
	1,024,324	1,193,585
Class A common stock held by subsidiaries, at cost (6,675,269 and 7,728,387 shares at March 31, 2021 and December 31, 2020, respectively)	(259,319)	(281,813)
Total Lazard Ltd Stockholders' Equity	765,005	911,772
Noncontrolling interests	101,694	87,661
Total Stockholders' Equity	866,699	999,433
Total Liabilities, Redeemable Noncontrolling Interests and Stockholders' Equity	<u>\$ 6,209,559</u>	<u>\$ 5,971,861</u>

See notes to condensed consolidated financial statements.

LAZARD LTD
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(UNAUDITED)
(dollars in thousands, except for per share data)

	Three Months Ended March 31,	
	2021	2020
REVENUE		
Investment banking and other advisory fees	\$ 317,831	\$ 297,669
Asset management fees	326,950	269,218
Interest income	1,354	2,412
Other	33,769	(11,142)
Total revenue	679,904	558,157
Interest expense	19,797	20,143
Net revenue	660,107	538,014
OPERATING EXPENSES		
Compensation and benefits	401,546	319,755
Occupancy and equipment	34,748	32,198
Marketing and business development	6,651	20,186
Technology and information services	33,670	31,358
Professional services	14,948	14,545
Fund administration and outsourced services	29,279	26,390
Amortization of intangible assets related to acquisitions	15	446
Other	4,960	9,039
Total operating expenses	525,817	453,917
OPERATING INCOME	134,290	84,097
Provision for income taxes	43,464	25,766
NET INCOME	90,826	58,331
LESS - NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	3,526	(5,691)
NET INCOME ATTRIBUTABLE TO LAZARD LTD	<u>\$ 87,300</u>	<u>\$ 64,022</u>
ATTRIBUTABLE TO LAZARD LTD CLASS A COMMON STOCKHOLDERS:		
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:		
Basic	107,291,560	106,303,962
Diluted	115,822,294	114,120,179
NET INCOME PER SHARE OF COMMON STOCK:		
Basic	<u>\$ 0.80</u>	<u>\$ 0.59</u>
Diluted	<u>\$ 0.75</u>	<u>\$ 0.56</u>

See notes to condensed consolidated financial statements.

LAZARD LTD
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(UNAUDITED)
(dollars in thousands)

	Three Months Ended	
	March 31,	
	2021	2020
NET INCOME	\$ 90,826	\$ 58,331
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:		
Currency translation adjustments	(19,743)	(50,746)
Employee benefit plans:		
Actuarial gain (net of tax expense of \$762 and \$1,826 for the three months ended March 31, 2021 and 2020, respectively)	1,065	9,088
Adjustment for items reclassified to earnings (net of tax expense of \$381 and \$338 for the three months ended March 31, 2021 and 2020, respectively)	1,336	1,895
OTHER COMPREHENSIVE LOSS, NET OF TAX	(17,342)	(39,763)
COMPREHENSIVE INCOME	73,484	18,568
LESS - COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	3,527	(5,690)
COMPREHENSIVE INCOME ATTRIBUTABLE TO LAZARD LTD	<u>\$ 69,957</u>	<u>\$ 24,258</u>

See notes to condensed consolidated financial statements.

LAZARD LTD
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(UNAUDITED)
(dollars in thousands)

	Three Months Ended	
	March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 90,826	\$ 58,331
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization of property	9,361	8,986
Noncash lease expense	17,210	15,489
Amortization of deferred expenses and share-based incentive compensation	100,271	101,097
Amortization of intangible assets related to acquisitions	15	446
Deferred tax provision	29,673	11,522
(Increase) decrease in operating assets and increase (decrease) in operating liabilities:		
Receivables-net	(7,486)	59,961
Investments	(202,534)	23,325
Other assets	(16,134)	(172,121)
Accrued compensation and benefits and other liabilities	(144,542)	(263,012)
Net cash used in operating activities	(123,340)	(155,976)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property	(7,498)	(12,011)
Disposals of property	628	69
Net cash used in investing activities	(6,870)	(11,942)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from:		
Contributions from noncontrolling interests	-	25
LGAC IPO	575,000	-
Payments for:		
Customer deposits	(58,739)	(70,652)
Distributions to noncontrolling interests	(1,020)	(1,411)
Payments under tax receivable agreement	(10,215)	(25,557)
Payments of LGAC IPO underwriting fees and other offering costs	(9,308)	-
Purchase of Class A common stock	(122,652)	(95,227)
Class A common stock dividends	(49,441)	(48,759)
Settlement of share-based incentive compensation	(64,804)	(66,728)
Other financing activities	(14,302)	(1,869)
Net cash provided by (used in) financing activities	244,519	(310,178)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(79,205)	(61,851)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	35,104	(539,947)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—		
January 1	2,568,827	2,455,559
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—		
March 31	<u>\$ 2,603,931</u>	<u>\$ 1,915,612</u>

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

	March 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 974,696	\$ 1,389,876
Deposits with banks and short-term investments	1,014,145	1,134,463
Restricted cash	615,090	44,488
TOTAL CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	<u>\$ 2,603,931</u>	<u>\$ 2,568,827</u>

See notes to condensed consolidated financial statements.

LAZARD LTD
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020
(UNAUDITED)
(dollars in thousands)

	Common Stock Shares	\$	Additional Paid-In- Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Tax	Class A Common Stock Held By Subsidiaries Shares	\$	Total Lazard Ltd Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
Balance - January 1, 2020	112,766,091	\$ 1,128	\$ 41,020	\$ 1,193,570	\$ (293,648)	8,513,493	\$(332,079)	\$ 609,991	\$ 71,583	\$ 681,574
Adjustment for cumulative effect on prior years from the adoption of new accounting guidance				(7,575)				(7,575)		(7,575)
Balance, as adjusted January 1, 2020	112,766,091	1,128	41,020	1,185,995	(293,648)	8,513,493	(332,079)	602,416	71,583	673,999
Comprehensive income (loss):										
Net income (loss)				64,022				64,022	(5,691)	58,331
Other comprehensive income (loss) - net of tax					(39,764)			(39,764)	1	(39,763)
Amortization of share-based incentive compensation			70,750					70,750	1,411	72,161
Dividend equivalents			6,717	(7,394)				(677)	(1,186)	(1,863)
Class A common stock dividends (\$0.47 per share)				(48,759)				(48,759)		(48,759)
Purchase of Class A common stock						2,912,035	(95,227)	(95,227)		(95,227)
Delivery of Class A common stock in connection with share-based incentive compensation and related tax benefit of \$347			(118,326)	(74,228)		(3,169,546)	126,174	(66,380)		(66,380)
Business acquisitions and related equity transactions:										
Class A common stock issuable (including related amortization)			52				-	52		52
Delivery of Class A common stock			(673)			(20,624)	673	-		-
Dividend equivalents			460	(460)				-		-
Distributions to noncontrolling interests, net								-	(1,386)	(1,386)
Consolidated VIEs								-	8,452	8,452
Balance - March 31, 2020	112,766,091	\$ 1,128	\$ -	\$ 1,119,176	\$ (333,412)	8,235,358	\$(300,459)	\$ 486,433	\$ 73,184	\$ 559,617

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, 2021**

(UNAUDITED)

(dollars in thousands)

	Common Stock Shares	\$	Additional Paid-In- Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Tax	Class A Common Stock Held By Subsidiaries Shares	\$	Total Lazard Ltd Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity	Redeemable Noncontrolling Interests
Balance - January 1, 2021	112,766,091	\$ 1,128	\$ 135,439	\$ 1,295,386	\$ (238,368)	7,728,387	\$ (281,813)	\$ 911,772	\$ 87,661	\$ 999,433	\$ -
Comprehensive income (loss):											
Net income				87,300				87,300	3,526	90,826	
Other comprehensive income (loss) - net of tax					(17,343)			(17,343)	1	(17,342)	
Amortization of share-based incentive compensation			65,906					65,906	2,285	68,191	
Dividend equivalents			5,859	(6,381)				(522)	(1,731)	(2,253)	
Class A common stock dividends (\$0.47 per share)				(49,441)				(49,441)		(49,441)	
Purchase of Class A common stock						2,899,541	(122,652)	(122,652)		(122,652)	
Delivery of Class A common stock in connection with share-based incentive compensation and related tax expense of \$1,089			(132,822)	(47,902)		(3,054,052)	114,831	(65,893)		(65,893)	
Business acquisitions and related equity transactions:											
Delivery of Class A common stock			(30,315)			(898,607)	30,315	-		-	
Dividend equivalents			55	(55)				-		-	
Distributions to noncontrolling interests, net								-	(1,020)	(1,020)	
Consolidated VIEs								-	7,775	7,775	
Contribution from redeemable noncontrolling interests, net								-		-	534,075
Change in redemption value of redeemable noncontrolling interests			(44,122)					(44,122)	3,197	(40,925)	40,925
Balance - March 31, 2021	112,766,091	\$ 1,128	\$ -	\$ 1,278,907	\$ (255,711)	6,675,269	\$ (259,319)	\$ 765,005	\$ 101,694	\$ 866,699	\$ 575,000

See notes to condensed consolidated financial statements.

LAZARD LTD
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 and has long specialized in crafting solutions to the complex financial and strategic challenges of our clients. We serve a diverse set of clients around the world, including corporations, governments, institutions, partnerships and individuals.

Lazard Ltd indirectly held 100% of all outstanding Lazard Group common membership interests as of March 31, 2021 and December 31, 2020. Lazard Ltd, through its control of the managing members of Lazard Group, controls Lazard Group, which is governed by an Amended and Restated Operating Agreement, dated as of February 4, 2019 (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 mergers and acquisitions (“M&A”), restructurings, capital advisory, shareholder advisory, sovereign advisory, capital raising and other strategic advisory matters; and
- Asset Management, which offers a broad range of global investment solutions and investment 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 assets and liabilities associated with (i) Lazard Group’s Paris-based subsidiary, Lazard Frères Banque SA (“LFB”) and (ii) a special purpose acquisition company 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, 2020. The accompanying December 31, 2020 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 assumed annual ratio of compensation and benefits expense to revenue, with the applicable amounts adjusted for certain items. Although these estimates are based on management’s knowledge of current events and actions that Lazard may undertake in the future, actual results may differ materially from the estimates.

The consolidated results of operations for the three month period ended March 31, 2021 are not indicative of the results to be expected for any future interim or annual period.

LAZARD LTD

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, 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 20).

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 special purpose acquisition company, 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 ("Business Combination"). LGACo 1 LLC, a Delaware series limited liability company and the Company's subsidiary, is the sponsor of LGAC. The Company controls 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 are 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 is recorded in "Restricted Cash" on the condensed consolidated statements of financial condition.

Transaction costs, which consisted of a net underwriting fee of \$8,500, \$20,125 of non-cash deferred underwriting fees and \$808 of other offering costs, were charged against the gross proceeds of the LGAC IPO as consistent with SEC Staff Accounting Bulletin (SAB) Topic 5.

"Redeemable noncontrolling interests" of \$575,000 associated with the publicly held LGAC Class A ordinary shares are recorded on the Company's condensed consolidated statements of financial condition as of March 31, 2021 at redemption value and classified as temporary equity in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 480 "Distinguishing Liabilities from 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 charges to additional paid-in-capital.

The warrants exercisable for LGAC Class A ordinary shares that were issued in connection with the LGAC IPO meet the definition of a liability under FASB ASC Topic 815 and are classified as derivative liabilities remeasured at fair value at each balance sheet date until exercised, with changes in fair value each period reported to earnings. See Note 7.

Restricted Cash

Restricted cash primarily represents LGAC deposits discussed above and other restricted cash deposits made by the Company, including those to satisfy the requirements of clearing organizations.

LAZARD LTD

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

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

2. RECENT ACCOUNTING DEVELOPMENTS

Simplifying the Accounting for Income Taxes—In December 2019, the FASB issued new guidance to simplify the accounting for income taxes. The amendments include the removal of certain exceptions and various improvements. These improvements are related to the accounting for franchise tax based on income, evaluation of step up in tax basis of goodwill, allocation of consolidated tax expense to standalone legal entities, recognition of enacted change in tax laws or rates, and other minor changes. The new guidance is effective for annual and interim reporting periods beginning after December 15, 2020. The Company adopted the new guidance on January 1, 2021. The Company evaluated each of the amendments, and the adoption of the amendments did not have a material impact to the Company's financial statements.

3. 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,	
	2021	2020
Net Revenue:		
Financial Advisory (a)	\$ 318,412	\$ 298,966
Asset Management:		
Management Fees and Other (b)	\$ 314,513	\$ 281,007
Incentive Fees (c)	32,977	1,514
Total Asset Management	\$ 347,490	\$ 282,521

- (a) Financial Advisory is comprised of a wide array of financial advisory services regarding M&A advisory, restructuring, capital advisory, shareholder advisory, sovereign advisory, capital raising 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 will 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.

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

4. RECEIVABLES

The Company's receivables represent fee receivables, amounts due from customers and other receivables. The fee receivables are generally due within 60 days from the date of invoice, except as related to certain Restructuring services and certain Capital Raising activities, specifically Private Capital Advisory services, which have fee receivables due upon specified contractual payment terms. For customer loans within customers and other receivables, the Company has elected to apply the practical expedient, in accordance with current expected credit losses ("CECL") guidance, for financial assets with collateral maintenance provisions, which results in no expected credit losses given that these loans are maintained with collateral having a fair value in excess of the carrying amount of the loans as of March 31, 2021.

Receivables are stated net of an estimated allowance for doubtful accounts determined in accordance with the 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.

For fee receivables, the allowance for doubtful accounts is determined together for all Financial Advisory fees, except for Private Capital Advisory given the different nature of the business, client composition and risk characteristics. In addition, a separate allowance for doubtful accounts is determined for all Asset Management fees. The allowance is measured by the application of an average charge-off rate, determined annually based on historical bad debt charge-off experience, to the fee receivable balance of the respective services, adjusted for specific allowance recognized based on current conditions of individual clients. The current factors are considered on a quarterly basis and include the aging of the receivables, the client's ability to make payments, and the Company's relationship with the client. In addition, the Company also performs a qualitative assessment on a quarterly basis to monitor economic factors and other uncertainties that may require additional adjustment to the expected credit loss allowance.

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

Activity in the allowance for doubtful accounts for the three month periods ended March 31, 2021 and 2020 was as follows:

	Three Months Ended	
	2021	2020
Beginning Balance	\$ 36,649	\$ 27,130
Adjustment for adoption of new accounting guidance	-	7,575
Bad debt expense, net of reversals	375	(527)
Charge-offs, foreign currency translation and other adjustments	(2,022)	(2,891)
Ending Balance *	<u>\$ 35,002</u>	<u>\$ 31,287</u>

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*The allowance for doubtful accounts balances are substantially all related to M&A and Restructuring fee receivables that include recoverable expense receivables.

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, 2021 and December 31, 2020, \$90,826 and \$90,521, respectively, represented financing receivables for our Private Capital Advisory fees. Based upon our historical loss experience, the credit quality of the counterparties, and the lack of uncollectible amounts, there was no allowance for doubtful accounts required at those dates related to such receivables.

At March 31, 2021 and December 31, 2020, customers and other receivables included \$110,954 and \$99,965, 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, 2021 and December 31, 2020.

The aggregate carrying amount of all other receivables of \$537,835 and \$552,655 at March 31, 2021 and December 31, 2020, respectively, approximates fair value.

5. INVESTMENTS

The Company’s investments and securities sold, not yet purchased, consist of the following at March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
Debt	\$ 99,994	\$ 99,987
Equities	48,184	37,365
Funds:		
Alternative investments (a)	39,371	34,264
Debt (a)	140,053	123,554
Equity (a)	415,056	325,795
Private equity	39,693	37,567
	634,173	521,180
Investments, at fair value	<u>\$ 782,351</u>	<u>\$ 658,532</u>
Securities sold, not yet purchased, at fair value (included in “other liabilities”)	<u>\$ 3,221</u>	<u>\$ 1,176</u>

(a) Interests in alternative investment funds, debt funds and equity funds include investments with fair values of \$15,254, \$107,207 and \$351,548, respectively, at March 31, 2021 and \$11,128, \$90,758 and \$277,725, respectively, at December 31, 2020, held in order to satisfy the Company’s liability upon vesting of previously granted Lazard Fund Interests (“LFI”) and other similar deferred compensation arrangements. LFI represent grants by the Company to eligible employees of actual or notional interests in a number of Lazard-managed funds, subject to service-based vesting conditions (see Notes 7 and 13).

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.

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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 and (ii) a fund targeting significant noncontrolling-stake investments in established private companies.

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

During the three month periods ended March 31, 2021 and 2020, 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,	
	2021	2020
Net unrealized investment gains (losses)	\$ 1,054	\$ (44,432)

6. 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 primarily based on the publicly reported closing price for the fund.

The fair value of investments in private equity funds is classified as Level 3 for certain investments that are valued based on the potential transaction 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.

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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 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. The fair value of derivatives entered into by the Company and classified as Level 3 is based on a Black-Scholes valuation model that utilizes both observable and unobservable inputs. Unobservable inputs include model adjustments for valuation uncertainty. See Note 7.

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, 2021 and December 31, 2020, 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, 2021				
	Level 1	Level 2	Level 3	NAV	Total
Assets:					
Investments:					
Debt	\$ 99,994	\$ -	\$ -	\$ -	\$ 99,994
Equities	46,543	-	1,641	-	48,184
Funds:					
Alternative investments	17,119	-	-	22,252	39,371
Debt	140,048	-	-	5	140,053
Equity	415,008	-	-	48	415,056
Private equity	-	-	1,472	38,221	39,693
Derivatives	-	1,254	-	-	1,254
Total	<u>\$ 718,712</u>	<u>\$ 1,254</u>	<u>\$ 3,113</u>	<u>\$ 60,526</u>	<u>\$ 783,605</u>
Liabilities:					
Securities sold, not yet purchased	\$ 3,221	\$ -	\$ -	\$ -	\$ 3,221
Derivatives	-	383,924	11,500	-	395,424
Total	<u>\$ 3,221</u>	<u>\$ 383,924</u>	<u>\$ 11,500</u>	<u>\$ -</u>	<u>\$ 398,645</u>

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	December 31, 2020				
	Level 1	Level 2	Level 3	NAV	Total
Assets:					
Investments:					
Debt	\$ 99,987	\$ -	\$ -	\$ -	\$ 99,987
Equities	35,694	-	1,671	-	37,365
Funds:					
Alternative investments	17,411	-	-	16,853	34,264
Debt	123,549	-	-	5	123,554
Equity	325,749	-	-	46	325,795
Private equity	-	-	1,486	36,081	37,567
Derivatives	-	536	-	-	536
Total	<u>\$ 602,390</u>	<u>\$ 536</u>	<u>\$ 3,157</u>	<u>\$ 52,985</u>	<u>\$ 659,068</u>
Liabilities:					
Securities sold, not yet purchased	\$ 1,176	\$ -	\$ -	\$ -	\$ 1,176
Derivatives	-	314,485	-	-	314,485
Total	<u>\$ 1,176</u>	<u>\$ 314,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315,661</u>

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, 2021 and 2020:

	Three Months Ended March 31, 2021					
	Beginning Balance	Net Unrealized/Realized Gains/Losses Included In Earnings (a)	Purchases/Acquisitions/Issuances	Sales/Dispositions/Settlements	Foreign Currency Translation Adjustments	Ending Balance
Assets:						
Investments:						
Equities	\$ 1,671	\$ 1	\$ -	\$ -	\$ (31)	\$ 1,641
Private equity funds	1,486	-	-	-	(14)	1,472
Total Level 3 Assets	<u>\$ 3,157</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45)</u>	<u>\$ 3,113</u>
Liabilities:						
Derivatives	\$ -	\$ -	\$ 11,500	\$ -	\$ -	\$ 11,500
Total Level 3 Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,500</u>

	Three Months Ended March 31, 2020					
	Beginning Balance	Net Unrealized/Realized Gains/Losses Included In Earnings (a)	Purchases/Acquisitions	Sales/Dispositions/Settlements	Foreign Currency Translation Adjustments	Ending Balance
Assets:						
Investments:						
Equities	\$ 1,600	\$ (99)	\$ -	\$ -	\$ (76)	\$ 1,425
Private equity funds	1,371	(24)	-	-	-	1,347
Total Level 3 Assets	<u>\$ 2,971</u>	<u>\$ (123)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (76)</u>	<u>\$ 2,772</u>

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(a) Earnings recorded in “other revenue” for investments in Level 3 assets for the three month periods ended March 31, 2021 and 2020 include net unrealized gains (losses) of \$1 and \$(123), respectively.

There were no transfers into or out of Level 3 within the fair value hierarchy during the three month periods ended March 31, 2021 and 2020.

The following tables present, at March 31, 2021 and December 31, 2020, certain investments that are valued using NAV or its equivalent as a practical expedient in determining fair value:

	March 31, 2021			Investments Redeemable	
	Fair Value	Unfunded Commitments	% of Fair Value Not Redeemable	Redemption Frequency	Redemption Notice Period
Alternative investment funds:					
Hedge funds	\$ 21,635	\$ -	NA	(a)	30-60 days
Other	617	-	NA	(b)	<30-30 days
Debt funds	5	-	NA	(c)	<30 days
Equity funds	48	-	NA	(d)	<30-60 days
Private equity funds:					
Equity growth	38,221	5,865	(e) 100%(f)	NA	NA
Total	<u>\$ 60,526</u>	<u>\$ 5,865</u>			

(a) monthly (79%) and quarterly (21%)

(b) daily (8%) and monthly (92%)

(c) daily (100%)

(d) monthly (39%) and annually (61%)

(e) Unfunded commitments to private equity investments consolidated but not owned by Lazard of \$10,022 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, 2020			Investments Redeemable	
	Fair Value	Unfunded Commitments	% of Fair Value Not Redeemable	Redemption Frequency	Redemption Notice Period
Alternative investment funds:					
Hedge funds	\$ 16,216	\$ -	NA	(a)	30-60 days
Other	637	-	NA	(b)	<30-30 days
Debt funds	5	-	NA	(c)	<30 days
Equity funds	46	-	NA	(d)	<30-60 days
Private equity funds:					
Equity growth	36,081	5,865	(e) 100%(f)	NA	NA
Total	<u>\$ 52,985</u>	<u>\$ 5,865</u>			

(a) monthly (99%) and quarterly (1%)

(b) daily (8%) and monthly (92%)

(c) daily (100%)

(d) monthly (39%) and annually (61%)

(e) Unfunded commitments to private equity investments consolidated but not owned by Lazard of \$10,022 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.

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Investment Capital Funding Commitments—At March 31, 2021, the Company’s maximum unfunded commitments for capital contributions to investment funds primarily arose from commitments to EGCP III, which amounted to \$5,370. 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.

7. DERIVATIVES

The table below presents 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 13) on the accompanying condensed consolidated statements of financial condition as of March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
Derivative Assets:		
Forward foreign currency exchange rate contracts	\$ 1,254	\$ 536
	<u>\$ 1,254</u>	<u>\$ 536</u>
Derivative Liabilities:		
Forward foreign currency exchange rate contracts	\$ 340	\$ 333
Total return swaps and other (a)	718	2,752
Warrants	11,500	-
LFI and other similar deferred compensation arrangements	382,866	311,400
	<u>\$ 395,424</u>	<u>\$ 314,485</u>

(a) For total return swaps and for contracts with the same counterparty under legally enforceable master netting agreements, (i) as of March 31, 2021 amounts represent the netting of gross derivative assets and liabilities of \$704 and \$4,418, respectively, and receivables for net cash collateral under such contracts of \$2,996, and (ii) as of December 31, 2020 amounts represent the netting of gross derivative assets and liabilities of \$152 and \$9,797, respectively, and receivables for net cash collateral under such contracts of \$6,893. Such amounts are recorded “net” by counterparty in “other assets” and “other liabilities”.

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, 2021 and 2020, were as follows:

	Three Months Ended March 31,	
	2021	2020
Forward foreign currency exchange rate contracts	\$ 6,818	\$ 1,772
LFI and other similar deferred compensation arrangements	(7,487)	19,637
Total return swaps and other	(4,279)	18,845
Total	<u>\$ (4,948)</u>	<u>\$ 40,254</u>

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8. PROPERTY

At March 31, 2021 and December 31, 2020, property consisted of the following:

	Estimated Depreciable Life in Years	March 31, 2021	December 31, 2020
Buildings	33	\$ 148,518	\$ 155,434
Leasehold improvements	3-20	220,376	220,975
Furniture and equipment	3-10	239,135	240,825
Construction in progress		41,477	42,824
Total		649,506	660,058
Less - Accumulated depreciation and amortization		398,968	402,471
Property		<u>\$ 250,538</u>	<u>\$ 257,587</u>

9. GOODWILL AND OTHER INTANGIBLE ASSETS

The components of goodwill and other intangible assets at March 31, 2021 and December 31, 2020 are presented below:

	March 31, 2021	December 31, 2020
Goodwill	\$ 381,752	\$ 383,861
Other intangible assets (net of accumulated amortization)	195	210
	<u>\$ 381,947</u>	<u>\$ 384,071</u>

At March 31, 2021 and December 31, 2020, goodwill of \$317,211 and \$319,320, respectively, was attributable to the Company's Financial Advisory segment and, at each such respective date, \$64,541 of goodwill was attributable to the Company's Asset Management segment.

Changes in the carrying amount of goodwill for the three month periods ended March 31, 2021 and 2020 are as follows:

	Three Months Ended March 31,	
	2021	2020
Balance, January 1	\$ 383,861	\$ 371,773
Foreign currency translation adjustments	(2,109)	(16,053)
Balance, March 31	<u>\$ 381,752</u>	<u>\$ 355,720</u>

All changes in the carrying amount of goodwill for the three month periods ended March 31, 2021 and 2020 are attributable to the Company's Financial Advisory segment.

The gross cost and accumulated amortization of other intangible assets as of March 31, 2021 and December 31, 2020, by major intangible asset category, are as follows:

	March 31, 2021			December 31, 2020		
	Gross Cost	Accumulated Amortization	Net Carrying Amount	Gross Cost	Accumulated Amortization	Net Carrying Amount
Success/incentive fees	\$ 35,409	\$ 35,409	\$ -	\$ 35,385	\$ 35,385	\$ -
Management fees, customer relationships and non-compete agreements	34,984	34,789	195	34,980	34,770	210
	<u>\$ 70,393</u>	<u>\$ 70,198</u>	<u>\$ 195</u>	<u>\$ 70,365</u>	<u>\$ 70,155</u>	<u>\$ 210</u>

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Amortization expense of intangible assets, included in “amortization of intangible assets related to acquisitions” in the condensed consolidated statements of operations, for the three month periods ended March 31, 2021 and 2020 was \$15 and \$446, respectively. Estimated future amortization expense is as follows:

<u>Year Ending December 31,</u>	<u>Amortization Expense</u>
2021 (April 1 through December 31)	\$ 45
2022	60
2023	60
2024	30
Total amortization expense	<u>\$ 195</u>

10. SENIOR DEBT

Senior debt is comprised of the following as of March 31, 2021 and December 31, 2020:

	Initial Principal Amount	Maturity Date	Annual Interest Rate(a)	Outstanding as of					
				March 31, 2021			December 31, 2020		
				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	\$ 1,830	\$ 398,170	\$ 400,000	\$ 1,948	\$ 398,052
Lazard Group 2027									
Senior Notes	300,000	3/1/27	3.625%	300,000	2,308	297,692	300,000	2,405	297,595
Lazard Group 2028									
Senior Notes	500,000	9/19/28	4.50%	500,000	6,355	493,645	500,000	6,568	493,432
Lazard Group 2029									
Senior Notes	500,000	3/11/29	4.375%	500,000	6,145	493,855	500,000	6,338	493,662
Total				<u>\$1,700,000</u>	<u>\$ 16,638</u>	<u>\$1,683,362</u>	<u>\$1,700,000</u>	<u>\$ 17,259</u>	<u>\$1,682,741</u>

(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, 2021 and December 31, 2020 is carried at historical amounts of \$1,683,362 and \$1,682,741, respectively. At those dates, the fair value of such senior debt was approximately \$1,885,000 and \$1,954,000, 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 for a three-year, \$200,000 senior revolving credit facility with a group of lenders, which expires in July 2023 (the “Amended and Restated Credit Agreement”). The Amended and Restated Credit Agreement amended and restated Lazard Group’s amended and restated credit agreement, dated September 25, 2015, in its entirety. 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, 2021 and December 31, 2020, no amounts were outstanding under the Amended and Restated Credit Agreement.

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As of March 31, 2021, the Company had approximately \$213,000 in unused lines of credit available to it, including the credit facility provided under the Amended and Restated Credit Agreement and unused lines of credit available to LFB of approximately \$12,000.

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, 2021, the Company was in compliance with such provisions. All of the Company’s senior debt obligations are unsecured.

11. 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, 2021, LFB and LFNy had no such underwriting commitments.

See Notes 6 and 14 for information regarding commitments relating to investment capital funding commitments and obligations to fund our pension plans, respectively.

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

Legal—The Company is involved from time to time in judicial, 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 experiences significant variation in its revenue and earnings on a quarterly basis. Accordingly, the results of any pending matter or matters could be significant when compared to the Company’s earnings in any particular fiscal quarter. The Company believes, however, based on currently available information, that the results of any pending matters, in the aggregate, will not have a material effect on its business or financial condition.

12. STOCKHOLDERS’ EQUITY

Share Repurchase Program— Since 2019 and through the three month period ended March 31, 2021, 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>
February 2019	\$ 300,000	December 31, 2020
October 2019	\$ 300,000	December 31, 2021

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>
2020	2,912,035	\$ 32.70
2021	2,899,541	\$ 42.30

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During the three month periods ended March 31, 2021 and 2020, 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 periods ended March 31, 2021 and 2020, the Company purchased shares of common stock from certain of our executive officers. The aggregate value of all such purchases during the three month periods ended March 31, 2021 and 2020 was approximately \$18,600 and \$10,000, respectively. Such shares of common stock are reported at cost.

As of March 31, 2021, a total of \$177,348 of share repurchase authorization remained available under the Company's share repurchase program, which will expire on December 31, 2021.

In addition, on April 29, 2021, the Board of Directors of Lazard authorized the repurchase of up to \$300,000 of additional shares of common stock, which authorization will expire on December 31, 2022, bringing the total available share repurchase authorization as of April 29, 2021 to approximately \$439,000.

During the three month period ended March 31, 2021, the Company 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.

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, 2021 and December 31, 2020, 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, 2021 and 2020 and activity during the three month periods then ended:

	Three Months Ended March 31, 2021				
	Currency Translation Adjustments	Employee Benefit Plans	Total AOCI	Amount Attributable to Noncontrolling Interests	Total Lazard Ltd AOCI
Balance, January 1, 2021	\$ (67,724)	\$ (170,644)	\$ (238,368)	\$ -	\$ (238,368)
Activity:					
Other comprehensive income (loss) before reclassifications	(19,743)	1,065	(18,678)	1	(18,679)
Adjustments for items reclassified to earnings, net of tax	-	1,336	1,336	-	1,336
Net other comprehensive income (loss)	(19,743)	2,401	(17,342)	1	(17,343)
Balance, March 31, 2021	<u>\$ (87,467)</u>	<u>\$ (168,243)</u>	<u>\$ (255,710)</u>	<u>\$ 1</u>	<u>\$ (255,711)</u>

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	Three Months Ended March 31, 2020				
	Currency Translation Adjustments	Employee Benefit Plans	Total AOCI	Amount Attributable to Noncontrolling Interests	Total Lazard Ltd AOCI
Balance, January 1, 2020	\$ (120,586)	\$ (173,064)	\$ (293,650)	\$ (2)	\$ (293,648)
Activity:					
Other comprehensive income (loss) before reclassifications	(50,746)	9,088	(41,658)	1	(41,659)
Adjustments for items reclassified to earnings, net of tax	-	1,895	1,895	-	1,895
Net other comprehensive income (loss)	(50,746)	10,983	(39,763)	1	(39,764)
Balance, March 31, 2020	\$ (171,332)	\$ (162,081)	\$ (333,413)	\$ (1)	\$ (333,412)

The table below reflects adjustments for items reclassified out of AOCI, by component, for the three month periods ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
	2021	2020
Amortization relating to employee benefit plans (a)	\$ 1,717	\$ 2,233
Less - related income taxes	381	338
Total reclassifications, net of tax	\$ 1,336	\$ 1,895

(a) Included in the computation of net periodic benefit cost (see Note 14). 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 13), (iii) LGAC interests (see Note 1) and (iv) consolidated VIE interests held by employees (see Note 20).

The tables below summarize net income (loss) attributable to noncontrolling interests for the three month periods ended March 31, 2021 and 2020 and noncontrolling interests as of March 31, 2021 and December 31, 2020 in the Company’s condensed consolidated financial statements:

	Net Income (Loss) Attributable to Noncontrolling Interests	
	Three Months Ended March 31,	
	2021	2020
Edgewater	\$ 1,456	\$ (1,403)
Consolidated VIEs	2,268	(4,288)
LGAC	(200)	-
Other	2	-
Total	\$ 3,526	\$ (5,691)

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	Noncontrolling Interests as of	
	March 31, 2021	December 31, 2020
Edgewater	\$ 45,808	\$ 45,352
Profits interest participation rights	2,311	1,776
Consolidated VIEs	50,560	40,517
LGAC	2,997	-
Other	18	16
Total	<u>\$ 101,694</u>	<u>\$ 87,661</u>

Dividends Declared, April 29, 2021—On April 29, 2021, the Board of Directors of Lazard declared a quarterly dividend of \$0.47 per share on our common stock. The dividend is payable on May 21, 2021, to stockholders of record on May 10, 2021.

13. 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, 2021 and 2020 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. 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. The amendment that our shareholders approved on April 29, 2021 increased the shares of common stock available pursuant to the 2018 Plan by 20,000,000 shares, which is in addition to any shares of common stock that remain available under the original authorization. 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”), 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 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 deferred stock unit (“DSU”) awards granted under the 2005 Plan before its expiration continue to be subject to its terms.

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The following reflects the amortization expense recorded with respect to share-based incentive plans within “compensation and benefits” expense (with respect to RSUs, PRSUs, restricted stock, profits interest participation rights, including PRPUs, and other share-based awards) 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, 2021 and 2020:

	Three Months Ended March 31,	
	2021	2020
Share-based incentive awards:		
RSUs	\$ 34,805	\$ 42,917
PRSUs	5,559	4,361
Restricted Stock	6,067	8,531
Profits interest participation rights	21,573	16,166
DSUs	187	186
Total	<u>\$ 68,191</u>	<u>\$ 72,161</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.

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, 2021, dividend participation rights required the issuance of 138,585 RSUs and the associated charge to “retained earnings”, net of estimated forfeitures (with corresponding credits to “additional paid-in-capital”) was \$5,429.

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, 2021, 4,457 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.

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The following is a summary of activity relating to RSUs and DSUs during the three month period ended March 31, 2021:

	RSUs		DSUs	
	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value
Balance, January 1, 2021	9,266,344	\$ 42.96	478,800	\$ 36.36
Granted (including 138,585 RSUs relating to dividend participation)	2,776,805	\$ 43.13	4,457	\$ 41.92
Forfeited	(63,425)	\$ 41.05	-	-
Settled	(3,690,643)	\$ 47.52	-	-
Balance, March 31, 2021	<u>8,289,081</u>	<u>\$ 41.00</u>	<u>483,257</u>	<u>\$ 36.41</u>

In connection with RSUs that settled during the three month period ended March 31, 2021, the Company satisfied its minimum statutory tax withholding requirements in lieu of delivering 1,348,433 shares of common stock during such three month period. Accordingly, 2,342,210 shares of common stock held by the Company were delivered during the three month period ended March 31, 2021.

As of March 31, 2021, estimated unrecognized RSU compensation expense was \$177,587, with such expense expected to be recognized over a weighted average period of approximately 1.0 years subsequent to March 31, 2021.

Restricted Stock

The following is a summary of activity related to shares of restricted common stock associated with compensation arrangements during the three month period ended March 31, 2021:

	Restricted Shares	Weighted Average Grant Date Fair Value
Balance, January 1, 2021	1,144,959	\$ 41.09
Granted (including 10,571 relating to dividend participation)	425,692	\$ 43.23
Forfeited	(11,364)	\$ 41.44
Settled	(428,298)	\$ 43.34
Balance, March 31, 2021	<u>1,130,989</u>	<u>\$ 41.04</u>

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In connection with shares of restricted common stock that settled during the three month period ended March 31, 2021, the Company satisfied its minimum statutory tax withholding requirements in lieu of delivering 162,533 shares of common stock during such three month period. Accordingly, 265,765 shares of common stock held by the Company were delivered during the three month period ended March 31, 2021.

Restricted stock awards granted in 2021 and 2020 generally include a dividend participation right that provides that during the applicable vesting period each restricted stock award is attributed additional shares of restricted common stock equivalent to any dividends paid on common stock during such period. During the three month period ended March 31, 2021, dividend participation rights required the issuance of 10,571 shares of restricted common stock and the associated charge to “retained earnings”, net of estimated forfeitures (with corresponding credits to “additional paid-in-capital”) was \$430. With respect to awards granted prior to 2020, the restricted stock awards include a cash dividend participation right equivalent to dividends paid on common stock during the period, which will vest concurrently with the underlying restricted stock award. At March 31, 2021, estimated unrecognized restricted stock expense was \$28,420, with such expense to be recognized over a weighted average period of approximately 1.0 years subsequent to March 31, 2021.

PRSUs

PRSU 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, for awards granted in February 2021, 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 the performance criteria, the number of shares of common stock that may be received in connection with each PRSU generally can range from zero to two times the target number for awards granted prior to February 2021. For awards granted in February 2021, based on both the performance-based and market-based criteria, the number of shares of common stock can range from zero to 2.4 times the target number. PRSU will vest on a single date approximately three years following the date of the grant, provided the applicable service and performance conditions are satisfied. PRSU granted prior to February 2021 include dividend participation rights that provide that during vesting periods, the target number of PRSU receive dividend equivalents at the same rate that dividends are paid on common stock during such periods. These dividend equivalents are credited as RSUs that are not subject to the performance-based vesting criteria but are otherwise subject to the same restrictions as the underlying PRSU to which they relate. PRSU granted in February 2021 include dividend participation rights that are subject to the same vesting restrictions (including performance criteria) as the underlying PRSU 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 PRSU during the three month period ended March 31, 2021:

	PRSU		Weighted Average Grant Date Fair Value
Balance, January 1, 2021	546,959	\$	53.48
Granted	32,394	\$	46.63
Settled	(546,959)	\$	53.48
Balance, March 31, 2021	32,394	\$	46.63

In connection with certain PRSU that settled during the three month period ended March 31, 2021, the Company satisfied its minimum statutory tax withholding requirements in lieu of delivering 100,882 shares of common stock during such three month period. Accordingly, 446,077 shares of common stock held by the Company were delivered during the three month period ended March 31, 2021.

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, 2021, the total estimated unrecognized compensation expense was \$1,817, and the Company expects to amortize such expense over a weighted-average period of approximately 1.5 years subsequent to March 31, 2021.

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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. 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 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. 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 2019 and February 2020, the Minimum Value Condition was met during the year ended December 31, 2020 and during February 2021, respectively.

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 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 in February 2019 and February 2020 will range from zero to two times the target number. For the PRPU awards granted in February 2021, subject to both performance-based and incremental market-based criteria, the number of shares 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.

In addition, the performance metrics applicable to the PRPU awards granted in February 2019 and February 2020 will be evaluated on an annual basis at the end of each fiscal year during the performance period, and, if Lazard Ltd has achieved a threshold level of performance with respect to the fiscal year, 25% of the target number of PRPUs will no longer be 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.

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The following is a summary of activity relating to profits interest participation rights, including PRPUs, during the three month period ended March 31, 2021:

	Profits Interest Participation Rights	Weighted Average Grant Date Fair Value
Balance, January 1, 2021	2,523,075	\$ 40.43
Granted	1,159,864	\$ 44.73
Balance, March 31, 2021 (a)	<u>3,682,939</u>	<u>\$ 41.78</u>

(a) Table includes 1,561,120 PRPUs, which represents the target number of PRPUs granted as of March 31, 2021, including 510,342 PRPUs granted during the three month period ended March 31, 2021. The weighted average grant date fair values for PRPUs and other profits interest participation rights outstanding as of January 1, 2021 were \$40.61 and \$40.30, respectively. The weighted average grant date fair values for PRPUs and other profits interest participation rights granted during the three month period ended March 31, 2021 were \$46.63 and \$43.23, respectively. The weighted average grant date fair values for PRPUs and other profits interest participation rights outstanding as of March 31, 2021 were \$42.58 and \$41.20, 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, 2021, the total estimated unrecognized compensation expense was \$68,529. The Company expects to amortize such expense over a weighted-average period of approximately 0.7 years subsequent to March 31, 2021.

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, 2021:

	Prepaid Compensation Asset	Compensation Liability
Balance, January 1, 2021	\$ 101,631	\$ 311,400
Granted	161,892	161,892
Settled	-	(95,904)
Forfeited	(346)	(2,928)
Amortization	(30,413)	-
Change in fair value related to:		
Change in fair value of underlying investments	-	7,487
Adjustment for estimated forfeitures	-	2,192
Other	2	(1,273)
Balance, March 31, 2021	<u>\$ 232,766</u>	<u>\$ 382,866</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, 2021.

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The following is a summary of the impact of LFI and other similar deferred compensation arrangements on “compensation and benefits” expense within the accompanying condensed consolidated statements of operations for the three month periods ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
	2021	2020
Amortization, net of forfeitures	\$ 30,023	\$ 26,248
Change in the fair value of underlying investments	7,487	(19,637)
Total	\$ 37,510	\$ 6,611

14. 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.

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, 2021 and 2020:

	Pension Plans	
	Three Months Ended March 31, 2021	2020
Components of Net Periodic Benefit Cost (Credit):		
Service cost	\$ 226	\$ 135
Interest cost	2,115	2,983
Expected return on plan assets	(6,534)	(6,628)
Amortization of:		
Prior service cost	30	27
Net actuarial loss (gain)	1,687	2,206
Settlement loss	380	922
Net periodic benefit cost (credit)	\$ (2,096)	\$ (355)

15. 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 income tax provisions of \$43,464 and \$25,766 for the three month periods ended March 31, 2021 and 2020, respectively, representing effective tax rates of 32.4% and 30.6%, 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

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

(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, (v) U.S. state and local taxes, which are incremental to the U.S. federal statutory tax rate, and (vi) impact of U.S. tax reform, including base erosion and anti-abuse tax.

16. 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, 2021 and 2020 are presented below:

	Three Months Ended March 31,	
	2021	2020
Net income attributable to Lazard Ltd	\$ 87,300	\$ 64,022
Add - adjustment for earnings attributable to participating securities	(1,292)	(1,013)
Net income attributable to Lazard Ltd - basic	86,008	63,009
Add - adjustment for earnings attributable to participating securities	1,292	1,013
Net income attributable to Lazard Ltd - diluted	<u>\$ 87,300</u>	<u>\$ 64,022</u>
Weighted average number of shares of common stock outstanding	105,545,273	104,462,177
Add - adjustment for shares of common stock issuable on a non-contingent basis	1,746,287	1,841,785
Weighted average number of shares of common stock outstanding - basic	107,291,560	106,303,962
Add - dilutive effect, as applicable, of:		
Weighted average number of incremental shares of common stock issuable from share-based incentive compensation	8,530,734	7,816,217
Weighted average number of shares of common stock outstanding - diluted	<u>115,822,294</u>	<u>114,120,179</u>
Net income attributable to Lazard Ltd per share of common stock:		
Basic	\$ 0.80	\$ 0.59
Diluted	<u>\$ 0.75</u>	<u>\$ 0.56</u>

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17. 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 \$173,678 and \$135,955 for the three month periods ended March 31, 2021 and 2020, respectively, and are included in “asset management fees” on the condensed consolidated statements of operations. Of such amounts, \$78,046 and \$72,076 remained as receivables at March 31, 2021 and December 31, 2020, 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 benefits 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 benefits. 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.

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 the current tax laws and 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”.

The cumulative liability relating to our obligations under the TRA as of March 31, 2021 and December 31, 2020 was \$211,236 and \$221,451, respectively, and is recorded in “tax receivable agreement obligation” on the condensed consolidated statements of financial condition. The balance at March 31, 2021 reflects a payment made under the TRA in the three months ended March 31, 2021 of \$10,215.

See Note 12 for information regarding related party transactions pertaining to shares repurchased from certain of our executive officers.

18. 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, 2021, LFNY’s regulatory net capital was \$142,039, which exceeded the minimum requirement by \$138,286. LFNY’s aggregate indebtedness to net capital ratio was 0.40:1 as of March 31, 2021.

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, 2021, the aggregate regulatory net capital of the U.K. Subsidiaries was \$185,727, which exceeded the minimum requirement by \$161,659.

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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 of the Paris group, exercised through LFB and other subsidiaries of CFLF, primarily LFG, also are subject to regulation and supervision by the Autorité des Marchés Financiers. At March 31, 2021, the consolidated regulatory net capital of CFLF was \$141,077, which exceeded the minimum requirement set for regulatory capital levels by \$72,867. 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, 2020, the regulatory net capital of the combined European regulated group was \$184,842, which exceeded the minimum requirement set for regulatory capital levels by \$66,782. Additionally, the combined European regulated group, together with our European Financial Advisory entities, is required to perform an annual risk assessment and provide certain other information on a periodic basis, including financial reports and information relating to financial performance, balance sheet data and capital structure.

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, 2021, for those subsidiaries with regulatory capital requirements, their aggregate net capital was \$208,178, which exceeded the minimum required capital by \$179,051.

At March 31, 2021, each of these subsidiaries individually was in compliance with its regulatory capital requirements.

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

19. 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, 2021 and 2020 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.

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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,	
		2021	2020
Financial Advisory	Net Revenue	\$ 318,412	\$ 298,966
	Operating Expenses	258,047	246,847
	Operating Income	\$ 60,365	\$ 52,119
Asset Management	Net Revenue	\$ 347,490	\$ 282,521
	Operating Expenses	232,103	204,769
	Operating Income	\$ 115,387	\$ 77,752
Corporate	Net Revenue	\$ (5,795)	\$ (43,473)
	Operating Expenses	35,667	2,301
	Operating Loss	\$ (41,462)	\$ (45,774)
Total	Net Revenue	\$ 660,107	\$ 538,014
	Operating Expenses	525,817	453,917
	Operating Income	<u>\$ 134,290</u>	<u>\$ 84,097</u>

		As Of	
		March 31, 2021	December 31, 2020
Total Assets			
Financial Advisory		\$ 1,162,247	\$ 1,181,783
Asset Management		893,605	958,588
Corporate		4,153,707	3,831,490
Total		<u>\$ 6,209,559</u>	<u>\$ 5,971,861</u>

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20. CONSOLIDATED VIEs

The Company's consolidated VIEs as of March 31, 2021 and December 31, 2020 include certain 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 Company's consolidated VIE assets and liabilities as reflected in the condensed consolidated statements of financial condition consist of the following at March 31, 2021 and December 31, 2020. The Company's consolidated VIE assets, except as it relates to \$170,080 and \$121,376 of LFI held by Lazard Group as of March 31, 2021 and December 31, 2020, respectively, can only be used to settle the obligations of the consolidated VIEs.

	March 31, 2021	December 31, 2020
ASSETS		
Cash and cash equivalents	\$ 2,425	\$ 3,558
Customers and other receivables	108	160
Investments	217,876	158,370
Other assets	767	400
Total Assets	<u>\$ 221,176</u>	<u>\$ 162,488</u>
LIABILITIES		
Deposits and other customer payables	\$ 67	\$ 104
Other liabilities	469	491
Total Liabilities	<u>\$ 536</u>	<u>\$ 595</u>

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, 2020 (the “Form 10-K”). All references to “2021,” “2020,” “first quarter” or “the period” refer to, as the context requires, the three month periods ended March 31, 2021 and 2020.

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, including with respect to the current COVID-19 pandemic, 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;
- 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, including the ongoing COVID-19 pandemic;
- 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) 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 is one of the world's preeminent financial advisory and asset management firms. We have long specialized in crafting solutions to the complex financial and strategic challenges of a diverse set of clients around the world, including corporations, governments, institutions, partnerships and individuals. Founded in 1848 in New Orleans, we currently operate from more than 40 cities and 25 countries across key business and financial centers in North America, Europe, Asia, Australia, and Central and South America.

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

We operate in cyclical businesses across multiple geographies, industries and asset classes. In recent years, we have expanded our geographic reach, bolstered our industry expertise and continued to build in growth areas. Companies, government bodies and investors seek independent advice with a geographic perspective, deep understanding of capital structure, informed research and knowledge of global, 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 M&A, restructurings, capital advisory, shareholder advisory, sovereign advisory, capital raising and other strategic advisory matters, and
- Asset Management, which offers a broad range of global investment solutions and investment 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 assets and liabilities associated with (i) Lazard Group’s Paris-based subsidiary, Lazard Frères Banque SA (“LFB”) and (ii) a special purpose acquisition company 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,	
	2021	2020
Financial Advisory	48%	56%
Asset Management	53	53
Corporate	(1)	(9)
Total	<u>100%</u>	<u>100%</u>

We also invest our own capital from time to time, generally alongside capital of qualified institutional and individual investors in alternative investments or private equity investments, and, since 2005, we have engaged in a number of alternative investments and private equity activities, including, historically, investments through (i) Edgewater, our Chicago-based private equity firm and (ii) a fund targeting significant noncontrolling-stake investments in established private companies. We also make investments to seed our Asset Management strategies.

Business Environment and Outlook

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

While the coronavirus (“COVID-19”) pandemic continues to have a negative impact on economic activity around the world, the rollout of COVID-19 vaccines is raising expectations in the developed economies that the health crisis can be mitigated. Governments and central banks have taken extraordinary measures to support local economies and capital markets, but the macroeconomic outlook remains uncertain while significant health risks persist.

Lazard’s offices around the world have continued to operate in the context of applicable local regulations and guidelines regarding business activity, and in the first quarter of 2021, the majority of our employees worked remotely.

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

- **Financial Advisory**—During this period of financial stress and uncertainty, we are focused on serving clients with our depth of expertise in capital structure, capital raising, debt negotiations and restructuring and exchange offers. Announced M&A transaction volumes are recovering in both the U.S. and Europe, particularly in France and the U.K., but we still expect there to be elevated uncertainty in the near term due to the ongoing health crisis. However, fiscal and monetary stimulus in developed countries and the rollout of vaccines globally have created heightened levels of optimism and CEO confidence. The global scale and breadth of our Financial Advisory business allows 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 and continuing to focus on our M&A, restructuring and other advisory services.

- **Asset Management**—In the short to intermediate term, we normally would expect most investor demand to come through financial institutions, and from defined benefit and defined contribution plans in developed economies because of their sheer scope and size. However, continued uncertainties in capital markets arising from the COVID-19 pandemic may negatively impact our business in a manner that we cannot predict. Over the longer term, and depending upon local and global market conditions, we would expect an increasing share of our AUM to come from the developing economies around the globe, as their retirement systems evolve and individual wealth is increasingly deployed in the financial markets. 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 the current challenges that markets have created for that industry. We are continually developing new investment strategies that extend our existing platforms and assessing potential product acquisitions or other inorganic growth opportunities. Among other efforts, we have been particularly focused on continuing to incorporate environmental, social and corporate governance (“ESG”) considerations, as appropriate, into our investment research and launching strategies that use ESG and sustainability factors to drive long-term investment returns. In addition to these new ESG and sustainable strategies, recent examples of growth initiatives include the following: various Quantitative Equity strategies, new convertible bond strategies, thematically oriented strategies and a new long/short credit strategy.

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 of all completed transactions, including the subset of completed transactions involving values greater than \$500 million, increased in the first quarter of 2021 as compared to 2020. With respect to announced M&A transactions, the value of all transactions, including the subset of announced transactions involving values greater than \$500 million, increased in the first quarter of 2021 as compared to 2020.

	Three Months Ended March 31,		%
	2021	2020	
	(\$ in billions)		Incr / (Decr)
Completed M&A Transactions:			
All deals:			
Value	\$ 1,001	\$ 707	42%
Number	7,044	8,714	(19)%
Deals Greater than \$500 million:			
Value	\$ 788	\$ 519	52%
Number	277	268	3%
Announced M&A Transactions:			
All deals:			
Value	\$ 1,441	\$ 667	116%
Number	7,722	8,635	(11)%
Deals Greater than \$500 million:			
Value	\$ 1,177	\$ 486	142%
Number	450	225	100%

Source: Dealogic as of April 7, 2021.

Global restructuring activity during the first quarter of 2021, as measured by the number of corporate defaults, decreased as compared to the first quarter of 2020. The number of defaulting issuers was 13 in the first quarter of 2021 according to Moody's Investors Service, Inc., as compared to 30 in the first quarter of 2020.

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

Equity market indices for major markets at March 31, 2021 generally increased as compared to such indices at December 31, 2020 and March 31, 2020. The percentage change in major equity market indices at March 31, 2021, as compared to such indices at December 31, 2020 and at March 31, 2020, is shown in the table below.

	Percentage Changes March 31, 2021 vs.	
	December 31, 2020	March 31, 2020
MSCI World Index	5%	55%
Euro Stoxx	11%	44%
MSCI Emerging Market	2%	59%
S&P 500	6%	56%

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, restructuring, capital advisory services, shareholder advisory, sovereign advisory, capital raising 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 basis and, therefore, clawback of carried interest during the life of the fund can occur. As a result, incentive fees earned on our private equity funds are not recognized until potential uncertainties regarding the ultimate realizable amounts have been determined, including any potential for clawback.

Corporate segment net revenue consists primarily of investment gains and losses on the Company's "seed investments" related to our Asset Management business 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 67% of Lazard's consolidated total assets as of March 31, 2021, which are attributable to cash and cash equivalents, restricted cash associated with LGAC, 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 and LGAC.

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 13 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 2021 related to the 2020 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 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. We may benefit from pressure on compensation costs within the financial services industry in future periods; however, increased competition for senior professionals, changes in the macroeconomic environment or the financial markets generally, lower operating revenue resulting from, for example, a decrease in M&A activity, our share of the M&A market or our AUM levels, changes in the mix of revenues from our businesses, investments in our businesses or various other factors could prevent us from achieving this goal.

Our operating expenses also include “non-compensation expense”, which includes costs for occupancy and equipment, marketing and business development, technology and information services, professional services, fund administration and outsourced services and other expenses. 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 “amortization of intangible assets related to acquisitions”.

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 15 and 17 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 12 and 20 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,	
	2021	2020
	(\$ in thousands)	
Net Revenue	\$ 660,107	\$ 538,014
Operating Expenses:		
Compensation and benefits	401,546	319,755
Non-compensation	124,256	133,716
Amortization of intangible assets related to acquisitions	15	446
Total operating expenses	525,817	453,917
Operating Income	134,290	84,097
Provision for income taxes	43,464	25,766
Net Income	90,826	58,331
Less - Net Income (Loss) Attributable to Noncontrolling Interests	3,526	(5,691)
Net Income Attributable to Lazard Ltd	\$ 87,300	\$ 64,022
Operating Income, as a % of net revenue	20.3%	15.6%

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,	
	2021	2020
	(\$ in thousands)	
Operating Revenue:		
Net revenue	\$ 660,107	\$ 538,014
Adjustments:		
Interest expense (a)	18,313	18,772
Distribution fees, reimbursable deal costs, bad debt expense and other (b)	(16,710)	(16,384)
(Revenue) loss related to noncontrolling interests (c)	(6,361)	2,772
(Gains) losses on investments pertaining to LFI (d)	(7,487)	19,637
Operating revenue	\$ 647,862	\$ 562,811

- (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 that are deemed uncollectible for which an equal amount is excluded for purposes of determining adjusted non-compensation expense.
- (c) 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.
- (d) Represents changes in the fair value of investments held in connection with LFI and other similar deferred compensation arrangements for which a corresponding equal amount is excluded from compensation and benefits expense.

	Three Months Ended March 31,	
	2021	2020
	(\$ in thousands)	
Adjusted Compensation and Benefits Expense:		
Total compensation and benefits expense	\$ 401,546	\$ 319,755
Adjustments:		
Noncontrolling interests (a)	(1,958)	(1,706)
(Charges) credits pertaining to LFI (b)	(7,487)	19,637
Expenses associated with restructuring and closing of certain offices	(6,623)	-
Adjusted compensation and benefits expense	<u>\$ 385,478</u>	<u>\$ 337,686</u>
Adjusted compensation and benefits expense, as a % of operating revenue	<u>59.5%</u>	<u>60.0%</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.

	Three Months Ended March 31,	
	2021	2020
	(\$ in thousands)	
Adjusted Non-Compensation Expense:		
Total non-compensation expense	\$ 124,256	\$ 133,716
Adjustments:		
Expenses relating to office space reorganization (a)	(1,416)	(3,664)
Distribution fees, reimbursable deal costs, bad debt expense and other (b)	(16,710)	(16,384)
Noncontrolling interests (c)	(679)	(1,036)
Expenses associated with restructuring and closing of certain offices	(2,971)	-
Adjusted non-compensation expense	<u>\$ 102,480</u>	<u>\$ 112,632</u>
Adjusted non-compensation expense, as a % of operating revenue	<u>15.8%</u>	<u>20.0%</u>

- (a) Represents incremental rent expense, building depreciation and legal fees 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 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,	
	2021	2020
(\$ in thousands)		
Earnings From Operations:		
Operating revenue	\$ 647,862	\$ 562,811
Deduct:		
Adjusted compensation and benefits expense	(385,478)	(337,686)
Adjusted non-compensation expense	(102,480)	(112,632)
Earnings from operations	<u>\$ 159,904</u>	<u>\$ 112,493</u>
Earnings from operations, as a % of operating revenue	<u>24.7%</u>	<u>20.0%</u>

Headcount information is set forth below:

	As of		
	March 31, 2021	December 31, 2020	March 31, 2020
Headcount:			
Managing Directors:			
Financial Advisory	184	171	170
Asset Management	110	105	107
Corporate	23	21	21
Total Managing Directors	317	297	298
Other Business Segment Professionals and Support Staff:			
Financial Advisory	1,347	1,384	1,359
Asset Management	1,012	1,012	965
Corporate	413	413	420
Total	<u>3,089</u>	<u>3,106</u>	<u>3,042</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, 2021 versus March 31, 2020

The Company reported net income attributable to Lazard Ltd of \$87 million, as compared to net income attributable to Lazard Ltd of \$64 million in the 2020 period.

Net revenue increased \$122 million, or 23%, with operating revenue increasing \$85 million, or 15%, as compared to the 2020 period. Fee revenue from investment banking and other advisory activities increased \$20 million, or 7%, as compared to the 2020 period. Asset management fees, including incentive fees, increased \$58 million, or 21%, as compared to the 2020 period. In the aggregate, interest income, other revenue and interest expense increased \$44 million, as compared to the 2020 period.

Compensation and benefits expense increased \$82 million, or 26%, as compared to the 2020 period, primarily associated with increased operating revenue.

Adjusted compensation and benefits expense (which excludes certain items and which we believe allows for improved comparability between periods, as described above) was \$385 million, an increase of \$48 million, or 14%, as compared to \$338 million in the 2020 period. The ratio of adjusted compensation and benefits expense to operating revenue was 59.5% for the 2021 period, as compared to 60.0% for the 2020 period.

Non-compensation expense decreased \$9 million, or 7%, as compared to the 2020 period, primarily due to decreased marketing and business development expenses due to lower travel expenses. Adjusted non-compensation expense decreased \$10 million, or 9%, as compared to the 2020 period. The ratio of adjusted non-compensation expense to operating revenue was 15.8% for the 2021 period, as compared to 20.0% for the 2020 period.

Amortization of intangible assets related to acquisitions remained substantially the same as compared the 2020 period.

Operating income increased \$50 million, or 60%, as compared to the 2020 period.

Earnings from operations increased \$47 million, or 42%, as compared to the 2020 period, and, as a percentage of operating revenue, was 24.7%, as compared to 20.0% in the 2020 period.

The provision for income taxes reflects an effective tax rate of 32.4%, as compared to 30.6% for the 2020 period. The increase in the effective tax rate principally relates to an increase in discrete charges and changes in the geographic mix of earnings.

Net income (loss) attributable to noncontrolling interests reflects income of \$4 million in the 2021 period as compared to a loss of \$6 million in the 2020 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,	
	2021	2020
	(\$ in thousands)	
Net Revenue	\$ 318,412	\$ 298,966
Operating Expenses	258,047	246,847
Operating Income	<u>\$ 60,365</u>	<u>\$ 52,119</u>
Operating Income, as a % of net revenue	<u>19.0%</u>	<u>17.4%</u>

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

	Three Months Ended March 31,	
	2021	2020
Lazard Statistics:		
Number of clients with fees greater than \$1 million:		
Financial Advisory	75	56
Percentage of total Financial Advisory net revenue from top 10 clients	32%	40%
Number of M&A transactions completed with values greater than \$500 million (a)	20	22

(a) Source: Dealogic as of April 7, 2021.

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,	
	2021	2020
Americas	56%	59%
EMEA	42	39
Asia Pacific	2	2
Total	<u>100%</u>	<u>100%</u>

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, 2021 versus March 31, 2020

Financial Advisory net revenue increased \$19 million, or 7%, as compared to the 2020 period. The increase in Financial Advisory net revenue was primarily a result of an increase in the number of fees between \$1 million and \$5 million as compared to the 2020 period.

Operating expenses increased \$11 million, or 5%, as compared to the 2020 period, primarily due to increases in compensation and benefits expense associated with increased operating revenue, partially offset by a decrease in marketing and business development expenses.

Financial Advisory operating income was \$60 million as compared to operating income of \$52 million in the 2020 period and, as a percentage of net revenue, was 19.0%, as compared to 17.4% in the 2020 period.

Asset Management

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

	March 31, 2021	As of December 31, 2020
	(\$ in millions)	
AUM by Asset Class:		
Equity:		
Emerging Markets	\$ 32,700	\$ 33,254
Global	58,560	56,246
Local	51,246	48,672
Multi-Regional	72,953	71,560
Total Equity	215,459	209,732
Fixed Income:		
Emerging Markets	12,708	13,651
Global	14,177	11,962
Local	5,556	5,600
Multi-Regional	11,808	12,571
Total Fixed Income	44,249	43,784
Alternative Investments	3,141	2,748
Private Equity	1,324	1,420
Cash Management	679	958
Total AUM	<u>\$ 264,852</u>	<u>\$ 258,642</u>

Total AUM at March 31, 2021 was \$265 billion, an increase of \$6 billion, or 2%, as compared to total AUM of \$259 billion at December 31, 2020 due to market appreciation, partially offset by foreign exchange depreciation and net outflows. Average AUM for the first quarter of 2021 increased 18% as compared to the first quarter of 2020 and increased 6% as compared to the fourth quarter of 2020.

As of both March 31, 2021 and December 31, 2020, approximately 87% 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. As of both March 31, 2021 and December 31, 2020, approximately 13% of our AUM was managed on behalf of individual client relationships, which are principally with family offices and individuals.

As of March 31, 2021, AUM with foreign currency exposure represented approximately 68% of our total AUM, as compared to 69% at December 31, 2020. 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, 2021 and 2020:

	Three Months Ended March 31, 2021						
	AUM Beginning Balance	Inflows (a)	Outflows (a)	Net Flows	Market Value Appreciation/ (Depreciation)	Foreign Exchange Appreciation/ (Depreciation)	AUM Ending Balance
	(\$ in millions)						
Equity	\$ 209,732	\$ 7,561	\$ (11,327)	\$ (3,766)	\$ 12,779	\$ (3,286)	\$ 215,459
Fixed Income	43,784	3,794	(1,946)	1,848	(133)	(1,250)	44,249
Other	5,126	700	(461)	239	(166)	(55)	5,144
Total	<u>\$ 258,642</u>	<u>\$ 12,055</u>	<u>\$ (13,734)</u>	<u>\$ (1,679)</u>	<u>\$ 12,480</u>	<u>\$ (4,591)</u>	<u>\$ 264,852</u>

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

Three Months Ended March 31, 2020

	AUM Beginning Balance	Inflows	Outflows	Net Flows	Market Value Appreciation/ (Depreciation)	Foreign Exchange Appreciation/ (Depreciation)	AUM Ending Balance
	(\$ in millions)						
Equity	\$ 205,541	\$ 6,593	\$ (10,398)	\$ (3,805)	\$ (42,083)	\$ (5,012)	\$ 154,641
Fixed Income	38,263	2,442	(3,487)	(1,045)	(1,397)	(1,500)	34,321
Other	4,435	250	(313)	(63)	(207)	(79)	4,086
Total	<u>\$ 248,239</u>	<u>\$ 9,285</u>	<u>\$ (14,198)</u>	<u>\$ (4,913)</u>	<u>\$ (43,687)</u>	<u>\$ (6,591)</u>	<u>\$ 193,048</u>

As of April 23, 2021, AUM was \$274.1 billion, a \$9.2 billion increase since March 31, 2021. The increase in AUM was due to market appreciation of \$6.7 billion and foreign exchange appreciation of \$2.7 billion, partially offset by net outflows of \$0.2 billion.

Average AUM for the three month periods ended March 31, 2021 and 2020 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,	
	2021	2020
	(\$ in millions)	
Average AUM by Asset Class:		
Equity	\$ 211,999	\$ 180,375
Fixed Income	44,335	36,896
Alternative Investments	2,918	2,047
Private Equity	1,347	1,400
Cash Management	864	816
Total Average AUM	<u>\$ 261,463</u>	<u>\$ 221,534</u>

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

	Three Months Ended March 31,	
	2021	2020
	(\$ in thousands)	
Net Revenue	\$ 347,490	\$ 282,521
Operating Expenses	232,103	204,769
Operating Income	<u>\$ 115,387</u>	<u>\$ 77,752</u>
Operating Income, as a % of net revenue	<u>33.2%</u>	<u>27.5%</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,	
	2021	2020
Americas	46%	51%
EMEA	44	36
Asia Pacific	10	13
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, 2021 versus March 31, 2020

Asset Management net revenue increased \$65 million, or 23%, as compared to the 2020 period. Management fees and other revenue was \$315 million, an increase of \$34 million, or 12%, as compared to \$281 million in the 2020 period, primarily due to an increase in average AUM. Incentive fees were \$33 million, an increase of \$31 million as compared to \$2 million in the 2020 period.

Operating expenses increased \$27 million, or 13%, as compared to the 2020 period primarily due to increases in compensation and benefits expense associated with increased operating revenue.

Asset Management operating income was \$115 million, an increase of \$37 million, or 47%, as compared to operating income of \$78 million in the 2020 period and as a percentage of net revenue, was 33.2%, as compared to 27.5% in the 2020 period.

Corporate

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

	Three Months Ended March 31,	
	2021	2020
	(\$ in thousands)	
Interest Income	\$ 466	\$ 2,000
Interest Expense	(18,803)	(19,039)
Net Interest (Expense)	(18,337)	(17,039)
Other Revenue (Expense)	12,542	(26,434)
Net Revenue (Expense)	(5,795)	(43,473)
Operating Expenses	35,667	2,301
Operating Income (Loss)	<u>\$ (41,462)</u>	<u>\$ (45,774)</u>

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, 2021 versus March 31, 2020

Net interest expense increased \$1 million, or 8%, as compared to the 2020 period.

Other revenue increased \$39 million as compared to the 2020 period primarily due to higher income in the 2021 period attributable to investments held in connection with LFI.

Operating expenses increased \$33 million as compared to the 2020 period, primarily due to an increase in compensation and benefits expense, including an increase in charges pertaining to LFI.

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, or in respect of, a significant portion of its incentive compensation during the first three months of each calendar year with respect to the prior year's results.

Summary of Cash Flows:

	Three Months Ended March 31,	
	2021	2020
	(\$ in millions)	
Cash Provided By (Used In):		
Operating activities:		
Net income	\$ 91	\$ 58
Adjustments to reconcile net income to net cash provided by operating activities (a)	156	138
Other operating activities (b)	(370)	(352)
Net cash used in operating activities	(123)	(156)
Investing activities	(7)	(12)
Financing activities (c)	244	(310)
Effect of exchange rate changes	(79)	(62)
Net Increase (Decrease) in Cash and Cash Equivalents and Restricted Cash	35	(540)
Cash and Cash Equivalents and Restricted Cash (d):		
Beginning of Period	2,569	2,456
End of Period	\$ 2,604	\$ 1,916

(a) Consists of the following:

	Three Months Ended March 31,	
	2021	2020
	(\$ in millions)	
Depreciation and amortization of property	\$ 9	\$ 9
Noncash lease expense	17	15
Amortization of deferred expenses and share-based incentive compensation	100	101
Deferred tax provision	30	12
Amortization of intangible assets related to acquisitions	-	1
Total	\$ 156	\$ 138

(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 restricted stock awards and vested PRSUs, common stock dividends, changes in customer deposits, distributions to noncontrolling interest holders and activity relating to borrowings and in 2021, contributions from redeemable noncontrolling interests and payments of underwriting fees and other offering costs associated with the LGAC IPO.

(d) Cash and cash equivalents and restricted cash 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, including, but not limited to, the ongoing effects of the COVID-19 pandemic. In the case of Financial Advisory, fee receipts are generally dependent upon the successful completion of client transactions, the occurrence and timing of which is irregular and not subject to Lazard's control.

Liquidity is significantly impacted by cash payments for, or in respect of, incentive compensation, a significant portion of which are made during the first three months of the year. As a consequence, cash on hand generally declines in the beginning of the year and gradually builds over the remainder of the year. We also pay certain tax advances during the year on behalf of 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 2021, as reflected on the condensed consolidated statements of financial condition, both “deposits with banks and short-term investments” and “deposits and other customer payables” were relatively flat as compared to December 31, 2020, 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, 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, 2021, Lazard had approximately \$975 million of cash, with such amount including approximately \$530 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, 2021, Lazard had approximately \$213 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”) and unused lines of credit available to LFB of approximately \$12 million.

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, 2021, Lazard Group was in compliance with such ratios, with its Consolidated Leverage Ratio being 1.69 to 1.00 and its Consolidated Interest Coverage Ratio being 13.53 to 1.00. In any event, no amounts were outstanding under the Amended and Restated Credit Agreement as of March 31, 2021.

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, 2021, 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.

Financing Activities

The table below sets forth our corporate indebtedness as of March 31, 2021 and December 31, 2020. 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 Date	Outstanding as of					
		March 31, 2021			December 31, 2020		
		Principal	Unamortized Debt Costs	Carrying Value	Principal	Unamortized Debt Costs	Carrying Value
(\$ in millions)							
Lazard Group 2025 Senior Notes	2025	\$ 400.0	\$ 1.8	\$ 398.2	\$ 400.0	\$ 2.0	\$ 398.0
Lazard Group 2027 Senior Notes	2027	300.0	2.3	297.7	300.0	2.4	297.6
Lazard Group 2028 Senior Notes	2028	500.0	6.4	493.6	500.0	6.6	493.4
Lazard Group 2029 Senior Notes	2029	500.0	6.1	493.9	500.0	6.3	493.7
		<u>\$ 1,700.0</u>	<u>\$ 16.6</u>	<u>\$ 1,683.4</u>	<u>\$ 1,700.0</u>	<u>\$ 17.3</u>	<u>\$ 1,682.7</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, 2021, 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 10 of Notes to Condensed Consolidated Financial Statements for additional information regarding senior debt.

Stockholders' Equity

At March 31, 2021, total stockholders' equity was \$867 million, as compared to \$999 million at December 31, 2020, including \$765 million and \$912 million attributable to Lazard Ltd on the respective dates. The net activity in stockholders' equity during the three month period ended March 31, 2021 is reflected in the table below (in millions of dollars):

Stockholders' Equity - January 1, 2021	\$ 999
Increase (decrease) due to:	
Net income	91
Other comprehensive loss	(17)
Amortization of share-based incentive compensation	68
Purchase of common stock	(123)
Settlement of share-based incentive compensation (a)	(66)
Common stock dividends	(49)
Change in redemption value of redeemable noncontrolling interests	(41)
Other - net	5
Stockholders' Equity - March 31, 2021	<u>\$ 867</u>

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

The Board of Directors of Lazard has issued a series of authorizations to repurchase 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 ultimately 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:

Three Months Ended March 31:	Number of Shares Purchased	Average Price Per Share
2020	2,912,035	\$ 32.70
2021	2,899,541	\$ 42.30

As of March 31, 2021, a total of \$177 million of share repurchase authorization remained available under the Company's share repurchase program, which will expire on December 31, 2021.

In addition, on April 29, 2021, the Board of Directors of Lazard authorized the repurchase of up to \$300 million of additional shares of common stock, which authorization will expire on December 31, 2022, bringing the total available share repurchase authorization as of April 29, 2021 to approximately \$439 million.

During the three month period ended March 31, 2021, the Company 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 29, 2021, the Board of Directors of Lazard declared a quarterly dividend of \$0.47 per share on our common stock. The dividend is payable on May 21, 2021 to stockholders of record on May 10, 2021.

See Notes 12 and 13 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 18 of Notes to Condensed Consolidated Financial Statements for further information. These regulations differ in the U.S., the U.K., France and other countries in which we operate. Our capital structure is designed to provide each of our subsidiaries with capital and liquidity consistent with its business and regulatory requirements. For a discussion of regulations relating to us, see Item 1, "Business—Regulation" included in our Form 10-K.

Contractual Obligations

The following table sets forth information relating to Lazard's contractual obligations as of March 31, 2021:

	Total	Contractual Obligations Payment Due by Period			
		Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
		(\$ in thousands)			
Senior debt (including interest)	\$ 2,168,292	\$ 70,250	\$ 140,500	\$ 524,792	\$ 1,432,750
Operating leases (exclusive of \$10,101 of committed sublease income)	706,544	68,018	140,635	123,117	374,774
Investment capital funding commitments (a)	5,865	5,865	-	-	-
Total (b)	<u>\$ 2,880,701</u>	<u>\$ 144,133</u>	<u>\$ 281,135</u>	<u>\$ 647,909</u>	<u>\$ 1,807,524</u>

- (a) Unfunded commitments to private equity investments consolidated but not owned by Lazard of \$10,022 are excluded. Such commitments are required to be funded by capital contributions from noncontrolling interest holders. See Note 6 of Notes to Condensed Consolidated Financial Statements. These amounts are generally due on demand and therefore are presented in the "less than 1 year" category.
- (b) The table above excludes contingent obligations, given the inability to make a reasonably reliable estimate of the timing of the amounts of any such payments. The table above also excludes any possible payments for uncertain tax positions and payments pursuant to the Company's tax receivable agreement, given that the actual amount and timing of payments under the tax receivable agreement could differ materially from our estimates. At March 31, 2021, a tax receivable agreement obligation of \$211,236 was recorded on the condensed consolidated statements of financial condition. See "Critical Accounting Policies and Estimates – Income Taxes" below. See also Notes 11, 13, 14, 15 and 17 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.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our condensed consolidated financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in conformity with U.S. GAAP. The preparation of

Lazard's condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, Lazard evaluates its estimates, including those related to revenue recognition, income taxes (including the impact on the tax receivable agreement obligation), investing activities and goodwill. Lazard bases these estimates on historical experience and various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments, including judgments regarding the carrying values of assets and liabilities, that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Revenue Recognition

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

- a contract with a client has been identified;
- the performance obligations in the contract have been identified;
- the fee or other transaction price has been determined;
- the fee or other transaction price has been allocated to each performance obligation in the contract; and
- the Company has satisfied the applicable performance obligation.

The Company earns performance-based incentive fees on various investment products, including traditional products and alternative investment funds such as hedge funds and private equity funds. See "Financial Statement Overview" for a description of our revenue recognition policies on such fees. If, in Lazard's judgment, collection of a fee is not probable, Lazard will not recognize revenue until the uncertainty is removed. We maintain an allowance for doubtful accounts to provide coverage for estimated losses from our receivables. We determine the adequacy of the allowance under CECL 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 impaired, 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.

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

Compensation Liabilities

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

Income Taxes

As part of the process of preparing our consolidated financial statements, we estimate our income taxes for each of our tax-paying entities in its respective 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 a taxing authority. The measurement of deferred tax assets and liabilities is based upon currently enacted tax rates in the applicable jurisdictions. At December 31, 2020, on a consolidated basis, we recorded gross deferred tax assets of approximately \$717 million, with such amount partially offset by a valuation allowance of approximately \$82 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, including:

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

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

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

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

Certain of our tax-paying entities have individually experienced losses on a cumulative three year basis or have tax attributes that may expire unused. In addition, one of our tax-paying entities has recorded a valuation allowance on substantially all of its deferred tax assets due to the combined effect of operating losses in certain subsidiaries of that entity as well as foreign taxes that together substantially offset any U.S. tax liability. Taking into account all available information, we cannot determine that it is more likely than not that deferred tax assets held by these entities will be realized. Consequently, we have recorded valuation allowances on \$82 million of deferred tax assets held by these entities as of December 31, 2020.

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 15 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 the current tax laws and 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 17 of Notes to Condensed Consolidated Financial Statements for additional information regarding the TRA.

The cumulative liability relating to our obligations under the TRA recorded as of March 31, 2021 and December 31, 2020 was \$211 million and \$221 million, respectively, and is recorded in “tax receivable agreement obligation” on the condensed consolidated statements of financial condition.

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. See Note 6 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, 2021	December 31, 2020
	(\$ in thousands)	
Seed investments by asset class:		
Equities (a)	\$ 109,005	\$ 82,699
Fixed income	11,016	10,977
Alternative investments	23,201	22,113
Total seed investments	<u>143,222</u>	<u>115,789</u>
Other investments owned:		
Private equity (b)	21,412	20,675
Fixed income and other (c)	125,427	125,565
Total other investments owned	<u>146,839</u>	<u>146,240</u>
Subtotal	290,061	262,029
Add:		
Private equity consolidated, not owned (d)	18,281	16,892
LFI (e)	474,009	379,611
Total investments	<u>\$ 782,351</u>	<u>\$ 658,532</u>

(a) At March 31, 2021 and December 31, 2020, seed investments in directly owned equity securities were invested as follows:

	March 31, 2021	December 31, 2020
Percentage invested in:		
Financials	14%	16%
Consumer	37	38
Industrial	13	12
Technology	25	21
Other	11	13
Total	<u>100%</u>	<u>100%</u>

- (b) Private equity investments include investments related to certain legacy businesses and co-investments in private equity funds managed by our Asset Management business. Co-investments owned were \$18 million and \$17 million as of March 31, 2021 and December 31, 2020, respectively.
- (c) At both March 31, 2021 and December 31, 2020, includes investments in U.S. Treasury securities of \$100 million, with original maturities of greater than three months and less than one year.
- (d) Represents private equity investments that are consolidated but owned by noncontrolling interests, and therefore do not subject the Company to market or credit risk. The applicable noncontrolling interests are presented within “stockholders’ equity” on the condensed consolidated statements of financial condition.
- (e) Composed of investments held in connection with LFI and other similar deferred compensation arrangements. The market risk associated with such investments is equally offset by the market risk associated with the derivative liability with respect to awards expected to vest. The Company is subject to market risk associated with any portion of such investments that employees may forfeit. See “—Risk Management—Risks Related to Derivatives” for risk management information relating to derivatives. LFI investments held in entities in which the Company maintained a controlling interest were \$215 million in ten entities as of March 31, 2021, as compared to \$155 million in nine entities as of December 31, 2020.

At March 31, 2021 and December 31, 2020, total investments with a fair value of \$782 million and \$659 million, respectively, included \$61 million and \$53 million, respectively, or 8% and 8%, respectively, of investments that were classified using NAV or its equivalent as a practical expedient. See Notes 5 and 6 of Notes to Condensed Consolidated Financial Statements for additional information regarding investments measured at fair value, including the levels of fair value within which such measurements of fair value fall.

As of March 31, 2021 and December 31, 2020, the Company held seed investments of approximately \$143 million and \$116 million, respectively. Seed investments held in entities in which the Company maintained a controlling interest were \$80 million in nine entities as of March 31, 2021, as compared to \$59 million in seven entities as of December 31, 2020.

As of March 31, 2021 and December 31, 2020, the Company did not consolidate or deconsolidate any seed investment entities or LFI investment entities with the exception of the consolidation of certain LFI funds (see Note 20 of Notes to the Condensed Consolidated Financial Statements). As such, 100% of the recorded balance of seed investments and substantially all of LFI investments as of March 31, 2021 and December 31, 2020 represented the Company’s economic interest in the seed and LFI investments. See “—Consolidation of Variable Interest Entities” below for more information on the Company’s policy regarding the consolidation of seed and LFI investment entities.

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

Assets Under Management

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

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

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

Goodwill

In accordance with current accounting guidance, goodwill has an indefinite life and is tested for impairment annually, as of November 1, or more frequently if circumstances indicate impairment may have occurred. The Company performs a qualitative evaluation about whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount in lieu of actually calculating the fair value of the reporting unit. See Note 9 of Notes to Condensed Consolidated Financial Statements for additional information regarding goodwill.

Consolidation

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

- **Voting Interest Entities.** VOEs are entities in which (i) the total equity investment at risk is sufficient to enable the entity to finance itself independently and (ii) the equity holders have the obligation to absorb losses, the right to receive residual returns and the right to make decisions about the entity's activities. Lazard is required to consolidate a VOE if it 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 and investment management contracts with fund entities in our Asset Management business. Lazard is not required to consolidate such entities because, with the exception of certain seed and LFI investments, as discussed below, we do not hold more than an inconsequential equity interest in such entities and we do not hold other variable interests (including our investment management agreements, which do not meet the definition of variable interests) in such entities.

Lazard makes seed 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. See "Critical Accounting Policies and Estimates—Investments" above for more information regarding our investments.

Generally, when the Company initially invests to seed an investment entity, the Company is the majority owner of the entity. Our majority ownership in seed investment entities represents a controlling interest, except when we are the general partner in such entities and the third-party investors have the right to replace the general partner. To the extent material, we consolidate seed 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.

Risk Management

Investments

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

noncontrolling interest holders of certain acquired entities and (iii) interest-bearing deposits with maturities over 90 days that allow daily withdrawals without principal penalties.

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, 2021 and December 31, 2020, 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 \$126 million and \$95 million, respectively. The Company hedges market exposure arising from a significant portion of our equity investment portfolios by entering into total return swaps. The Company estimates that a hypothetical 10% adverse change in market prices would result in a net decrease of approximately \$1.5 million and \$0.2 million in the carrying value of such investments as of March 31, 2021 and December 31, 2020, respectively, including the effect of the hedging transactions.

Interest Rate/Credit Spread Risk—At March 31, 2021 and December 31, 2020, 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 \$145 million and \$139 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 \$0.8 million and \$1.0 million in the carrying value of such investments as of March 31, 2021 and December 31, 2020, respectively, including the effect of the hedging transactions.

Foreign Exchange Rate Risk—At March 31, 2021 and December 31, 2020, 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 \$72 million and \$48 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 \$1.5 million and \$0.4 million in the carrying value of such investments as of March 31, 2021 and December 31, 2020, 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 both March 31, 2021 and December 31, 2020, the Company's exposure to changes in fair value of such investments was approximately \$21 million. The Company estimates that a hypothetical 10% adverse change in fair value would result in a decrease of approximately \$2.1 million in the carrying value of such investments as of both March 31, 2021 and December 31, 2020.

Risks Related to Receivables

We maintain an allowance for doubtful accounts to provide coverage for probable losses from our receivables. We determine the adequacy of the allowance by estimating the probability of loss based on our analysis of the client's creditworthiness, among other things, and specifically provide for exposures where we determine the receivables are impaired. At March 31, 2021, total receivables amounted to \$740 million, net of an allowance for doubtful accounts of \$35 million. As of that date, Financial Advisory and Asset Management fees, and customers and other receivables comprised 75% and 25% of total receivables, respectively. At December 31, 2020, total receivables amounted to \$743 million, net of an allowance for doubtful accounts of \$37 million. As of that date, Financial Advisory and Asset Management fees, and customers and other receivables comprised 84% and 16% of total receivables, respectively. See also "Critical Accounting Policies and Estimates—Revenue Recognition" above and Note 4 of Notes to Condensed Consolidated Financial Statements for additional information regarding receivables.

LFB engages in lending activities, including commitments to extend credit (primarily for clients of LFG). At March 31, 2021 and December 31, 2020, customers and other receivables included \$111 million and \$100 million, respectively, of LFB loans, with such loans being fully collateralized and closely monitored for counterparty creditworthiness.

Credit Concentrations

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

Risks Related to Derivatives

Lazard enters into forward foreign currency exchange contracts and interest rate swaps to hedge exposures to currency exchange rates and interest rates and uses total return swap contracts on various equity and debt indices to hedge a portion of its market exposure with respect to certain seed investments related to our Asset Management business. Derivative contracts are recorded at fair value. Derivative assets amounted to \$1 million at both March 31, 2021 and December 31, 2020, respectively, and derivative liabilities, excluding the derivative liability arising from the Company's obligation pertaining to LFI and other similar deferred compensation arrangements and the derivative liability for warrants issued in connection with the LGAC IPO, amounted to \$1 million and \$3 million at such respective dates.

The Company records the warrants exercisable for LGAC Class A ordinary shares that were issued in connection with the LGAC IPO, which amounted to \$12 million at March 31, 2021, as derivative liabilities at fair value with remeasurement gains and losses recorded in earnings.

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 \$383 million and \$311 million at March 31, 2021 and December 31, 2020, 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, 2021, Lazard estimates that its annual operating income relating to cash and cash equivalents would increase by approximately \$10 million in the event interest rates were to increase by 1% and decrease by approximately \$10 million if rates were to decrease by 1%.

As of March 31, 2021, the Company's cash and cash equivalents totaled approximately \$975 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, or legal actions due to operating deficiencies or noncompliance. The Company maintains a framework including policies and a system of internal controls designed to monitor and manage operational risk and provide management with timely and accurate information. Management within each of the operating companies is primarily responsible for its operational risk programs. The Company has in place business continuity and disaster recovery programs that manage its capabilities to provide services in the case of a disruption. We purchase insurance policies designed to help protect the Company against accidental loss and losses that may significantly affect our financial objectives, personnel, property or our ability to continue to meet our responsibilities to our various stakeholder groups.

Recent Accounting Developments

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Risk Management

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

Item 4. Controls and Procedures

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

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved from time to time in judicial, 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 experiences significant variation in its revenue and earnings on a quarterly basis. Accordingly, the results of any pending matter or matters could be significant when compared to the Company's earnings in any particular fiscal quarter. The Company believes, however, based on currently available information, that the results of any pending matters, in the aggregate, will not have a material effect on its business or financial condition.

Item 1A. Risk Factors

There were no material changes from the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

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 2021. 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
January 1 – January 31, 2021				
Share Repurchase Program (1)	760,000	\$ 43.82	760,000	\$ 266.7 million
Employee Transactions (2)	16,560	\$ 43.28	-	-
February 1 – February 28, 2021				
Share Repurchase Program (1)	335,214	\$ 40.67	335,214	\$ 253.1 million
Employee Transactions (2)	663,421	\$ 41.63	-	-
March 1 – March 31, 2021				
Share Repurchase Program (1)	1,804,327	\$ 41.96	1,804,327	\$ 177.3 million
Employee Transactions (2)	931,867	\$ 39.14	-	-
Total				
Share Repurchase Program (1)	2,899,541	\$ 42.30	2,899,541	\$ 177.3 million
Employee Transactions (2)	1,611,848	\$ 40.20	-	-

(1) Since 2019 and through the three months ended March 31, 2021, 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
February 2019	\$ 300,000	December 31, 2020
October 2019	\$ 300,000	December 31, 2021

In addition, on April 29, 2021, the Board of Directors of Lazard authorized the repurchase of up to \$300,000 of additional shares of common stock, which authorization will expire on December 31, 2022, bringing the total available share repurchase authorization as of April 29, 2021 to approximately \$439,000.

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, 2021, the Company satisfied such obligations in lieu of issuing (i) 1,449,315 shares of common stock upon the vesting or settlement of 4,237,602 RSUs and PRSUs and (ii) 162,533 shares of common stock upon the vesting of 428,298 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 Amended and Restated Operating Agreement of Lazard Group LLC, dated as of February 4, 2019 (incorporated by reference to Exhibit 99.1 to Registrant's Current Report (File No. 001-32492) on Form 8-K filed on February 5, 2019).
- 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 29, 2019, 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 3, 2019).
- 10.9* 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).
- 10.10* 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 Scott D. Hoffman (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on April 3, 2019).
- 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 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 3, 2019).
- 10.12* 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).
- 10.13* Agreement relating to Retention and Noncompetition and Other Covenants, dated as of February 25, 2021, by and among the Registrant, Lazard Group LLC and Peter Orszag.
- 10.14* 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).
- 10.15* Directors' Fee Deferral Unit Plan (incorporated by reference to Exhibit 10.39 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on May 11, 2006).
- 10.16 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 (File No. 001-32492) on Form 10-Q filed on August 4, 2020).
- 10.17* 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 (File No. 001-32492) on Form 10-Q filed on April 30, 2019).
- 10.18* 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).
- 10.19* Form of Agreement evidencing grant of Performance-Based Restricted Participation Units under the 2018 Incentive Compensation Plan.
- 10.20* Form of Agreement evidencing grant of Lazard Fund Interests to Named Executive Officers under the 2018 Incentive Compensation Plan.
- 10.21* Form of Agreement for Profits Interest Participation Right Units under the 2018 Compensation Plan.
- 31.1 Rule 13a-14(a) Certification of Kenneth M. Jacobs.
- 31.2 Rule 13a-14(a) Certification of Evan L. Russo.
- 32.1 Section 1350 Certification for Kenneth M. Jacobs.
- 32.2 Section 1350 Certification for Evan L. Russo.
- 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 3, 2021

LAZARD LTD

By: /s/ Evan L. Russo
Name: Evan L. Russo
Title: Chief Financial Officer

By: /s/ Dominick Ragone
Name: Dominick Ragone
Title: Chief Accounting Officer

AGREEMENT RELATING TO RETENTION AND
NONCOMPETITION AND OTHER COVENANTS

AGREEMENT, dated as of February 25, 2021 (this “Agreement”), by and among Lazard Ltd, a company incorporated under the laws of Bermuda (“Lazard”), Lazard Group LLC, a Delaware limited liability company (“Lazard Group”), on its behalf and on behalf of its subsidiaries and affiliates (collectively with Lazard and Lazard Group, and its and their respective predecessors and successors, the “Firm”), and Peter R. Orszag (the “Executive”).

WHEREAS, as of the date hereof, the Executive is the Chief Executive Officer of Financial Advisory of Lazard Group, and this Agreement is being entered into in connection with the Executive becoming an executive officer of Lazard.

NOW, THEREFORE, in consideration of the premises contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Executive, Lazard and Lazard Group hereby agree as follows:

1. Term. Subject to Section 10(c) and to Section 16(b), the “Term” of this Agreement shall commence as of the date hereof and, except as set forth in the remainder of this Section 1, shall continue indefinitely until terminated in accordance with this Section 1. Notwithstanding the foregoing, certain provisions of this Agreement will expire upon March 31, 2022, subject to earlier termination in accordance with this Agreement (the date of termination of such terms, the “Specified Expiration Date”); provided that, upon a Change in Control (as defined in Lazard’s 2018 Incentive Compensation Plan, as it may be amended from time to time, or any successor plan thereto (the “Plan”), the Specified Expiration Date shall automatically be extended so that it occurs not less than two years from the effective date of such Change in Control. Any party to this Agreement may terminate the Term (and the Executive’s employment) upon three months’ prior written notice to the other party; provided, however, that such notice (or pay in lieu of notice) shall not be required in the event of the termination of the Executive’s employment by reason of the Executive’s death or “disability” (within the meaning of the long-term disability plan of the Firm applicable to the Executive) (“Disability”) or by the Firm for Cause (as defined in Section 3(e) below), may be waived by the Firm in the event of receipt of notice of a termination by the Executive or may, if the Firm wishes to terminate the Term with immediate effect, be satisfied by providing the Executive with his base salary during such three-month period in lieu of such notice; provided further that such notice requirements shall not apply in the event the Executive terminates his employment for any of the circumstances described in clauses (i)-(iii) of the definition of Good Reason provided in Section 3(e) below.

2. [Reserved]

3. Continued Employment. (a) Employment. The Executive hereby agrees to continue in the employ of the Firm, subject to the terms and conditions of this Agreement.

(b) Duties and Responsibilities; Code of Conduct. During the Term until the Specified Expiration Date, the Executive shall continue to (i) serve as the Chief Executive Officer of Financial Advisory of Lazard Group, with such authority, duties and responsibilities as are consistent with the authority, duties and responsibilities exercised by the Executive on the date hereof, (ii) report directly to the Firm's Chief Executive Officer and (iii) other than in respect of charitable, educational and similar activities that do not materially affect the Executive's duties to the Firm (or in respect of directorships, trusteeships, or similar posts, in each case, that are approved by the Firm's Chief Executive Officer), devote his entire working time, labor, skill and energies to the business and affairs of the Firm. During the Term, the Executive shall comply with the Firm's professional code of conduct as in effect from time to time and shall execute on an annual basis and at such additional times as the Firm may reasonably request such code as set forth in the Firm's "Professional Conduct Manual" or other applicable manual or handbook of the Firm as in effect from time to time and applicable to managing directors in the same geographic location as the Executive.

(c) Compensation.

(i) Base Salary. During the period ending on the Specified Expiration Date, subject to the Executive's continued employment hereunder, the Executive shall be entitled to receive an annual base salary of not less than \$750,000 ("Base Salary"). For purposes of this Agreement, the term Base Salary shall refer to Base Salary as in effect from time to time, including any increases thereto. During the portion of the Term commencing after the Specified Expiration Date, subject to the Executive's continued employment hereunder, the Executive shall be paid an annualized base salary in the amount of the Executive's base salary as in effect on the Specified Expiration Date, payable in the same manner as other managing directors in the same geographic location are paid. The Executive's base salary shall be subject to annual review and increase, but not decrease, unless such decrease is in line with an across-the-board base salary decrease to all managing directors in the same geographic location as the Executive.

(ii) Annual Bonus. During the Term, subject to the Executive's continued employment hereunder through the date of payment, the Executive may be awarded an annual bonus in an amount determined in the sole discretion of the Compensation Committee of the Board of Directors of Lazard (the "Compensation Committee"). A portion of any such annual bonus may be satisfied in the form of equity compensation or deferred awards which may be subject to vesting conditions or restrictive covenants. Notwithstanding the foregoing, prior to the Specified Expiration Date, so long as the Executive remains employed by the Firm through the end of the applicable fiscal year of Lazard (except as otherwise provided below in this Section 3), Executive shall be entitled to receive an annual bonus to be determined under the terms of the applicable annual bonus plan of Lazard Group on the same basis as annual bonuses are determined for other executive officers of Lazard, with such annual bonus to be paid at the same time(s) and in the same ratio of cash to equity and deferred awards as is applicable to executives of the Firm receiving annual bonuses at a level comparable to the annual bonus of the Executive.

(iii) Special Retention Award. On July 15, 2022, subject to the Executive's continued employment with the Firm through such date, the Executive shall be awarded a special retention award consisting of (a) a cash payment of \$1,250,000 (the "Retention Cash Award"), and (b) an equity-based award in the form of profits interest participation rights or restricted stock units, as determined by Lazard in its discretion, with a grant date value (as determined by Lazard) of \$2,500,000 (the "Retention Equity Award"). In the event that, following payment of the Retention Cash Award, the Executive resigns without Good Reason or is terminated for Cause on or prior to July 15, 2024, the Executive shall be obligated to repay the Retention Cash Award to Lazard in full within ten business days following the Executive's notice of resignation or, in the case of termination for Cause, within ten business days following the Executive's last day of employment. Subject to the Executive's continued employment with the Firm through September 3, 2024, the Retention Equity Award shall vest fully on such date and shall be subject to the terms and conditions of the applicable award agreement which shall be in the Firm's customary form (other than with respect to the vesting period) evidencing such grant and the applicable Lazard incentive compensation plan.

(iv) Long-term Incentive Compensation. Subject to the Executive's continued employment hereunder, the Executive shall be eligible to participate in any equity incentive plan for executives of the Firm as may be in effect from time to time, in accordance with the terms of any such plan.

(v) Employee Benefit Plans. Subject to the Executive's continued employment, the Executive shall continue to be eligible to participate in the employee retirement and welfare benefit plans and programs of the type made available to the Firm's managing directors generally (or, until the period ending on the Specified Expiration Date, those made available to the senior most executives of the Firm generally), in accordance with their terms and as such plans and programs may be in effect from time to time, including savings, profit-sharing and other retirement plans or programs, 401(k), medical, dental, flexible spending account, hospitalization, short-term and long-term disability and life insurance plans.

(d) Severance Pay and Benefits under Certain Circumstances. (i) Except as set forth in Section 3(d)(ii) below, the Executive's employment hereunder shall be at-will and not for a definite period or duration. Except as set forth in Section 3(d)(ii) below, subject to the Executive's right to continue to receive his base salary during the three-month notice period (to the extent not waived by the Firm) provided in Section 1, the Executive shall not be entitled under this Agreement to any severance payments or benefits or, in the absence of a breach of this Agreement by the Firm, any other damages under this Agreement upon termination of the Term or his employment with the Firm for any reason.

(ii) Notwithstanding anything to the contrary contained in Section 3(d)(i), in the event that prior to the Specified Expiration Date the Executive's employment with the Firm is terminated by the Firm without Cause or by the Executive for Good Reason (in each case, as defined in Section 3(e) below) (a "Qualifying Termination"), the terms of this Section 3(d)(ii) shall apply. Lazard Group shall pay the Executive (subject to the Executive delivering a waiver and release in accordance with Section 3(d)(iii) in the event such Qualifying Termination occurs prior to a Change in Control), in a lump sum in cash on the 61st day after the Date of Termination (as defined in Section 3(e) below), the aggregate of the following amounts: (A) any

unpaid Base Salary through the Date of Termination; (B) any earned and unpaid bonus amounts for fiscal years of Lazard completed prior to the Date of Termination (determined in accordance with Section 3(c)(ii) and with any such bonus to be paid in full in cash); and (C) one times the sum of (x) the Base Salary and (y) the average annual bonus (or, to the extent applicable, cash distributions, and including any bonuses and other special retention awards paid in the form of cash or equity-based or fund interest awards based on the grant date value of such awards in accordance with the normal valuation methodology used by Lazard) paid or payable (including any such amounts that may be deferred under any plan or arrangement of the Firm, provided that, in the case of special retention awards, for purposes of this clause (y), such awards shall be taken into account in the year of payment for any cash awards and in the year of grant for any equity-based or fund interest awards) to the Executive for the two completed fiscal years of Lazard immediately preceding the fiscal year during which occurs the Date of Termination (the “Average Bonus”). In addition, upon a Qualifying Termination, for 24 months (the “Benefit Continuation Period”), the Executive and his eligible dependents shall continue to be eligible to participate in the medical and dental benefit plans of Lazard Group on the same basis as the Executive participated in such plans immediately prior to the Date of Termination, to the extent that the applicable plan permits such continued participation for all or any portion of such period (it being agreed that Lazard Group will use its reasonable best efforts to cause such continued coverage to be permitted under the applicable plan for the entire Benefit Continuation Period), which Benefit Continuation Period shall not run concurrently with or reduce the Executive’s right to continued coverage under COBRA and to the extent permitted under the applicable plan, the Executive will receive an additional two years of age and service credit for purposes of determining his eligibility for and right to commence receiving benefits under the retiree health care benefit plans of Lazard Group. For purposes of the provision of the health care benefits as provided above, the amount of such health care benefits provided in any given calendar year shall not affect the amount of such benefits provided in any other calendar year, and the Executive’s right to the health care benefits may not be liquidated or exchanged for any other benefit. In addition, in the case of (1) a Qualifying Termination prior to the Specified Expiration Date or (2) the Executive’s death or termination due to Disability prior to the Specified Expiration Date, with respect to the fiscal year of Lazard during which the Date of Termination occurs, the Executive or his estate, as applicable, shall receive a pro-rata annual bonus payable in cash equal to the product of (I) the Average Bonus and (II) a fraction, the numerator of which is the number of days elapsed in the fiscal year of Lazard in which occurs the Date of Termination through the Date of Termination, and the denominator of which is 365. The pro-rata annual bonus shall be paid at such time or times as Lazard Group otherwise makes incentive payments for such fiscal year (and in all events no earlier than January 1st, and no later than March 15th, of the year following the year in which the Date of Termination occurs).

(iii) Notwithstanding any provision of Section 3(d)(ii), the payments and benefits (other than any earned and unpaid compensation described in clauses (A) and (B) of Section 3(d)(ii)) payable to the Executive pursuant to Section 3(d)(ii) upon a Qualifying Termination prior to a Change in Control shall be subject to and conditioned upon the Executive having delivered to the Firm, no later than the 60th day after the Date of Termination, a waiver and general release of claims in favor of the Firm and its affiliates in the form attached hereto as Exhibit A that has become effective and irrevocable in accordance with its terms (such requirement to execute a release, the “Release Requirement”). Notwithstanding the foregoing, the Release Requirement shall lapse upon a Change in Control.

(iv) For all purposes of this Agreement, including Section 5(a), and for all purposes of the outstanding equity-based awards, fund interest awards, profits interests and any similar awards (collectively, the “Awards”) held by the Executive as of the Date of Termination (as defined in this Agreement), a resignation by the Executive for Good Reason during the Term shall be treated as a termination of the Executive by the Firm without Cause or as a Termination of Employment by the Firm other than for Cause (as such phrase or similar phrases are defined in the Plan) or the award agreements governing the Awards (each, an “Award Agreement”), as applicable.

(v) In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Section 3(d) and such amounts shall not be reduced whether or not the Executive obtains other employment. Except as provided in Section 16(f) of this Agreement, the Firm’s obligation to make the payments and provide the benefits provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Firm may have against the Executive.

(e) Certain Definitions. For purposes of this Agreement, as applicable, the following terms shall have the following meanings:

“Cause” shall mean: (i) conviction of the Executive of, or a guilty or nolo contendere plea (or the equivalent in a non-United States jurisdiction) by the Executive to, a felony (or the equivalent in a non-United States jurisdiction), or of any other crime that legally prohibits the Executive from working for the Firm; (ii) breach by the Executive of a regulatory rule that materially adversely affects the Executive’s ability to perform his duties to the Firm; (iii) willful and deliberate failure on the part of the Executive (other than any such failure resulting from incapacity due to physical or mental illness or, in the case of clauses (A) and (B), following the Firm’s termination of the Executive other than for Cause or, prior to the Scheduled Expiration Date, the Executive’s termination for Good Reason in accordance with this Agreement) (A) to perform his employment duties in any material respect, (B) to follow specific reasonable directions received from the Firm’s Chief Executive Officer or (C) to comply with the policies of Lazard and its affiliates in any material respect which failure is demonstrably and materially injurious to Lazard or any of its affiliates, in each case following written notice to the Executive of such failure and, if such failure is curable, the Executive’s failing to cure such failure within a reasonable time (but in no event less than thirty (30) days after actual receipt by the Executive of such written notice); or (iv) a breach of the Covenants (as defined in Section 10(a) below) that is (individually or combined with other such breaches) demonstrably and materially injurious to Lazard or any of its affiliates. No act or failure to act, on the part of the Executive, shall be considered “willful” unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive’s action or omission was in the best interests of the Firm. Notwithstanding the foregoing, with respect to the events described in clauses (ii), (iii)(A), (iii)(C) and (iv) hereof, the Executive’s acts or failure to act shall not constitute Cause to the extent taken (or not taken) based upon the direct instructions of the Firm’s Chief Executive Officer or upon the direct advice of counsel to the Firm. Except in the case of a termination of the Executive’s employment under clause (i) of the definition of Cause, the cessation of employment of the Executive following a Change in Control shall not be deemed to be for Cause

unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than two-thirds of the entire membership of the board of directors or similar governing body of the entity that is the ultimate parent of the Firm (such board, referred to as the “Applicable Board”) finding that, in the good faith opinion of the Applicable Board, circumstances constituting Cause exist.

“Date of Termination” shall mean (i) if the Executive’s employment is terminated by the Firm for Cause, the date of receipt of the written notice of termination from the Firm or any later date specified therein within thirty (30) days after the Executive’s receipt of such notice, as the case may be, (ii) if the Executive’s employment is terminated by the Firm other than for Cause or Disability, the date that is three months following the date on which the Firm notifies the Executive in writing of such termination (provided that if the Firm wishes to terminate the Term with immediate effect and provide the Executive with three months’ base salary in lieu of notice in accordance with Section 1 above, then the Date of Termination shall be the date on which the Firm notifies the Executive in writing of such termination), (iii) if the Executive’s employment is voluntarily terminated by the Executive without Good Reason, the date as specified by the Executive in the notice of termination, which date shall not be less than three months after the Executive notifies the Firm in writing of such termination, unless waived in writing by the Firm, (iv) if the Executive’s employment is terminated by the Executive for Good Reason, the earlier of (A) the last day of the cure period (assuming no cure has occurred) and (B) the date Lazard Group formally notifies the Executive in writing that it does not intend to cure, unless Lazard Group and the Executive agree to a later date, which shall in no event be later than thirty (30) days following the first to occur of the dates set forth in clauses (A) and (B) of this clause (iv), and (v) if the Executive’s employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the date on which the Executive’s termination due to Disability is effective for purposes of the applicable long-term disability plan of the Firm, as the case may be. The Firm and the Executive shall take all steps necessary (including with regard to any post-termination services by the Executive) to ensure that any termination of the Executive’s employment described in this Agreement constitutes a “separation from service” within the meaning of Section 409A of the Code, and notwithstanding anything contained herein to the contrary, (x) to the extent that any amounts owed to the Executive under this Agreement are payable upon his termination of employment and are subject to Section 409A of the Code, then to the extent required in order to comply with Section 409A of the Code, such amounts shall not be payable to the Executive unless and until his termination of employment constitutes a “separation from service,” within the meaning of Section 409A of the Code, including the default presumptions thereof and (y) the date on which such separation from service takes place shall be the “Date of Termination.”

“Good Reason” shall mean (i) the assignment to the Executive of any duties inconsistent in any material respect with the Executive’s positions (including status, offices, titles and reporting requirements), authority, duties or responsibilities from those contemplated by Section 3(b) of this Agreement (without regard to whether or not the Specified Expiration Date has passed), or any other action by the Firm which results in a material diminution in such positions (including status, offices, titles and reporting requirements), authority, duties or responsibilities from those contemplated by Section 3(b) of this Agreement (without regard to whether or not the Specified Expiration Date has passed), (ii) a material breach by the Firm of the terms of this Agreement, including any material failure by the Firm to comply with Section 3(c) of this

Agreement or the nondisparagement covenant in Section 8 of this Agreement, or (iii) without the Executive's written consent, any requirement that the Executive's principal place of employment be relocated to a location that increases the Executive's commute from his primary residence by more than thirty (30) miles. In the event of a termination for Good Reason, the notice requirements of Section 1 of this Agreement shall not apply. Notwithstanding the foregoing, a termination for Good Reason shall not have occurred unless (A) the Executive gives written notice to Lazard Group of termination of employment within ninety (90) days after the Executive first becomes aware of the occurrence of the circumstances constituting Good Reason, specifying in reasonable detail the circumstances constituting Good Reason, and Lazard Group has failed within thirty (30) days after receipt of such notice to cure (if capable of cure) the circumstances constituting Good Reason, and (B) the Executive's "separation from service" (within the meaning of Section 409A of the Code) occurs no later than the earlier of (x) the last day of the cure period (assuming no cure has occurred) and (y) the date Lazard Group formally notifies the Executive in writing that it does not intend to cure, unless Lazard Group and the Executive agree to a later date, which later date shall in no event be more than two years following the initial existence of one or more of the circumstances giving rise to Good Reason.

(f) Certain Limitations on Payments. In the event that it is determined by reasonable computation by a nationally recognized certified public accounting firm that shall be selected by the Firm prior to any transaction constituting a change of control (which accounting firm shall in no event be the accounting firm for the entity seeking to effectuate such change of control) and reasonably acceptable to the Executive (the "Accountant"), which determination shall be certified by the Accountant and set forth in a certificate delivered to the Executive setting forth in reasonable detail the basis of the Accountant's determinations, that the aggregate amount of the payments, distributions, benefits and entitlements in the nature of compensation (within the meaning of Section 280G(B)(2) of the Code) by the Firm or any affiliate to or for the Executive's benefit (including any payment, distribution, benefit or entitlement made by any person or entity effecting a change of control), in each case, that constitute "parachute payments" within the meaning of Section 280G of the Code (such payments, the "Parachute Payments") that, but for this Section 3(f), would be payable to the Executive, exceeds the greatest amount of Parachute Payments that could be paid to the Executive without giving rise to any liability for any excise tax imposed by Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law (such tax or taxes being hereafter collectively referred to as the "Excise Tax"), then the aggregate amount of Parachute Payments payable to the Executive shall equal the amount that produces the greatest after-tax benefit to the Executive after taking into account first any positions to mitigate such Excise Tax (including mitigation under a "reasonable compensation" analysis) and second any Excise Tax payable by the Executive. For the avoidance of doubt, this provision shall reduce the amount of Parachute Payments otherwise payable to the Executive, only if doing so would place the Executive in a better net after-tax economic position as compared with not doing so (taking into account the Excise Tax payable in respect of such Parachute Payments). The Firm shall reduce or eliminate the Parachute Payments, as necessary, by first reducing or eliminating the portion of the Parachute Payments provided under this Agreement (the "Agreement Payments") that are payable in cash and then by reducing or eliminating the non-cash portion of the Agreement Payments, in each case, in reverse order beginning with payments or benefits that are to be paid the furthest in time from the Date of Termination. For purposes of reducing the Parachute

Payments to the Executive, only the Agreement Payments (and no other Parachute Payments) shall be reduced.

In connection with making determinations under this Section 3(f) and determining the Excise Tax (if any), the Accountant shall take into account the value of any reasonable compensation for services to be rendered by the Executive before or after the change of control, including the restrictive covenants applicable to the Executive under this Agreement and any other non-competition provisions that may apply to the Executive, and the Firm shall cooperate in the valuation of any such services, including any restrictive covenants. The Firm and the Executive agree that the severance payments payable to the Executive in connection with a Change in Control pursuant to Section 3(d) are in consideration for, among other things, the restrictions and obligations set forth in Sections 4, 5, 6, 7, 8 and 9 of this Agreement, and that, for purposes of any such restrictions, the notice period (if any) prior to the Date of Termination is intended to and functions as an extension of the period of restriction on the Executive. All fees and expenses of the Accountant in implementing the provisions of this Section 3(f) shall be borne by the Firm, and the Firm shall reimburse the Executive for all reasonable legal fees incurred with respect to the calculations under this Section 3(f) and any reasonable legal and accounting fees incurred with respect to disputes related thereto.

(g) Section 409A. It is the intention of the parties that the payments and benefits to which the Executive could become entitled pursuant to this Agreement, as well as the termination of the Executive's employment under this Agreement, comply with or are exempt from Section 409A of the Code. Any payments that qualify for the "short-term deferral" exception, the "separation pay" exception or another exception under Section 409A of the Code shall be paid pursuant to the applicable exception. For purposes of the limitations on nonqualified deferred compensation under Section 409A of the Code, each payment of compensation under this Agreement shall be treated as a separate payment of compensation for purposes of Section 409A of the Code. In this regard, notwithstanding anything in this Agreement to the contrary, all cash amounts (and cash equivalents) that become payable under Section 3(d) on account of the Executive's termination of employment which is an "involuntary separation from service" (within the meaning of Treasury Regulation Section 1.409A-1(n)) shall be paid as provided under Section 3(d) and in no event later than March 15 of the year following the year in which the Date of Termination occurs. In the event the parties determine that the terms of this Agreement do not comply with Section 409A of the Code, they will negotiate reasonably and in good faith to amend the terms of this Agreement such that they comply with, or are exempt from, Section 409A of the Code (in a manner that attempts to minimize the economic impact of such amendment on the Executive and the Firm) within the time period permitted by the applicable Treasury Regulations and in accordance with IRS Notice 2010-6 and other applicable guidance. All expenses or other reimbursements owed to the Executive under this Agreement shall be for expenses incurred during the Executive's lifetime or within ten years after his death, shall be payable in accordance with the Firm's policies in effect from time to time, but in any event, to the extent required in order to comply with Section 409A of the Code, and shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by the Executive. In addition, to the extent required in order to comply with Section 409A of the Code, no such reimbursement or expenses eligible for reimbursement in any taxable year shall in any way affect the expenses eligible for reimbursement in any other taxable year and the Executive's right to reimbursement or in-kind

benefits shall not be subject to liquidation or exchanged for another benefit. Notwithstanding any other provision of this Agreement, if (i) the Executive is to receive payments or benefits by reason of his separation from service (as such term is defined in Section 409A of the Code) other than as a result of his death, (ii) the Executive is a “specified employee” within the meaning of Section 409A of the Code (as determined in accordance with the methodology established by the Firm as in effect on the date of the Executive’s separation from service) for the period in which the payment or benefit would otherwise commence, and (iii) such payment or benefit would otherwise subject the Executive to any tax, interest or penalty imposed under Section 409A of the Code (or any regulation promulgated thereunder) if the payment or benefit would commence within six months of a termination of the Executive’s employment, then such payment or benefit will instead be paid, with interest at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code (“Interest”) determined as of the Date of Termination, as provided below in this Section 3(g). Such payments or benefits that would have otherwise been required to be made during such six-month period will be paid to the Executive (or his estate, as the case may be) in one lump sum payment or otherwise provided to the Executive (or his estate, as the case may be) on the earlier of (A) the first business day that is six months and one day after the Executive’s separation from service or (B) the fifth business day following the Executive’s death. Thereafter, the payments and benefits will continue, if applicable, for the relevant period set forth in this Agreement, as the case may be.

4. Confidential Information. In the course of involvement in the Firm’s activities or otherwise, the Executive has obtained or may obtain confidential information concerning the Firm’s businesses, strategies, operations, financial affairs, clients or prospective clients, organizational and personnel matters (including information regarding any aspect of the Executive’s tenure as a managing director, member, partner or employee of the Firm or of the termination of such position, partnership or employment), policies, procedures and other non-public matters, or concerning those of third parties. The Executive shall not at any time (whether during or after the Executive’s employment with the Firm) disclose or use for the Executive’s own benefit or purposes or the benefit or purposes of any other person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise other than the Firm, any trade secrets, information, data, or other confidential or proprietary information relating to clients, prospective clients, development programs, costs, marketing, trading, investment, sales activities, promotion, credit and financial data, financing methods, plans, or the business and affairs of the Firm; provided that the foregoing shall not apply to information which is not unique to the Firm or which is generally known to the industry or the public other than as a result of the Executive’s breach of this covenant or as required pursuant to an order of a court, governmental agency or other authorized tribunal. The Executive agrees that upon termination of the Executive’s employment with the Firm for any reason, the Executive or, in the event of the Executive’s death, the Executive’s heirs or estate at the request of the Firm, shall return to the Firm immediately all memoranda, books, papers, plans, information, letters and other data, and all copies thereof or therefrom, in any way relating to the business of the Firm, except that the Executive (or the Executive’s heirs or estate) may retain personal notes, notebooks and diaries. The Executive further agrees that the Executive shall not retain or use for the Executive’s account at any time any trade names, trademark or other proprietary business designation used or owned in connection with the businesses of the Firm. Without limiting the foregoing, the existence of, and any information concerning, any dispute between the Executive and the Firm shall be subject to the terms of this Section 4, except that the Executive may disclose information

concerning such dispute to the arbitrator or court that is considering such dispute, and to the Executive's legal counsel, spouse or domestic partner, and tax and financial advisors (provided that such persons agree not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

5. Noncompetition. (a) The Executive acknowledges and recognizes the highly competitive nature of the businesses of the Firm. The Executive further acknowledges and agrees that in the course of the Executive's employment with the Firm, the Executive has been and shall be provided with access to sensitive and proprietary information about the clients, prospective clients, knowledge capital and business practices of the Firm, and has been and shall be provided with the opportunity to develop relationships with clients, prospective clients, consultants, employees, representatives and other agents of the Firm, and the Executive further acknowledges that such proprietary information and relationships are extremely valuable assets in which the Firm has invested and shall continue to invest substantial time, effort and expense. Accordingly, the Executive hereby reaffirms and agrees that while employed by the Firm (including during any applicable notice period) and thereafter until (i) six months after the Date of Termination for any reason other than a termination by the Firm without Cause or by the Executive for Good Reason or (ii) three months after the Date of Termination by the Firm without Cause or by the Executive for Good Reason (such period, the "Noncompete Restriction Period"), the Executive shall not, directly or indirectly, on the Executive's behalf or on behalf of any other person, firm, corporation, association or other entity, as an employee, director, advisor, partner, consultant or otherwise, engage in a "Competing Activity," or acquire or maintain any ownership interest in, a "Competitive Enterprise". For purposes of this Agreement, (A) "Competing Activity" means the providing of services or performance of activities for a Competitive Enterprise in a line of business that is similar to any line of business to which the Executive provided services to the Firm in a capacity that is similar to the capacity in which the Executive acted for the Firm while employed by the Firm, and (B) "Competitive Enterprise" shall mean a business (or business unit) that (1) engages in any activity or (2) owns or controls a significant interest in any entity that engages in any activity, that in either case, competes anywhere with any activity in which the Firm is engaged up to and including the Executive's Date of Termination. Further, notwithstanding anything in this Section 5, the Executive shall not be considered to be in violation of this Section 5 solely by reason of owning, directly or indirectly, any stock or other securities of a Competitive Enterprise (or comparable interest, including a voting or profit participation interest, in any such Competitive Enterprise) if the Executive's interest does not exceed 5% of the outstanding capital stock of such Competitive Enterprise (or comparable interest, including a voting or profit participation interest, in such Competitive Enterprise).

(b) The Executive acknowledges that the Firm is engaged in business throughout the world. Accordingly, and in view of the nature of the Executive's position and responsibilities, the Executive agrees that the provisions of this Section 5 shall be applicable to each jurisdiction, foreign country, state, possession or territory in which the Firm may be engaged in business while the Executive is employed by the Firm.

6. Nonsolicitation of Clients. The Executive hereby agrees that during the Noncompete Restricted Period, the Executive shall not, in any manner, directly or indirectly, (a) Solicit a Client to transact business with a Competitive Enterprise or to reduce or refrain from doing any business with the Firm, to the extent the Executive is soliciting a Client to provide them with services that would be considered a Competing Activity if such services were provided by the Executive, or (b) interfere with or damage (or attempt to interfere with or damage) any relationship between the Firm and a Client. For purposes of this Agreement, the term “Solicit” means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, persuading, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action, and the term “Client” means any client or prospective client of the Firm, whether or not the Firm has been engaged by such Client pursuant to a written agreement; provided that an entity which is not a client of the Firm shall be considered a “prospective client” for purposes of this sentence only if the Firm made a presentation or written proposal to such entity during the 12-month period preceding the Date of Termination or was preparing to make such a presentation or proposal at the time of the Date of Termination.

7. No Hire of Employees. The Executive hereby agrees that while employed by the Firm (including during any applicable notice period) and thereafter until nine months after the Executive’s Date of Termination (such period, the “No Hire Restriction Period”), the Executive shall not, directly or indirectly, for himself or on behalf of any third party at any time in any manner, Solicit, hire, or otherwise cause any employee who is at the associate level or above, officer or agent of the Firm to apply for, or accept employment with, any Competitive Enterprise, or to otherwise refrain from rendering services to the Firm or to terminate his or her relationship, contractual or otherwise, with the Firm, other than in response to a general advertisement or public solicitation not directed specifically to employees of the Firm.

8. Nondisparagement; Transfer of Client Relationships. The Executive shall not at any time (whether during or after the Executive’s employment with the Firm), and shall instruct his spouse, domestic partner, parents, and any of their lineal descendants (it being agreed that in any dispute between the parties regarding whether the Executive breached such obligation to instruct, the Firm shall bear the burden of demonstrating that the Executive breached such obligation) not to, make any comments or statements to the press, employees of the Firm, any individual or entity with whom the Firm has a business relationship or any other person, if such comment or statement is disparaging to the Firm, its reputation, any of its affiliates or any of its current or former officers, members or directors, except for truthful statements as may be required by law. The Firm (including any designated spokespersons) and the directors and executive officers of the Firm shall not make any comments or statements to the press, other employees of the Firm, any individual or entity with whom the Firm has a business relationship or any other person that is disparaging to the Executive or his reputation, except for truthful statements as may be required by law. The Firm acknowledges that the nondisparagement provision in favor of the Executive under this Section 8 is reasonable in light of all of the circumstances and imposes no undue hardship on the Firm. Accordingly, the Executive shall have the same enforcement rights and remedies with respect to such nondisparagement provision as the Firm has with respect to the Covenants (including, for the avoidance of doubt, the rights and remedies set forth in Sections 11 and 13). Further, such nondisparagement provision shall be subject to reformation on the same basis as the other Covenants pursuant to Section 10(a).

During the period commencing on the Executive's Date of Termination and ending 90 days thereafter, the Executive hereby agrees to take all actions and do all such things as may be reasonably requested by the Firm from time to time to maintain for the Firm the business, goodwill, and business relationships with any of the Firm's Clients with whom the Executive worked during the term of the Executive's employment; provided that such actions and things do not materially interfere with other employment of the Executive. Notwithstanding any provision of this Agreement to the contrary (including Section 4 or this Section 8), the Covenants are not intended to, and shall be interpreted in a manner that does not, limit or restrict the Executive from exercising any legally protected whistleblower rights (including pursuant to Rule 21F under the Securities Exchange Act of 1934).

9. Notice of Termination Required. Pursuant to Section 1 and subject to Section 3(e), the Executive has agreed to provide three months' written notice to the Firm prior to his termination of employment. The Executive hereby agrees that, if, during the three-month period after the Executive has provided notice of termination to the Firm or prior thereto, the Executive enters (or has entered into) a written agreement to perform Competing Activities for a Competitive Enterprise, such action shall be deemed a violation of Section 5.

10. Covenants Generally. (a) The Executive's covenants as set forth in Sections 4 through 9 of this Agreement are from time to time referred to herein as the "Covenants". If any of the Covenants is finally held to be invalid, illegal or unenforceable (whether in whole or in part), such Covenant shall be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability and the remaining such Covenants shall not be affected thereby; provided, however, that if any of such Covenants is finally held to be invalid, illegal or unenforceable because it exceeds the maximum scope determined to be acceptable to permit such provision to be enforceable, such Covenant shall be deemed to be modified to the minimum extent necessary to modify such scope in order to make such provision enforceable hereunder.

(b) The Executive acknowledges that the Executive's compliance with the Covenants is an important factor to the continued success of the Firm's operations and its future prospects. The Executive understands that the provisions of the Covenants may limit the Executive's ability to work in a business similar to the business of the Firm; however, the Executive agrees that in light of the Executive's education, skills, abilities and financial resources, the Executive shall not assert, and it shall not be relevant nor admissible as evidence in any dispute arising in respect of the Covenants, that any provisions of the Covenants prevent the Executive from earning a living. In connection with the enforcement of or any dispute arising in connection with the Covenants, the wishes or preferences of a Client or prospective Client of the Firm as to who shall perform its services, or the fact that the Client or prospective Client of the Firm may also be a Client of a third party with whom the Executive is or becomes associated, shall neither be relevant nor admissible as evidence. The Executive hereby agrees that prior to accepting employment with any other person or entity during his employment with the Firm or during the Noncompete Restriction Period or the No Hire Restriction Period, the Executive shall provide such prospective employer with written notice of the provisions of this Agreement, with a copy of such notice delivered no later than the date of the Executive's commencement of such employment with such prospective employer, to the General Counsel of Lazard.

(c) The provisions of Sections 4 through 11 shall remain in full force and effect from the date hereof through the expiration of the period specified therein notwithstanding the earlier termination of the Term or the Executive's employment. Without limiting the generality of the foregoing, in the event that any current or future Award Agreement includes restrictive covenants with a duration that is shorter than the duration of the Covenants, the duration of any longer Covenants shall be deemed to be automatically incorporated into such Award Agreement, unless otherwise specifically set forth therein. For the avoidance of doubt, (i) in no event shall a violation of the Covenants or any restrictive covenants set forth in any Award Agreement serve as a basis for the forfeiture of any Awards (including any dividend equivalents or shares delivered or amounts payable in respect of settled Awards) from and after a Change in Control, regardless of when the Date of Termination occurs; and (ii) the duration of the Covenants or any restrictive covenants set forth in any Award Agreement shall be for the period specified in the applicable provision (as modified by the immediately preceding sentence), without regard to whether the vesting or settlement date of an Award occurs after the expiration of such period (other than to the extent any such restrictive covenant is extended in connection with the Executive's receipt of "retirement" treatment as provided in an Award Agreement).

11. Remedies. The Firm and the Executive acknowledge that the time, scope, geographic area and other provisions of the Covenants have been specifically negotiated by sophisticated commercial parties and agree that all such provisions are reasonable under the circumstances of the activities contemplated by this Agreement. The Executive acknowledges and agrees that the terms of the Covenants: (a) are reasonable in light of all of the circumstances, (b) are sufficiently limited to protect the legitimate interests of the Firm, (c) impose no undue hardship on the Executive and (d) are not injurious to the public. The Executive further acknowledges and agrees that the Executive's breach of the Covenants will cause the Firm irreparable harm, which cannot be adequately compensated by money damages. The Executive also agrees that the Firm shall be entitled to injunctive relief for any actual or threatened violation of any of the Covenants in addition to any other remedies it may have, including money damages. The Executive acknowledges and agrees that any such injunctive relief or other remedies shall be in addition to, and not in lieu of, any forfeitures of awards (required pursuant to the terms of any such awards) that may be granted to the Executive in the future under one or more of the Firm's compensation and benefit plans.

12. Arbitration. Subject to the provisions of Sections 13 and 14, any dispute, controversy or claim between the Executive and the Firm arising out of or relating to or concerning the provisions of this Agreement, any agreement between the Executive and the Firm relating to or arising out of the Executive's employment with the Firm or otherwise concerning any rights, obligations or other aspects of the Executive's employment relationship in respect of the Firm ("Employment Related Matters"), shall be finally settled by arbitration in New York City before, and in accordance with the rules then obtaining of, the Financial Industry Regulatory Authority ("FINRA") or, if FINRA declines to arbitrate the matter, the American Arbitration Association (the "AAA") in accordance with the commercial arbitration rules of the AAA. Prior to a Change in Control, each party shall bear its own costs and expenses of any such arbitration. Following a Change in Control, Lazard Group shall pay to the Executive, as incurred, all legal fees and expenses reasonably incurred by the Executive or with respect to the Executive during his lifetime or within ten years after his death in connection with any contest by Lazard Group, the Executive or others of the validity or enforceability of, or liability under, any provision of

this Agreement or any guarantee of performance thereof (including any action to compel arbitration or enforce any arbitration award or as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement, and whether or not any such contest is under this Section 12 or Section 13 of this Agreement or otherwise), plus Interest determined as of the date such legal fees and expenses were incurred; provided that, the Executive shall promptly repay to Lazard Group all such amounts if the Executive fails to prevail on at least one material issue in dispute in any such contest.

13. Injunctive Relief; Submission to Jurisdiction. Notwithstanding the provisions of Section 12, and in addition to its right to submit any dispute or controversy to arbitration, the Firm 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 Covenants, or to enforce an arbitration award, and, for the purposes of this Section 13, the Executive (a) expressly consents to the application of Section 14 to any such action or proceeding, (b) agrees that proof shall not be required that monetary damages for breach of the provisions of the Covenants or this Agreement would be difficult to calculate and that remedies at law would be inadequate, and (c) irrevocably appoints the General Counsel of Lazard as the Executive's agent for service of process in connection with any such action or proceeding, who shall promptly advise the Executive of any such service of process.

14. Choice of Forum. (a) THE EXECUTIVE AND THE FIRM 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 OR RELATING TO OR CONCERNING THIS AGREEMENT OR ANY EMPLOYMENT RELATED MATTERS THAT IS NOT OTHERWISE REQUIRED TO BE ARBITRATED OR RESOLVED ACCORDING TO THE PROVISIONS OF SECTION 12. This includes any suit, action or proceeding to compel arbitration or to enforce an arbitration award. This also includes any suit, action, or proceeding arising out of or relating to any post-employment Employment Related Matters. The Executive and the Firm acknowledge that the forum designated by this Section 14 has a reasonable relation to this Agreement, and to the Executive's relationship to the Firm. Notwithstanding the foregoing, nothing herein shall preclude the Firm or the Executive from bringing any action or proceeding in any other court for the purpose of enforcing the provisions of Sections 13, 14 or 15.

(b) The agreement of the Executive and the Firm as to forum is independent of the law that may be applied in the action, and the Executive and the Firm agree to such forum even if the forum may under applicable law choose to apply non-forum law. The Executive and the Firm hereby waive, to the fullest extent permitted by applicable law, any objection which the Executive or the Firm 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 Section 14(a). The Executive and the Firm undertake not to commence any action arising out of or relating to or concerning this Agreement in any forum other than a forum described in this Section 14, or, to the extent applicable, Section 12. The Executive and the Firm 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 Executive and the Firm.

15. Choice of Law. 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 WHICH COULD CAUSE THE APPLICATION OF THE LAW OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.

16. Miscellaneous. (a) This Agreement shall supersede any other agreement, written or oral, pertaining to the matters covered herein. (b) Sections 3(c), 3(d), 3(e), 3(f), 3(g), 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16 shall survive the termination of this Agreement and the Executive's employment and shall inure to the benefit of and be binding and enforceable by the Firm and the Executive.

(c) Notices hereunder shall be delivered to Lazard at its principal executive office directed to the attention of its General Counsel, and to the Executive at the Executive's last address appearing in the Firm's employment records. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid.

(d) This Agreement may not be amended or modified, other than by a written agreement executed by the Executive and the Firm, nor may any provision hereof be waived other than by a writing executed by the Executive or the Firm; provided, that any waiver, consent, amendment or modification of any of the provisions of this Agreement shall not be effective against the Firm without the written consent of the Compensation Committee of Lazard or its successors. The Executive may not, directly or indirectly (including by operation of law), assign the Executive's rights or obligations hereunder without the prior written consent of the Compensation Committee of Lazard or its successors, and any such assignment by the Executive in violation of this Agreement shall be void. This Agreement shall be binding upon the Executive's permitted successors and assigns. Without the Executive's consent, Lazard or Lazard Group may at any time and from time to time assign its rights and obligations hereunder to any of its subsidiaries or affiliates (and have such rights and obligations reassigned to it or to any other subsidiary or affiliate); provided that no such assignment shall relieve Lazard or Lazard Group, as the case may be, from its obligations under this Agreement or impair Lazard's or Lazard Group's right to enforce this Agreement against the Executive. This Agreement shall be binding upon and inure to the benefit of the Firm and its successors and assigns.

(e) Without limiting the provisions of Section 10(a), if any provision of this Agreement is finally held to be invalid, illegal or unenforceable (whether in whole or in part), such provision shall be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability and the remaining provisions shall not be affected thereby.

(f) The Firm may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation, and may withhold from, and offset by, any amounts or benefits provided under this Agreement, any amounts owed to the Firm by the Executive, including any advances, expenses, loans, or other monies the Executive owes the Firm pursuant to a written agreement or any written policy of the Firm which has been communicated to the Executive,

except to the extent such withholding or offset is not permitted under Section 409A of the Code without the imposition of additional taxes or penalties on the Executive.

(g) Except as expressly provided herein, this Agreement shall not confer on any person other than the Firm and the Executive any rights or remedies hereunder. There shall be no third-party beneficiaries to this Agreement.

(h) The captions in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof. As used in this Agreement, words such as “herein,” “hereinafter,” “hereby” and “hereunder,” and the words of like import refer to this Agreement, unless the context requires otherwise. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The term “or” is not exclusive.

(i) Notwithstanding any provision of this Agreement to the contrary, to the minimum extent necessary to ensure the provision of non-taxable benefits under Section 105(h) of the Code or any similar law, the Firm shall be entitled to alter the manner in which medical benefits are provided to the Executive following termination of his employment; provided that, in no event shall the after-tax cost to the Executive of such benefits be greater than the cost applicable to similarly situated executives of the Firm who have not terminated employment or, following a Change in Control, the cost applicable to the Executive immediately prior to the Change in Control, if more favorable to the Executive.

(j) The Executive acknowledges and agrees that the Executive is subject to the Firm’s Compensation Recovery Policy Applicable to Named Executive Officers, as in effect as of the date hereof (a copy of which has been provided to the Executive).

(k) This Agreement, together with any applicable Award Agreements, constitutes the entire agreement and understanding of the parties with respect to the transactions contemplated hereby and the related subject matter hereof and supersedes and replaces any and all prior agreements, understandings, statements, representations and warranties, written or oral, express or implied or whenever and howsoever made, directly or indirectly relating to the subject matter hereof, including that certain agreement with the Firm, dated February 19, 2016, and that certain agreement with the Firm, dated February 2020. Notwithstanding the foregoing, Executive’s obligations to repay the Firm for previously paid amounts in the event the Executive resigns without Good Reason or is terminated for Cause on or prior to the date or dates specified in any prior agreement between the Executive and the Firm shall remain in effect from and after the date of this Agreement, and the Executive’s Covenants shall operate independently of, and shall be in addition to, any similar covenants to which the Executive is subject pursuant to any other agreement with the Firm.

(1) Upon termination of the Executive's employment for any reason, Executive agrees to resign, effective as of the Date of Termination, from any positions that the Executive holds with any member of the Firm, including the Board of Directors of Lazard (and any committees thereof) and the board of directors (and any committees thereof) of any of Lazard's or Lazard Group's respective affiliates. The Executive hereby agrees to execute any and all documentation of such resignations upon request by the Firm; provided that the Executive shall be treated for all purposes as having so resigned upon the Date of Termination, regardless of when or whether the Executive executes any such documentation. For the avoidance of doubt, the foregoing resignations shall not affect any rights the Executive may have to (i) indemnification from the Firm, including, as a director or officer of Lazard, Lazard Group or any of their respective affiliates, or (ii) any payments or benefits from the Firm in connection with termination of employment, whether pursuant to Section 3(d) of this Agreement or otherwise.

17. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which, when taken together, will constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement by facsimile transmission or electronic means (including by "pdf") shall be effective as delivery of a manually executed counterpart of this Agreement.

IN WITNESS WHEREOF, the Executive and the Firm hereto have caused this Agreement to be executed and delivered on the date first above written.

LAZARD LTD,

By: /s/ Scott D. Hoffman

Name: Scott D. Hoffman

Title: General Counsel and
Chief Administrative Officer

LAZARD GROUP LLC (on its behalf, and on behalf of its subsidiaries and affiliates),

By: /s/ Scott D. Hoffman

Name: Scott D. Hoffman

Title: General Counsel and
Chief Administrative Officer

/s/ Peter R. Orszag

Peter R. Orszag

WAIVER AND GENERAL RELEASE

Waiver and General Release (“Agreement”), dated as of _____, by and between Peter R. Orszag (“Employee” or “you”) and Lazard Group LLC (the “Company”) on behalf of itself and its past and/or present parent entities (including but not limited to Lazard Ltd), and its or their subsidiaries, divisions, controlled affiliates and related business entities (other than any entity that ceased to be an affiliate thereof prior to May 10, 2005) predecessors, successors and assigns, assets, employee benefit plans or funds, and any of its or their respective past and/or present directors, officers, fiduciaries, agents, trustees, administrators, attorneys, employees and assigns, in their capacities as agents for the Company (collectively, the “Company Entities”).

1. Concluding Employment. You acknowledge your separation from employment with the Company effective _____ (the “Separation Date”), and that after the Separation Date you shall not represent yourself as being a director, officer, employee, agent or representative of any Company Entity for any purpose. The Separation Date shall be the termination date of your employment for all purposes including participation in and coverage under all benefit plans and programs sponsored by or through the Company Entities except as otherwise provided herein. You agree that, other than with permission, you are not allowed on Company premises at any time after the Separation Date. Within 15 business days following the Separation Date, you will be paid for previously submitted un-reimbursed business expenses (in accordance with usual Company guidelines and practices), to the extent not theretofore paid. In addition, you will be paid for any accrued but unused vacation days.

2. Severance Benefits. In exchange for your waiver of claims against the Company Entities and your compliance with the other terms and conditions of this Agreement, the Company agrees to pay or provide to you the amounts and benefits as set forth in Section 3(d) to the Agreement Relating to Retention and Noncompetition and Other Covenants by and among the Company, Lazard Ltd and you, dated as of February 25, 2021 (such agreement, the “Retention Agreement”) that are conditioned on the Release Requirement (as defined in Section 3(d)(iii)) (the “Severance Benefits”).

3. Acknowledgement. You acknowledge and agree that the Severance Benefits: (a) except as expressly provided herein, are in full discharge of any and all liabilities and obligations of the Company Entities to you, monetarily or with respect to employee benefits or otherwise, including but not limited to any and all obligations arising under any alleged written or oral employment agreement, policy, plan or procedure of the Company Entities and/or any alleged understanding or arrangement between you and the Company Entities; and (b) would not be due to you if you did not execute this Agreement.

4. Release. a. In consideration for the Severance Benefits, except as expressly provided herein, you, for yourself and for your heirs, executors, administrators, trustees, legal representatives and assigns (hereinafter referred to collectively as “Releasers”), forever release and discharge the Company Entities from any and all claims, demands, causes of action, fees and liabilities of any kind whatsoever arising out of your employment and/or separation from that employment with the Company Entities, whether known or unknown, which you ever had, now

have, or may have against any of the Company Entities by reason of any act, omission, transaction, practice, plan, policy, procedure, conduct, occurrence, or other matter up to and including the date on which you sign this Agreement.

b. Without limiting the generality of the foregoing, except as expressly provided herein, this Agreement is intended to and shall release the Company Entities from any and all claims, whether known or unknown, which Releasors ever had, now have, or may have against the Company Entities arising out of your employment and/or your separation from that employment, including, but not limited to: (i) any claim under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Employee Retirement Income Security Act of 1974 (excluding claims for accrued, vested benefits under any employee benefit or pension plan of the Company Entities subject to the terms and conditions of such plan and applicable law), the Family and Medical Leave Act, and the Sarbanes-Oxley Act of 2002, each as amended; (ii) any claim under the New York State Human Rights Law, or the New York City Administrative Code; (iii) any other claim (whether based on federal, state, or local law, statutory or decisional) relating to or arising out of your employment, the terms and conditions of such employment, or the separation from such employment, including but not limited to breach of contract (express or implied), fraud, misrepresentation, wrongful discharge, detrimental reliance, defamation, emotional distress or compensatory or punitive damages; and (iv) any claim for attorneys' fees, costs, disbursements and/or the like.

c. Notwithstanding the foregoing, nothing in this Agreement shall be a waiver of any of the following claims or rights: (i) any claims that may arise after the date on which you sign this Agreement, (ii) any rights you may have pursuant to this Agreement and the Retention Agreement (including, without limitation, any rights under Section 3(d) of the Retention Agreement and Sections 8 and 12 of the Retention Agreement), (iii) any rights you may have to your vested and accrued compensation and benefits under the Retention Agreement, the Company's employee benefit plans, including compensation and benefits that vest or are required to be paid upon or following your Separation Date or in connection with your separation (including as described in Section 18 hereof), (iv) any rights you may have to indemnification (for the avoidance of doubt, including, without limitation, as a director or officer of any of the Company Entities) or expense reimbursement under the Company's organizational documents, any director's and officer's insurance policy or any other plan, agreement, policy or arrangement with any of the Company Entities, (v) your rights as a holder of stock, units or other equity of any of the Company Entities, (vi) your rights to obtain contribution in the event of the entry of judgment against you as a result of any act or failure to act for which both you and any of the Company Entities are jointly responsible and (vii) any claims that by law cannot be waived.

5. Waiver of Relief. You acknowledge and agree that by virtue of the foregoing, you have waived any relief available to you (including without limitation, monetary damages, equitable relief and reinstatement) under any of the claims and/or causes of action waived in this Agreement. Therefore you agree that you will not accept any award or settlement from any source or proceeding (including but not limited to any proceeding brought by any other person or by any government agency) with respect to any claim or right waived in this Agreement.

6. Cooperation. a. You agree that you will cooperate with the Company and/or the Company Entities and its or their respective counsel as may be reasonably requested taking into account your other obligations in connection with any investigation, administrative proceeding or litigation relating to any matter that occurred during your employment in which you were involved or of which you have knowledge, provided that the Company and/or the Company Entities shall bear all reasonable legal fees and other costs incurred by you in connection with your cooperation.

b. You agree that, in the event you are subpoenaed by any person or entity (including, but not limited to, any government agency) to give testimony (in a deposition, court proceeding or otherwise) which in any way relates to your employment by the Company and/or the Company Entities, to the extent reasonably practicable and subject to all applicable legal requirements, based on the written legal advice of your counsel, you will give prompt notice of such request to _____, Lazard Group LLC, 30 Rockefeller Plaza, New York, NY 10020 (or his or her successor or designee) and will make no disclosure until the Company and/or the Company Entities have had a reasonable opportunity to contest the right of the requesting person or entity to such disclosure.

7. Confidentiality. The terms and conditions of this Agreement are and shall be deemed to be confidential information and shall be subject to the restrictions and obligations set forth in Section 4 of the Retention Agreement, provided that the exceptions set forth in the last sentence thereof shall apply to this Agreement without regard to whether there is a dispute.

8. Return of Property. You represent that you have returned (or will return) to the Company all property belonging to the Company and/or the Company Entities, including but not limited to all proprietary and/or confidential information (as such terms are used and described in Section 4 of the Retention Agreement) and documents in any form belonging to the Company or in any way relating to the business of the Company that are not otherwise generally available, cell phone, smartphone, keys, card access to the building and office floors, Employee Handbook, phone card, computer user name and password, disks and/or voicemail code; provided, however, that an inadvertent failure to return property of the Company and/or the Company Entities shall not constitute a breach of this Agreement so long as you promptly return such property upon the written request of the Company and/or the Company Entities. For the avoidance of doubt, you may retain your rolodex (or other tangible or electronic equivalent), any personal electronic devices (after giving the Company the opportunity to cleanse them of all confidential information of the Company) and your mobile telephone number as your property. The obligation in this Section 8 is in lieu of, and not in addition to, the similar obligation relating to the return of property and documents in Section 4 of the Retention Agreement but in no way shall affect the other provisions of Section 4 of the Retention Agreement, including, without limitation, with respect to disclosure or use of confidential or proprietary information.

9. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be illegal, void or unenforceable, such provision shall have no effect; provided, however, the remaining provisions shall be enforced to the maximum extent possible. Further, if a court should determine that any portion of this Agreement is overbroad or unreasonable, such provision shall be given effect to the maximum extent possible by narrowing or enforcing in part that aspect of the provision found overbroad or unreasonable.

10. Breach of Agreement. You agree that any breach of this Agreement shall constitute a material breach as to which the Company Entities may seek recoupment of the Severance Benefits.

11. Miscellaneous. a. This Agreement is not intended, and shall not be construed, as an admission that any of the Company Entities has violated any federal, state or local law (statutory or decisional), ordinance or regulation, breached any contract or committed any wrong whatsoever against you.

b. Should any provision of this Agreement require interpretation or construction, it is agreed by the parties that the entity interpreting or construing this Agreement shall not apply a presumption against one party by reason of the rule of construction that a document is to be construed more strictly against the party who prepared the document.

12. Assignment. This Agreement is binding upon, and shall inure to the benefit of, the parties and their respective heirs, executors, administrators, successors and assigns.

13. Governing Law; Arbitration. a. This Agreement shall be construed and enforced in accordance with the laws of the State of New York without regard to the principles of conflicts of law.

b. Any controversy or claim arising out of or relating to this Agreement or the breach thereof shall be settled consistent with the provisions of Section 12 of the Retention Agreement.

14. Entire Agreement. You understand that this Agreement and the Retention Agreement constitute the complete understanding between the Company and you, and supersede any and all agreements, understandings, and discussions, whether written or oral, between you and any of the Company Entities. No other promises or agreements shall be binding unless in writing and signed by both the Company and you after the Effective Date (as defined below).

15. Voluntary Agreement. You acknowledge that you: (a) have carefully read this Agreement in its entirety; (b) have been offered the opportunity to have at least 45 days to consider its terms[, and the disclosure information which will be provided as Exhibit A pursuant to the Older Workers Benefit Protection Act]; (c) are hereby advised by the Company in writing to consult with an attorney of your choosing in connection with this Agreement; (d) fully understand the significance of all of the terms and conditions of this Agreement and have discussed them with your independent legal counsel, or had a reasonable opportunity to do so; (e) have had answered to your satisfaction any questions you have asked with regard to the meaning and significance of any of the provisions of this Agreement; and (f) are signing this Agreement voluntarily and of your own free will and agree to abide by all the terms and conditions contained herein.

16. Acceptance. You may accept this Agreement by signing it and returning it to Lazard Group LLC, 30 Rockefeller Plaza, New York, NY 10020, Attention: _____, on or before _____. After executing this Agreement, you shall have seven (7) days (the "Revocation Period") to revoke it by indicating your desire to do so in writing delivered

to _____ at the address above by no later than 5:00 p.m. on the seventh (7th) day after the date you sign this Agreement. The effective date of this Agreement shall be the eighth (8th) day after you sign it (the “Effective Date”). If the last day of the Revocation Period falls on a Saturday, Sunday or holiday, the last day of the Revocation Period will be deemed to be the next business day. In the event you do not accept this Agreement as set forth above, or in the event you revoke this Agreement during the Revocation Period, this Agreement and the obligations of the Company to provide the Severance Benefits under Section 2 hereof shall be deemed automatically null and void.

17. Headings and Captions. The headings and captions herein are provided for reference and convenience only. They shall not be considered part of this Agreement and shall not be employed in the construction of this Agreement.

18. Treatment of Awards. You currently hold the awards listed on Annex I to this Agreement (the “Awards”). The Awards [(other than the _____)] were granted to you under the [Lazard Ltd 2008 Incentive Compensation Plan] [Lazard Ltd 2018 Incentive Compensation Plan]. Notwithstanding any provision of this Agreement to the contrary, your Awards will be treated in accordance with the terms of the applicable agreement governing the Awards, including but not limited to the Retention Agreement to the extent applicable. For the avoidance of doubt, the Company shall be entitled to withhold from your outstanding Awards the applicable amount of shares or interests (as applicable) needed to cover any federal, state, local and foreign taxes that are required by applicable laws and regulations to be withheld with respect to the vesting and settlement of your Awards, including any such taxes due upon your separation from employment with the Company.

Signature: _____ Date: _____
 NAME

STATE OF _____)
) ss.:

COUNTY OF _____)

On this __ day of _____ 20__, before me personally came [NAME] to me known and known to me to be the person described and who executed the foregoing Agreement, and [she/he] duly acknowledged to me that [she/he] executed the same.

 Notary Public

**PERFORMANCE-BASED 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 may be 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 performance-based restricted participation units, or PRPUs, and are Performance PIPRs for purposes of the Operating Agreement. Subject to the terms and conditions set forth in this Agreement, the Member will earn (or be deemed to earn) a number of PIPR Units that is between 0% and 100% of the number of PIPR Units subject to this Agreement, such number of earned PIPR Units to be determined based on the achievement of the performance goals set forth on Appendix A (the “Performance Conditions”).

(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 all of the following conditions have been satisfied:

(i) such PIPR Unit has become an Equitized PIPR Unit (such date, as applicable to the relevant PIPR Unit, the “Equitization Date”);

(ii) the Member has remained in continuous service to the Company or any of its Affiliates until [●] (such condition, the “Service Condition”); and

(iii) the Committee (as defined in the Plan) concludes that during the period beginning on [●] and ending on [●] or, in the case of relative TSR (as defined in Appendix A), the relevant trading period set forth in Appendix A (the “Performance Period”), the Company has achieved the Performance Conditions and specifies the level at which the PIPR Units shall vest, based on the scoring, adjustment, weighting and modifier provisions set forth in Appendix A; provided, however, that the Committee, in its sole discretion, may

interpret the goals and scoring set forth in Appendix A as it deems necessary or appropriate (including, without limitation, to the extent necessary to address extraordinary events or circumstances). The ultimate score achieved based on Appendix A (which may range from 0.0 to [●]) will be multiplied by [●] PIPR Units (the “Target PIPR Units”) in order to determine the number of PIPR Units, if any, that may vest upon satisfaction (or deemed satisfaction) of the Service Condition and the occurrence of the relevant Equitization Date on or before the fifth anniversary of the Grant Date (such date, the “Final Equitization Date”) in accordance with Section 1(b)(i), 1(b)(ii), 1(c), 1(d) or 1(e).

The date that both the Performance Condition and the Service Condition have 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 B), in the case of Termination of Employment by the Company. In addition, all Unvested Awards shall be forfeited by the Member to the extent that, following the last day of the Performance Period (or such earlier date as specified in Section 1(c)(i) or 1(e)(i)), the Performance Conditions with respect to such Unvested Awards have not been satisfied. 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 and the Unvested Awards shall no longer be subject to the Performance Conditions, 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 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); provided that the Performance Conditions shall be deemed satisfied with respect to the Unvested Awards based on (1) the actual performance level during the period beginning on the first day of the Performance Period and ending on the last day of the most recent fiscal quarter preceding the Date of Termination (or, if the Date of Termination occurs more than halfway through a fiscal quarter, the last day of such current fiscal quarter), as determined by the Committee, and

(2) deemed performance at the target level (i.e., the 1.0 level) for the period beginning on the first day of the following fiscal quarter through the last day of the Performance Period.

(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), and shall remain subject to the Performance Conditions. Such Unvested Awards shall vest at the level determined by the Committee following the last day of the Performance Period, based on actual performance during the Performance Period. 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 B, 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) Notwithstanding any provision of this Agreement to the contrary, in the event of a Change in Control that occurs prior to the end of the Performance Period (without regard to whether the Member's Retirement has occurred on or prior to the date of such Change in Control), the Performance Conditions shall no longer apply and, instead, shall be deemed to have been satisfied as of immediately prior to the Change in Control at the greater of (A) the target level and (B) the actual performance level achieved during the period beginning at the start of the Performance Period and ending on the date of such Change in Control, as determined by the Committee prior to the Change in Control with any necessary exercise of discretion determined

by the Committee prior to the Change in Control (the greater of (A) and (B), the “Deemed Performance Level”). 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 (i) remain outstanding or (ii) 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 (i) the calendar year (or fiscal year, as applicable) in which the Change in Control occurs and (ii) 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 and the Performance Conditions shall be deemed satisfied at the Deemed Performance Level 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, provided that, notwithstanding the definition of “Specified Percentage” in the Operating Agreement, the Specified Percentage with respect to the PIPR Units shall be [●]%. 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 and the Performance Conditions 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.

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 in New York City before, and in accordance with the rules then obtaining of, the Financial Industry Regulatory Authority ("FINRA") or, if FINRA declines to arbitrate the matter, the American Arbitration Association (the "AAA") in accordance with the commercial arbitration rules of the AAA.

(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. 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.

17. 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

Title

LAZARD GROUP LLC

By: _____

Name

Title

NAME

Appendix A

Performance Criteria and Calculation

Appendix B

Restrictive Covenants

RESTRICTED LAZARD FUND INTEREST AGREEMENT

THIS AGREEMENT, dated as of **Date**, between Lazard Group LLC, a Delaware limited liability company (the “Company”), on its behalf and on behalf of its applicable Affiliate (as defined under the definitional rules of Section 1(a)), and **Employee Name** (the “Employee”).

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 Investment Elections.

(a) Subject to the provisions of this Agreement, the Company (the “Administrator”), on its behalf and on behalf of its applicable Affiliate, hereby grants to the Employee, as of the date set forth above (the “Grant Date”), \$ **Number** (the “Fund Interest Amount”), which shall be invested in one or more of the specified portfolios of The Lazard Funds Inc. (the “LFI Fund Interests”) and/or in one or more of the specified portfolios of the Lazard ESC Funds LLC (the “ESC Fund Interests”), in each case, as may be offered by the Company for this purpose from time to time (collectively, the “Company Funds”), in the manner specified by the Employee, subject to minimum allocations as established by the Administrator (as defined below) from time to time. The Employee’s initial allocation shall be specified on a form or by other means (including electronically) as established by the Administrator (the “Investment Election Form”). All capitalized terms used herein, to the extent not defined, shall have the meaning set forth in the Lazard Ltd 2018 Incentive Compensation Plan (the “Plan”).

(b) As of March 31, 2021 or, if earlier and only if permitted by the Administrator, following the date on which the Employee submits the Investment Election Form in accordance with Section 1(c) (the “Effective Date”), the Company, or one of its Affiliates, shall purchase on the Employee’s behalf LFI Fund Interests and/or ESC Fund Interests from the applicable Company Funds (collectively, the “Lazard Fund Interests”) using the Fund Interest Amount, in accordance with the allocations specified by the Employee in the Investment Election Form. The LFI Fund Interests will be held in a restricted account established at a broker-dealer as may be selected by the Administrator from time to time (the “Broker-Dealer”), and the ESC Fund Interests will be held in an omnibus account established at a transfer agent as identified from time to time by the Company, in each case, for which the Company or one of its Affiliates will be the owner of record, as custodian, for the benefit of the Employee (as applicable, the “Fund Account”). In connection with receiving the Lazard Fund Interests, the Employee agrees to timely execute a brokerage account authorization and/or omnibus account authorization, as applicable, 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 the Fund Account or such other restricted brokerage account or omnibus account related to the Lazard Fund Interests, Tax Disposable Interests and Remaining Interests (each, as defined below) received pursuant to this Agreement. The Lazard Fund Interests will be beneficially owned by the Employee, subject to forfeiture in accordance with Section 2. For the avoidance of doubt, the Lazard Fund Interests constitute property that will be transferred to the Employee on the Effective Date for purposes of Section 83 of the Internal Revenue Code of 1986, as amended (the “Code”).

(c) The Employee shall submit, in accordance with procedures established from time to time by the Administrator, the Investment Election Form with respect to the Fund Interest Amount during the period established by the Administrator in its sole discretion, which period shall end no later than March

10, 2021; provided that, once the Employee has submitted the Investment Election Form, such election shall be irrevocable until a Reallocation Date, if any. Such Investment Election Form shall designate the percentage of the Fund Interest Amount that shall be invested in each Company Fund. Without limiting the generality of Sections 12 and 14, the Administrator, in its sole discretion, may (i) establish rules governing the Employee's ability to reallocate investments in the Fund Account among the various Company Funds, (ii) establish any minimum and maximum percentages of the Fund Interest Amount that may be invested in each Company Fund, (iii) determine the Company investment funds that may be offered as Company Funds from time to time, (iv) determine the consequences of eliminating an investment fund from the list of Company Funds and (v) establish rules or procedures governing such other matters as it determines are necessary or advisable for the proper administration of this Agreement. If the Employee fails to properly complete and submit the Investment Election Form by March 10, 2021, the Fund Interest Amount will be invested, as of the Effective Date, 100% in the Company Fund that has been designated by the Administrator as the default Company Fund. Unless otherwise directed by the Employee in accordance with Section 1(d), subject to the Administrator's authority pursuant to this Section 1(c), the allocation of the Fund Interest Amount among the Company Funds shall not be changed from the initial allocation. Notwithstanding any provision of this Agreement to the contrary, the Administrator shall be permitted, in its sole discretion, to designate a date that is later than March 10, 2021 for submission by the Employee of the Investment Election Form by providing written notice to the Employee and, in such event, the "Effective Date" shall be the date specified in such notice.

(d) Unless the Administrator determines otherwise, during the applicable Restriction Period (as defined in Section 2 below), the Employee will be permitted to reallocate the investments in the Company Funds at least once annually (each such date, a "Reallocation Date") by completing a new Investment Election Form, as may be updated by the Administrator from time to time, which shall be submitted in accordance with procedures established from time to time by the Administrator.

(e) The Employee shall receive statements from the Broker-Dealer with respect to the Lazard Fund Interests and Fund Account in such a manner and at such times as are consistent with the Broker-Dealer's standard procedures. In addition, the Employee shall receive an audited annual report with respect to the ESC Fund Interests, if any, in the Fund Account in such a manner and at such time as determined by the Company.

2. Vesting of Lazard Fund Interests.

(a) Subject to the terms and conditions of this Agreement, the Lazard Fund Interests shall vest and no longer be subject to any restriction (such period during which restrictions apply to the Lazard Fund Interests is the "Restriction Period") in accordance with the following schedule: 1/3rd of the Lazard Fund Interests shall vest on March 1, 2023 and 2/3rds of the Lazard Fund Interests shall vest on March 1, 2024; provided, however, that, in the case of ESC Fund Interests, even after vesting, such Lazard Fund Interests shall remain non-transferable as set forth in Section 3. Each of March 1, 2023 and March 1, 2024 is referred to herein, as applicable, as the "Vesting Date". Unless the Administrator determines otherwise, on each Vesting Date, the percentage of Lazard Fund Interests that shall have vested shall be applied pro rata to all Lazard Fund Interests in the Employee's Fund Account regardless of the Company Fund in which such Lazard Fund Interests are invested on such Vesting Date.

(b) Except as set forth in Section 2(f), in the event that the Employee incurs a Termination of Employment during the applicable Restriction Period for any reason not set forth in Section 2(c) or 2(e), all unvested Lazard Fund Interests shall be forfeited by the Employee effective immediately upon such Termination of Employment. For purposes of this Section 2(b), 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, and accordingly, all unvested Lazard Fund Interests shall be forfeited by the Employee immediately upon delivery of any such notice.

(c) (i) Except as set forth in Section 2(f), in the event that the Employee (A) incurs a Termination of Employment during the applicable Restriction Period due to the Employee's Disability or due to a Termination of Employment by the Company other than for Cause or (B) at any time during the applicable Restriction Period, meets the requirements of the retirement policy applicable to equity awards granted under the Plan, as in effect from time to time (such Employee, a "Retirement Eligible Employee"), then, in each case, subject to Sections 2(d) and 3, the Lazard Fund Interests shall vest immediately following (1) in the case of the Employee's Disability or upon the Employee becoming a Retirement Eligible Employee, the date that the Employee is no longer required to perform any additional services in order to retain such Lazard Fund Interests and (2) in the case of a Termination of Employment by the Company other than for Cause, as soon as administratively practicable following such Termination of Employment but in any event not later than the later of (x) the date that the release described in Section 2(d) has become effective and irrevocable and (y) 30 days after the end of the calendar year in which such Termination of Employment occurred (the date that such Lazard Fund Interests vest is the "Initial Vesting Date"). As soon as administratively possible, but no later than the end of the relevant tax year in which the Initial Vesting Date occurs, the percentage of the Lazard Fund Interests that vested pursuant to the preceding sentence equal to the amount (if any) that the Administrator determines, in its sole discretion, is necessary to satisfy the Employee's tax liability incurred as a result of such vesting will be treated in a manner, as determined by the Administrator in its sole discretion, in accordance with Section 8 of this Agreement (such Lazard Fund Interests, the "Tax Disposable Interests"). All vested Lazard Fund Interests following the Initial Vesting Date that are not Tax Disposable Interests (such Lazard Fund Interests, the "Remaining Interests") will remain subject to the restrictions set forth in this Agreement (including Section 2(d)) until the applicable Vesting Date (each such date, a "Final Vesting Date"). Accordingly, prior to the applicable Final Vesting Date, neither the Employee nor any of the Employee's creditors or beneficiaries will have the right to subject the Remaining Interests to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, hedge, exchange, attachment or garnishment or any similar transaction; provided, however, that in the case of ESC Fund Interests, even after vesting, such Lazard Fund Interests shall remain non-transferable as provided in Section 3. Furthermore, for the avoidance of doubt, except as set forth in Section 2(d), the Remaining Interests shall continue to be subject to the forfeiture provisions set forth in this Agreement (including, without limitation, those relating to violation of the restrictive covenants set forth in Appendix A, which are incorporated herein by reference (the "Restrictive Covenants")) until the applicable Final Vesting Date.

(ii) In the event that the Employee incurs a Termination of Employment during the applicable Restriction Period due to the Employee's death or, subject to Section 2(d), dies during the applicable Restriction Period subsequent to a Termination of Employment described in Section 2(c)(i) or 2(e), all Lazard Fund Interests, including any Remaining Interests, if applicable, shall automatically vest, and all forfeiture provisions shall lapse, as applicable, on the date of death; provided that in the case of ESC Fund Interests, such vested ESC Fund Interests shall be redeemed automatically for an amount in cash equal to the then current net asset value (as determined by the Administrator in its discretion) within 30 days of such date of death and such cash shall be deposited in the Employee's brokerage account for the benefit of the Employee's estate.

(d) Notwithstanding anything to the contrary in this Agreement, in the event that the Employee incurs a Termination of Employment by the Company other than for Cause (regardless of

whether the Employee is a Retirement Eligible Employee as of the date of such Termination of Employment) or retires in accordance with Section 2(e), in either case, prior to a Change in Control, the Lazard Fund Interests and the Remaining Interests shall be treated as provided in Section 2(c) or Section 2(e), as applicable, only if the Employee (or the Employee'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 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 effective, the Employee shall forfeit all rights to any unvested Lazard Fund Interests or any Remaining Interests, 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 2(e)) following a Change in Control, as applicable, the Employee violates the Restrictive Covenants, all outstanding Lazard Fund Interests, including any Remaining Interests, if applicable, shall be forfeited and canceled. Notwithstanding that certain Restrictive Covenants apply for only a limited period following Termination of Employment, in the event that, prior to a Change in Control, the Employee's employment with the Company terminates by reason of retirement in accordance with Section 2(e), the Employee will forfeit any outstanding Remaining Interests if the Employee does not comply with all the Restrictive Covenants until the applicable Final Vesting Date. Furthermore, in the event that the Employee incurs a Termination of Employment for Cause, the Employee will forfeit all outstanding Remaining Interests. 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 the Lazard Fund Interests or Remaining Interests, as applicable, from and after a Change in Control.

(e) On and after the date an Employee becomes a Retirement Eligible Employee, the Employee will be permitted to retire from the Company and its Subsidiaries and Affiliates and, subject to the restrictions set forth in this Agreement (including Section 2(d)), the forfeiture provisions on the Remaining Interests will continue to lapse following retirement.

(f) (i) Except as otherwise provided in this Section 2(f)(i) and Section 2(f)(ii), following a Change in Control, any Lazard Fund Interests or, in the case of a Retirement Eligible Employee, Remaining Interests, as applicable, outstanding immediately before the Change in Control shall remain outstanding and continue to vest on the applicable Vesting Date or Final Vesting Date, as applicable; provided, that in the event that the Employee incurs a Termination of Employment upon or following a Change in Control but prior to the applicable Vesting Date or Final Vesting Date, as applicable, under any of the circumstances described in Section 2(c) or 2(e), any outstanding Lazard Fund Interests or Remaining Interests, as applicable, shall automatically vest, and all forfeiture provisions shall lapse, as applicable, as of the date of such Termination of Employment. Furthermore, in the event that the Employee incurs a Termination of Employment under any of the circumstances described in Section 2(c) or 2(e) prior to the applicable Final 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 applicable Final Vesting Date for any Remaining Interests then held by the Employee and any distributions held in the Fund Account, as set forth in Section 6.

(ii) Notwithstanding the foregoing, in the event of a Change in Control prior to the applicable Vesting Date or Final Vesting Date, as applicable, unless the Lazard Fund Interests or the Remaining Interests, as applicable, remain outstanding following such Change in Control with the same terms and conditions as in effect immediately prior to the Change in Control, any outstanding Lazard Fund Interests or Remaining Interests, as applicable, shall automatically vest, and all forfeiture provisions shall lapse, as applicable, as of the date of such Change in Control.

(iii) Except as set forth in Section 2(f)(ii), in the event that the Employee incurs a Termination of Employment upon or following a Change in Control but prior to the applicable Vesting Date or Final Vesting Date, as applicable, under any circumstances other than those described in Section 2(c) or this Section 2(f) (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 Lazard Fund Interests or Remaining Interests, as applicable, and any distributions held in the Fund Account, shall be immediately forfeited.

3. Transfer of Lazard Fund Interests.

As soon as practicable (but in no event more than 30 days) after any Lazard Fund Interest (other than the Tax Disposable Interests) has vested and is no longer subject to the applicable Restriction Period or after any Remaining Interest is no longer subject to any restrictions, the Company shall, subject to Section 2(d) and Section 7, deliver to the Employee an unrestricted, freely-transferable LFI Fund Interest or a non-transferable ESC Fund Interest, as applicable, which shall be transferred to a brokerage account at the Broker-Dealer in the Employee's name. Notwithstanding the foregoing, the Company shall be entitled to hold the Lazard Fund Interests and the Remaining Interests, as applicable, to be transferred upon vesting and lapse of all restrictions 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. Solely in the case of the ESC Fund Interests, such Lazard Fund Interests shall not, after vesting, be transferred out of the brokerage account at the Broker-Dealer for any reason, other than pursuant to a redemption by the Employee or by the Company as provided in Section 4 of this Agreement.

4. Redemption of ESC Fund Interests.

After any ESC Fund Interest has vested and is no longer subject to the applicable Restriction Period or after any Remaining Interest is no longer subject to forfeiture restrictions, the Employee may redeem, in whole or in part, such vested ESC Fund Interest for an amount in cash equal to the then current net asset value of such ESC Fund Interest on the date of the Employee's redemption (as determined in the Administrator's discretion). For the avoidance of doubt, at any time following Termination of Employment (as defined in the Plan) for any reason, the Company shall have the right to require the Employee to (a) redeem all or any portion of the Employee's ESC Fund Interests for an amount in cash equal to the then current net asset value of such ESC Fund Interests as of the date of redemption (as determined in the Administrator's discretion) or (b) require that any reallocation be invested solely in LFI Funds and not in ESC Funds.

5. Nontransferability of the Lazard Fund Interests.

During the applicable Restriction Period and until such time as all Lazard Fund Interests, including any Remaining Interests, if applicable, have ultimately vested and the Lazard Fund Interests have been transferred to the brokerage account, as provided in Section 3, unless the Administrator determines otherwise, the Lazard Fund Interests, including, any Remaining Interests shall not be transferable by the Employee, and neither the Employee nor its creditors shall have the right to subject the Lazard Fund Interests, including any Remaining Interests, if applicable, to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, hedge, exchange, attachment or garnishment or any similar transaction; provided, however, that solely in the case of ESC Fund Interests, even after vesting and transfer to the brokerage account, such Lazard Fund Interests shall remain non-transferable as provided in Section 3.

6. Distributions, Rights as a Holder of Interests in Company Funds.

(a) If any Company Fund in which the Employee holds an interest distributes earnings with respect to an unvested Lazard Fund Interest, or with respect to any applicable Remaining Interests, in each case, prior to the date on which the Lazard Fund Interests are transferred to the brokerage account, as provided in Section 3, the Fund Account shall be credited as follows. In the event distributions are made in cash, such cash distributions shall be automatically reinvested in the applicable Company Fund, and the additional Lazard Fund Interests shall be held in the Fund Account. In the event any Company Fund in which the Employee holds an interest makes an in-kind distribution, extraordinary distribution (whether distributed in other securities or other property) or adjustment with respect to the Lazard Fund Interests or Remaining Interests, such distributions shall be held in the Fund Account and such adjustments shall be reflected in the Fund Account. In the event of distributions made in cash, in-kind or in other securities or other property, additional Lazard Fund Interests and any other securities or property held in the Fund Account shall vest concurrently with the underlying Lazard Fund Interests or Remaining Interests, as applicable, and be treated as Lazard Fund Interests or Remaining Interests, as applicable, for all purposes of this Agreement. For the avoidance of doubt, in the event that any Lazard Fund Interests and Remaining Interests are forfeited in accordance with this Agreement, the distributions with respect to any such interests will also be forfeited. Notwithstanding the foregoing, subject to Sections 2(c)(i) and 3 and any other applicable law or agreement, from and after the Effective Date, the Employee will be entitled to exercise voting rights with respect to the Remaining Interests.

(b) If any Company Fund in which the Employee holds an interest distributes earnings with respect to an ESC Fund Interest following the date on which the restricted ESC Fund Interests were transferred to the brokerage account as provided in Section 3, the provisions of Section 6(a) regarding cash and in-kind distributions shall continue to apply.

7. 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 transfer taxes that may be imposed in connection with the purchase of any Interest, the transfer of an LFI Fund Interest or ESC Fund Interest to a brokerage account as provided in Section 3, together with any and all other fees and expenses necessarily incurred by the Company in connection therewith.

8. Taxes and Withholding.

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 Lazard Fund Interests, 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 Lazard Fund Interests on the date that the Employee is no longer required to perform any additional services in order to retain such Lazard Fund Interests (including the Remaining Interests) (or, in the case of a Termination of Employment by the Company other than for Cause prior to a Change in Control, the date that the release described in Section 2(d) has become effective and irrevocable). The obligations of the Company under this Agreement shall be conditioned on compliance by the Employee with this Section 8, 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 Lazard Fund Interests 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, (a) if the Employee is subject to withholding as a matter of applicable law as of the applicable vesting date, retain that portion of the Lazard Fund Interests that the Company determines has a value that the Company or an Affiliate is required by applicable law to remit to the appropriate taxing authorities on the Employee's behalf in connection with the vesting of the Lazard Fund Interests and (b) if the Employee is not subject to withholding as a matter of applicable law as of the applicable vesting date (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, (i) retain some or all of the Lazard Fund Interests and have the Company or such Affiliate either (A) remit the relevant taxes on the Employee's behalf to the appropriate taxing authorities or (B) deposit cash equal to the value of the Lazard Fund Interests retained by the Company or an Affiliate (as reasonably determined by the Company) into the Employee's tax advance account (if any) or such other account as requested by the Employee and agreed to by the Company, (ii) deposit some or all of the Lazard Fund Interests into a brokerage account as requested by the Employee and agreed to by the Company, (iii) redeem any Lazard Fund Interests that are Tax Disposable Interests or (iv) take such other actions with respect to some or all of the Lazard Fund Interests as requested by the Employee and satisfactory to the Administrator. Prior to an Initial Vesting Date, the Company will notify the Employee of (A) how many Lazard Fund Interests will vest on such Initial Vesting Date and (B) the portion, if any, of the Lazard Fund Interests that the Company or an Affiliate will retain or take action regarding pursuant to clause (a) or (b), as applicable, of the immediately preceding sentence.

9. Disgorgement of Tax Benefits.

In the event that, prior to a Change in Control, the Employee retires from the Company in accordance with Section 2(e) or incurs a Termination of Employment for Cause in accordance with Section 2(d) and, after the Employee's retirement or upon a Termination of Employment for Cause, as applicable, the Employee forfeits the Remaining Interests and any distributions thereon, the Employee shall disgorge to the Company any tax benefit the Employee realizes from the forfeiture of any such Remaining Interests and distributions thereon, 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 9 shall not apply in the event of a Termination of Employment other than for Cause or due to death or Disability or at any time following a Change in Control.

10. 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 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 the Lazard Fund Interests vest and all restrictions lapse, the Employee shall not have any rights as an interest holder with respect to the Lazard Fund Interests or any underlying Company Funds, except as specifically provided herein (including, for the avoidance of doubt, pursuant to Section 1(b)). As a condition to the issuance of the ESC Fund Interests pursuant to this Agreement, if the Employee is not a party to the Lazard ESC Funds LLC Agreement (the "ESC LLC Agreement") as of the date hereof, the Employee shall, by executing this

Agreement, be deemed to have executed and delivered to the Company a joinder to the ESC LLC Agreement and be bound by the terms thereof, as may be amended from time to time.

11. 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. By accepting the Lazard Fund Interests, the Employee agrees to and is bound by the Restrictive Covenants.

(b) Subject to the provisions of Section 11(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 shall be finally settled by arbitration in New York City before, and in accordance with the rules then obtaining of, the Financial Industry Regulatory Authority (“FINRA”) or, if FINRA declines to arbitrate the matter, the American Arbitration Association (the “AAA”) in accordance with the commercial arbitration rules of the AAA.

(c) Notwithstanding the provisions of Section 11(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 11(c), the Employee (i) expressly consents to the application of Section 11(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 Lazard Ltd 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 that is not otherwise required to be arbitrated or resolved in accordance with the provisions of Section 11(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 11(d) has a reasonable relation to this Agreement, and to the Employee’s relationship to the Company and any applicable Affiliate. 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 Section 11(a) or 11(b) or this Section 11(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 11(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 11(d), or, to the extent applicable, Section 11(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.

12. Authority of the Administrator.

The Administrator has the power, among others, to (a) interpret this Agreement, (b) prescribe, amend and rescind rules and regulations relating to this Agreement, and (c) make all other determinations deemed necessary or advisable for the administration of this Agreement.

13. Representations and Warranties of Employee Relating to ESC Fund Interests.

Each Employee, by execution of this Agreement, hereby represents and warrants to the Company that:

(a) If the Employee acquires any ESC Fund Interests, the Employee is acquiring such ESC Fund Interests for the Employee's own account for investment only, and not with a view to, or for sale in connection with, any distribution thereof in violation of the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any rule or regulation thereunder;

(b) The Employee understands that (i) any ESC Fund Interests the Employee may acquire have not been registered under the Securities Act or applicable state securities laws and therefore cannot be resold unless they are so registered or unless an exemption from such registration is available, (ii) such registration under the Securities Act and such laws is unlikely at any time in the future and the Company is not obligated to file a registration statement under the Securities Act or such laws, and (iii) the transfer of ESC Fund Interests is restricted in accordance with the terms of this Agreement and applicable securities laws;

(c) The Employee is an "accredited investor" within the meaning of Rule 501(a) of Regulation D promulgated under the Securities Act because the Employee meets at least one of the following criteria: (1) the Employee is a natural person whose individual net worth, or joint net worth with the Employee's spouse, exceeds \$1,000,000 at the time of the Employee's purchase, excluding the value of the primary residence of such natural person, calculated by subtracting from the estimated fair market value of the property the amount of debt secured by the property, up to the estimated fair market value of the property (debt secured by the property shall be included as a liability (i) to the extent that the amount of such debt outstanding on the Effective Date exceeds the amount outstanding 60 days before such time other than as a result of the acquisition of the property and (ii) to the extent that it exceeds the estimated fair market value of the property); or (2) the Employee is a natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with the Employee's spouse in excess of \$300,000 in each of those years and who reasonably expects to reach the same income level in the current year.

(d) The Employee has had such opportunity as the Employee has deemed adequate to ask questions of and receive answers from the Company concerning the ESC Fund Interests, and to obtain from representatives of the Company such information which the Company possesses or can acquire without unreasonable effort or expense, as is necessary to evaluate the merits and risks of an investment in the ESC Fund Interests;

(e) The Employee has, either alone or with its professional advisors, such knowledge and experience in financial and business matters that the Employee is capable of evaluating the merits and

risks involved in investing in the ESC Fund Interests and of making an informed investment decision with respect to such investment;

(f) The Employee can afford a complete loss of the value of the Employee's investment in the ESC Fund Interests and is able to bear the economic risk of holding such investment for an indefinite period;

(g) The Employee understands that there is no substantial market for any ESC Fund Interests, and it is not anticipated that there will be any market for such ESC Fund Interests in the foreseeable future; and

(h) The Employee meets any additional eligibility requirements established by the Company with respect to the ESC Fund Interests as set forth in Schedule A to the Lazard ESC Funds LLC Agreement relating to such ESC Fund Interests.

14. Amendment.

Except as set forth in Section 8.04 of the ESC LLC Agreement, any modification, amendment or waiver to this Agreement that shall materially impair the rights of the Employee with respect to the Lazard Fund Interests 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 Lazard Fund Interests to comply with applicable law, tax rules, stock exchange rules or, accounting rules or other regulations and which is made to similarly situated employees to the extent applicable. The waiver by either party of compliance with any provision of this Agreement, including, without limitation, any of, or any portion or aspect of the Restrictive Covenants, 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. For the avoidance of doubt, the Administrator shall have the authority to make immaterial modifications and amendments to this Agreement without obtaining the Employee's consent, provided that such modifications and amendments do not materially impair the rights of the Employee with respect to the Fund Interest Amount.

15. Amendment of Prior Agreements.

In the event that the Employee was previously granted LFI Fund Interests, the Employee, by execution of this Agreement, agrees that the award agreements governing any such previously granted LFI Fund Interests are hereby amended to incorporate the terms of this Agreement relating to ESC Fund Interests. With respect to any unvested LFI Fund Interests previously granted to the Employee, the Employee hereby consents to the transfer of the Fund Interest Amount corresponding to such LFI Fund Interests from one or more specified portfolios of The Lazard Funds, Inc. to one or more corresponding specified portfolios of the Lazard ESC Funds LLC, as determined by the Administrator in its discretion, and agrees that any representations and warranties by the Employee in this Agreement shall apply to any ESC Fund Interests resulting from such transfer as if such ESC Fund Interests had been granted pursuant to this Agreement with an Effective Date that is the date of such transfer.

16. Assignment.

This Agreement shall not be assignable by the Employee. The parties agree that any attempt by the Employee to delegate the Employee's rights and duties hereunder shall be null and void. The Company and its Affiliates shall be permitted to assign the Company's rights and obligations hereunder

among one another. In such case, this Agreement shall be binding upon and shall inure to the benefit of any Affiliate or successor of the Company to which it is assigned. As used in this Agreement, the term “Company” shall mean the Company as hereinbefore defined in this Agreement and any permitted assignee to which this Agreement is assigned.

17. Electronic Delivery and Signature.

The Employee acknowledges and agrees that (a) if this Agreement was delivered to the Employee electronically, clicking on “Accept Grant” button on the “Grant Terms and Agreement” webpage of the Employee’s account with Fidelity Stock Plan Services, or such other account as may be designated by the Company in its sole discretion (such account with Fidelity Stock Plan Services or such successor account, as applicable, the “Stock Account”), will act as the Employee’s electronic signature to this Agreement, and (b) the Employee’s signature, whether a manual signature, including any facsimile or electronic image scan of such manual signature, or an electronic signature, will constitute the Employee’s acceptance of and agreement with all of the terms and conditions of the Lazard Fund Interests, as set forth in this Agreement (including the Restrictive Covenants). If the Employee accepts and agrees with the terms and conditions of the Lazard Fund Interests 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 Lazard Fund Interests 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). Electronic delivery of a document to the Employee may be 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, the Employee’s Stock Account).

18. 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.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the Grant Date.

LAZARD GROUP LLC

By: _____

Name

Appendix A

Restrictive Covenants

PROFITS INTEREST PARTICIPATION RIGHT UNIT AGREEMENT

THIS AGREEMENT, dated as of **Date** by, and among Lazard Ltd, a Bermuda exempted company (the “Company”), Lazard Group LLC, a Delaware limited liability company (“Lazard Group”), and **Employee Name** (the “Member”).

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 PIPR Interest.

(a) Subject to the provisions of this Agreement, the provisions of the Company’s 2018 Incentive Compensation Plan (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 **Number** 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 March 1, 2024 (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.

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 in New York City before, and in accordance with the rules then obtaining of, the Financial Industry Regulatory Authority ("FINRA") or, if FINRA declines to arbitrate the matter, the American Arbitration Association (the "AAA") in accordance with the commercial arbitration rules of the AAA.

(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. 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.

17. 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: _____

LAZARD GROUP LLC

By: _____

Name

Appendix A

Restrictive Covenants

I, Kenneth M. Jacobs, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 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 3, 2021

/s/ Kenneth M. Jacobs

Kenneth M. Jacobs

Chairman and Chief Executive Officer

I, Evan L. Russo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 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 3, 2021

/s/ Evan L. Russo

Evan L. Russo
Chief Financial Officer

May 3, 2021
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, 2021 (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 3, 2021
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, 2021 (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/ Evan L. Russo

Evan L. Russo
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.