LAZARD

March 21, 2013

Dear Shareholder,

Lazard achieved strong results in 2012. Operating revenue approached the record level set in 2007. Financial Advisory fee revenue ranked among the top five in the world. Asset Management revenue effectively matched our record set in 2011 and achieved net asset inflows in volatile equity markets.

Our ability to perform at a high level in challenging market conditions reflects our unwavering focus on clients, our dynamic business model, the strength of our brand and transformative changes at Lazard. We are managing the firm toward a sustainable path of profitable growth and shareholder value over the long term.

Leveraging our global network

We are increasingly effective at mobilizing Lazard's global network of relationships for the benefit of our clients. The breadth and depth of our network creates the broadest set of opportunities for our clients, and it grows more powerful as the world economy becomes more integrated. In our Financial Advisory business, approximately half of our global mergers and acquisitions (M&A) transactions in 2012 were cross-border. In our Asset Management business, nearly half of our assets under management (AUM) come from clients based outside of North America.

Lazard's global network also enhances our ability to reallocate resources to areas of greatest activity. In 2012, despite the decline in European M&A, our advisory revenue in Europe was stable as the region has become a hub for sovereign and developing markets work.

We continue to reinforce our global network through investment in both developed and developing markets, hiring outstanding people when the right opportunities arise. In 2012, we integrated our Brazilian operations, bolstered our business in the Asia-Pacific region, and established the Lazard Africa initiative.

Enhancing the firm's capabilities

Our clients operate in a complex and integrated global marketplace. We anticipate and adapt to their changing needs by continually enhancing our advisory services and investment platforms.

A significant portion of Lazard's revenue today comes from business areas and investment strategies that either did not exist at the firm ten years ago, or that have grown substantially.

In Financial Advisory, these include Sovereign Advisory, Lazard Middle Market and Capital Structure Advisory. The growth of these services has helped support Financial Advisory revenues since the peak year of 2007 even as the global M&A marketplace has declined.

In Asset Management, we have extended our global equities platform to meet institutional client demand with strategies such as global multi-asset and controlled volatility. We have added to our emerging market debt products, and expanded our global fixed income platform. And most of our investment platforms have significant capacity for further organic growth.

Disciplined financial management

We have set key objectives regarding profitability and efficient use of capital that are designed to drive shareholder value. We have defined targets for compensation and non-compensation expense ratios, for operating margin, as well as for capital management goals. We have made significant progress toward achieving these objectives.

To accelerate our progress toward our goals, in the fourth quarter of 2012 we began a program of cost saving initiatives focused on realigning the firm's investments to create greater operating profitability, with increased flexibility to continue retaining and attracting the best people. We are reorganizing support functions to leverage efficiencies across businesses and geographies; devoting more resources to areas with long-term potential as we reduce investments and staff in areas with low productivity; and renegotiating or exiting certain third-party contracts.

Regarding capital management, since the beginning of 2010, Lazard's quarterly dividend has increased 60%, and we have returned more than $1 billion in capital to shareholders[1]—$540 million in 2012 alone. Going forward, we intend to continue offsetting potential share dilution from equity-related compensation, and to continue deploying excess cash toward dividends, additional share repurchases and debt management.

Outlook

We are more optimistic about the environment for our businesses today than we were one year ago, although the recovery is still uneven. The global financial system is healing, helped by a strengthening U.S. economy. Overall sentiment is improving. Europe still faces challenges as it struggles to find a balance between austerity and growth, but an improving U.S economy should lift others, including emerging markets.

In the following pages, we provide answers to frequently asked questions about our businesses and our progress toward our goals. Entering 2013, we believe Lazard is better positioned than ever to serve clients well and build shareholder value.

Sincerely,

Kenneth M. Jacobs
Chairman and Chief Executive Officer

QUESTIONS AND ANSWERS

1. What are Lazard's core strengths/competitive advantages?

We are the leading independent financial advisory and asset management firm in the world. Our core strengths are our people, our global network and our brand.

- **Our people -** As a firm that competes on the quality of our advice and the strength of our ideas, we seek to retain and attract the best people in our industry. Our senior professionals have an average of more than 20 years of experience, and are actively engaged with clients. We invest continually in our people to ensure that we can provide the best solutions to our clients' strategic and financial challenges, no matter how complex or difficult.
- **Our global network -** Our deep local roots in business centers around the world, overlaid with global industry expertise, create a global network of relationships with key decision-makers in business, government and investing institutions. This network is a powerful resource that benefits our clients.
- **Our brand** – The Lazard brand has been built over 160 years. It represents trusted advice, outstanding service and exceptional performance for clients. Our reputation enhances our global network of relationships, and it helps us retain and attract the best people.

2. How is Lazard positioned for 2013?

We enter 2013 with strong competitive positions in both Financial Advisory and Asset Management.

In Financial Advisory, we believe the outlook for M&A is better today than it was at this time last year, particularly in North America. Valuations are reasonable relative to organic growth opportunities; financing is inexpensive and available; and overall sentiment is improving.

In Asset Management, our year-end near-record AUM gives us a solid foundation entering 2013. Approximately 83% of our AUM was invested in equities as of December 31, 2012, positioning us well as investors move toward investments with higher risk profiles. Given our globally diversified platform and our ability to provide investment solutions for a global mix of clients, we believe we are positioned to benefit from growth that may occur in the asset management industry.

3. Where are your best growth opportunities?

In Financial Advisory, we believe our greatest immediate opportunity is in U.S. large-cap M&A, in line with the economic recovery. We expect cross-border M&A activity to follow as an improving U.S. economy helps boost other regions, including developing markets. Intra-Europe M&A remains challenging in the near term. We have substantial operating leverage as economic conditions improve. In the meantime, Europe remains a good market for our Capital Structure Advisory, Sovereign Advisory and Restructuring services.

We continue to invest globally in areas of potential growth, and we expect to see increased activity as our investments mature, particularly in Latin America and Asia. In the U.S., we have bolstered teams in energy and financial sponsors. In Europe, we see growing returns from our investment in the business of advising clients on their holdings of derivatives and structured products.

In Asset Management, we have significant capacity for organic growth. In the near term, we expect most of it to come from the extension of our investment platforms. On the equities side, we have experienced growth in our international, global, local, emerging markets and multi-asset strategies. On the fixed income side, emerging market debt and global fixed income have shown healthy growth. We expect near- to mid-term growth to come from developed economies because of their sheer scope and size. Over the longer term, we expect an increasing share of our AUM to come from the developing economies in Asia, Latin America and the Middle East, as their retirement systems evolve and individual wealth is increasingly deployed in the financial markets.

We intend to continue investing in our seed portfolio that incubates new investment strategies across our platforms in equities and fixed income. We also intend to continue building out our Asset Management sales and marketing capabilities in order to capitalize on our overall strong pattern of investment performance.

4. What is the competitive landscape of your business today?

In Financial Advisory, Lazard is the world's leading independent advisor. Our primary competitors are the large integrated banks. Our share of global advisory fees ranks among the top five globally. In the years following the global financial crisis, clients have sought independent advice and we have gained substantial share from the largest banks.

In Asset Management, we compete with a variety of institutional investment firms and fund managers across a broad range of equity and fixed income strategies, alternative investments and private equity funds. We have achieved a strong pattern of performance in global, local and emerging markets in both equities and fixed income, a fact reflected in our net asset inflows for five of the last six years and our achievement of record AUM in volatile equity markets.

5. What are your financial goals and how do you expect to reach them?

Last year we communicated our goal of achieving a 2014 operating margin[2] of 25%, assuming a similar level and mix of revenue as in 2012. We established this goal, based on economic conditions at the time, by targeting an awarded compensation ratio[3] in the mid-to-high 50s percentage range, and a non-compensation ratio[4] of between 16% and 20%.

We have been making progress toward these goals. From 2008 to 2012:

- Our awarded compensation ratio has declined from 71% to 59%. It is now within our target range goal.
- Our operating margin based on awarded compensation has increased from 7% to 19%.

Based on our 2012 financial results and the progress of our cost saving initiatives, we believe we are on track to achieving our goals. Scenarios that could cause us to fall short of our operating margin goal include a significant drop in operating revenue, for example due to a decrease in M&A activity, our share of the M&A market, or AUM, or a failure to meet our cost management goals, for example due to competitive compensation pressures. In evaluating our progress, it is important to note that our quarterly revenue and profits can fluctuate materially, so we believe that annual results are the most meaningful.

6. What progress have you made on your cost saving initiatives?

Our cost saving initiatives are well underway. We have completed a majority of them, with the remainder expected to be completed by the end of the second quarter in 2013. In the fourth quarter of 2012, we took a charge of $103 million relating to the initiatives.

We continue to anticipate approximately $125 million in annual savings from our existing expense base, of which approximately $85 million should come from compensation-related expenses associated with reduced staffing and approximately $40 million from non-compensation costs. At least two-thirds of the savings should be realized in 2013, with the full impact in 2014.

7. What progress have you made in Lazard's capital management and what goals have you set going forward?

We have made significant progress in driving shareholder value by actively managing Lazard's capital:

- We have returned more than $1 billion in capital to shareholders since the start of 2010, including $200 million of surplus cash[5] one year ahead of our goal.
- In 2012 alone, we returned $540 million of capital to shareholders—or about 16% of our market capitalization—primarily in dividends and share repurchases. The dividends included a special dividend and acceleration of the fourth quarter dividend that ordinarily would have been paid in February 2013.
- We have increased our quarterly dividend by 60% since the start of 2010.
- We have offset potential dilution from compensation-related stock grants in each of the last three years (2010-2012).

Going forward, we remain committed to returning capital to shareholders through paying dividends, repurchasing shares to offset, at minimum, the potential dilution of year-end compensation-related equity grants, and managing our debt. We continue to evaluate these opportunities relative to prevailing market conditions in order to create value for our shareholders.

8. What changes have you made to corporate governance and executive compensation practices in the past year?

In 2012 we made significant changes to corporate governance and executive compensation practices:

Corporate Governance:

- In 2012, two new independent directors joined our Board of Directors. Our Board is now comprised of ten members, eight of whom are independent.

- Our Chairman and CEO provides us with unified leadership and focused vision. An independent Lead Director, along with our independent directors, provides strong balance and active oversight of our strategy. Our current Lead Director is a member of all Committees of the Board of Directors, including the Compensation Committee, which determines compensation for our CEO and other named executive officers (NEOs). Only independent directors are members of our Committees.

- We adopted a majority vote policy in connection with the election of members of our Board.

Executive Compensation Practices:

- Reflecting our discipline on compensation, awarded compensation for our NEOs in 2012 was reduced by 5%, notwithstanding the firm's financial and other achievements, which included a 5% increase in operating revenue during 2012.

- Almost 90% of our NEOs' 2012 aggregate awarded compensation was performance-based. 60% of our Chairman and CEO's 2012 awarded compensation was long-term performance compensation, paid in the form of three-year, forward-looking performance-based restricted stock units that only pay out if we achieve clearly defined goals.

- We adopted stock ownership guidelines for our NEOs that require them to own a minimum amount of shares. Under the new guidelines, our CEO must own shares equal to six times his base salary and each other NEO must own shares equal to three times his base salary.

Please see our 2013 proxy statement for a complete discussion of corporate governance and executive compensation developments.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements.” In some cases, you can identify these statements by forward-looking words such as “may”, “might”, “will”, “should”, “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 are not historical facts but instead represent only our belief regarding future results, many of which, by their nature, are inherently uncertain and outside of our control. 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 these forward-looking statements.

These factors include, but are not limited to, those discussed in our Annual Report on Form 10-K under Item 1A “Risk Factors,” and also disclosed from time to time in our reports on Forms 10-Q and 8-K, including the following:

- A decline in general economic conditions or the global financial markets;
- A decline in overall mergers and acquisitions (M&A) activity, our share of the M&A market or our assets under management;
- 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.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee the accuracy of our estimated targets, 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 to conform our prior statements to actual results or revised expectations and we do not intend to do so.

Lazard Ltd is committed to providing timely and accurate information to the investing public, consistent with our legal and regulatory obligations. To that end, Lazard and its operating companies use their websites to convey information about their businesses, including the anticipated release of quarterly financial results, quarterly financial, statistical and business-related information, and the posting of updates of assets under management in various hedge funds and mutual funds and other investment products managed by Lazard Asset Management LLC and its subsidiaries. Investors can link to Lazard and its operating company websites through www.lazard.com.

ENDNOTES

[1] We calculate our return of capital as follows: in 2012, a total of $540 million including: (i) $140 million paid to our shareholders in dividends, which included both a special dividend and an accelerated dividend; (ii) repurchase of 12.8 million shares of our Class A common stock for $355 million, at an average price of $27.66 per share; and (iii) satisfaction of employee tax obligations of $45 million in cash in lieu of share issuance upon vesting of equity grants. Approximately 4.5 million shares of our share repurchases, at a cost of $120 million, served to directly offset the expected potential dilution upon vesting from our 2011 year-end equity-based compensation awards. For 2011 and 2010, a total of $649 million including (i) $135 million paid to our shareholders in dividends; (ii) repurchase of 11.1 million shares of our Class A common stock and Lazard Group interests for $363 million, at an average price of $33.41and $32.01 per share, respectively for 2011 and 2010; and (iii) satisfaction of employee tax obligations of $151 million in cash in lieu of share issuance upon vesting of equity grants. Approximately 7.8 million shares of our share repurchases, at a cost of $253 million, served to directly offset the dilution upon vesting from our 2010 and 2009 year-end equity-based compensation awards.

[2] Operating margin based on awarded compensation uses non-GAAP measures of operating revenue, awarded compensation expense and adjusted non-compensation expense and is calculated as operating revenue, minus awarded compensation expense, minus adjusted non-compensation expense, divided by operating revenue. For a description of how to calculate these non-GAAP measures and a reconciliation between each and the respective comparable GAAP financial measure, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Consolidated Results of Operations", in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

[3] Awarded compensation ratio is calculated using cash compensation and benefits plus deferred incentive compensation with respect to the applicable year, net of estimated future forfeitures. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Consolidated Results of Operations", in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012

[4] Non-compensation ratio is calculated excluding noncontrolling interests and other charges deemed to be of a non-recurring nature to enhance comparability of adjusted non-compensation expense between present, historical and future periods. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Consolidated Results of Operations", in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

[5] Surplus cash is defined as that which is not needed for regulatory, tax and related purposes of the business, or for accrued compensation.