

Lazard Ltd  
Form DEF 14A  
March 31, 2006  
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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**SCHEDULE 14A**

**(Rule 14a-101)**

**Information Required in Proxy Statement**

**Schedule 14A Information**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- |   |  |
|---|--|
| <input type="checkbox"/> Preliminary Proxy Statement                  | <input type="checkbox"/> Confidential, for Use of the Commission |
| <input checked="" type="checkbox"/> Definitive Proxy Statement        | Only (as permitted by Rule 14a-6(e)(2))                          |
| <input type="checkbox"/> Definitive Additional Materials              |  |
| <input type="checkbox"/> Soliciting Material Pursuant to § 240.14a-12 |  |

**Lazard Ltd**

(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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**2006**

**Notice of Annual**

**General Meeting**

**and Proxy Statement**

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March 31, 2006

Dear Shareholder:

You are cordially invited to attend the 2006 Annual General Meeting of Shareholders of Lazard Ltd and any adjournment or postponement thereof. We will hold the meeting on Tuesday, May 9, 2006 at 10:30 a.m. New York City time, in the auditorium on the second floor at 1221 Avenue of the Americas, New York, New York.

Enclosed you will find a notice setting forth the business expected to come before the meeting, the Proxy Statement, a form of proxy and a copy of our 2005 Annual Report.

Your vote is very important to us. Whether or not you plan to attend the meeting in person, your shares should be represented and voted.

Sincerely,

Bruce Wasserstein

Chairman and Chief Executive Officer

**Lazard Ltd**

Clarendon House

2 Church Street

Hamilton, HM11, Bermuda

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**Lazard Ltd**

**Notice of 2006 Annual General Meeting  
of Shareholders and Proxy Statement**

Date: Tuesday, May 9, 2006  
Time: 10:30 a.m. New York Time  
Place: Auditorium  
2<sup>nd</sup> Floor  
1221 Avenue of the Americas  
New York, New York

**Matters to be voted on:**

Elect three directors to our Board of Directors for a three year term expiring at the conclusion of the Company's annual general meeting in 2009;

Ratification of appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2006 and authorization of the Company's Board of Directors, acting by the Company's Audit Committee, to set their remuneration; and

Any other matters that may properly be brought before the meeting and any adjournment or postponement thereof.

This notice and proxy statement describes the matters being voted on and contains certain other information. In this material, the terms "we", "our", "us", "Lazard", or the "Company" refers to Lazard Ltd and its subsidiaries, including Lazard Group LLC, a Delaware limited liability company ( "Lazard Group" ), that is the current holding company for our businesses.

Only shareholders of record at the close of business on March 22, 2006 may vote in person or by proxy at the annual general meeting and any adjournment or postponement thereof. You will need proof of ownership of our Class A common stock to enter the meeting. This proxy solicitation material is being mailed to shareholders on or about March 31, 2006 with a copy of Lazard's 2005 Annual Report, which includes financial statements for the period ended December 31, 2005 and the independent auditor's report thereon. Copies of Lazard's 2005 Annual Report will be made available at the meeting.

**Your vote is important. You may cast your vote by mail, telephone or over the Internet by following the instructions on your proxy card.**

By order of the Board of Directors

Scott D. Hoffman

Secretary

March 31, 2006

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### **Proxy Statement**

### **General Information**

#### **Who Can Vote**

Holders of our Class A and Class B common stock, as recorded in our share register at the close of business on March 22, 2006, the record date, may vote at the meeting and any adjournment or post postponement thereof. As of that date, there were 37,503,059 shares of Class A common stock outstanding and one share of Class B common stock outstanding.

On each matter to be voted upon, the Class A common stock and Class B common stock will vote together as a single class. As of the record date, each holder of Class A common stock is entitled to one vote per share and LAZ-MD Holdings LLC ( LAZ-MD Holdings ), as the holder of the share of Class B common stock, is entitled to 62,118,749 votes in respect of such share, or 62.4% of the voting power of our Company. With respect to matters to be raised at the 2006 annual general meeting, the members of LAZ-MD Holdings may individually direct LAZ-MD Holdings how to vote their proportionate interest in Lazard Ltd 's Class B common stock. Prior to the meeting, LAZ-MD Holdings will hold a separate, preliminary vote of its members on the matters to be voted on at the meeting. For a more detailed description of the LAZ-MD Holdings stockholders' agreement, see Certain Relationships and Related Transactions LAZ-MD Holdings Stockholders' Agreement Voting Rights.

#### **Voting Your Proxy**

You may vote in person at the meeting or by proxy. We recommend you vote by proxy even if you plan to attend the meeting. You can always change your vote at the meeting. Most shareholders have a choice of proxy voting by using a toll free telephone number, voting through the Internet or, if they received their proxy materials by regular mail, completing the proxy card and mailing it in the postage-paid envelope provided. If you received your materials by regular mail, please refer to your proxy card or the information forwarded by your bank, broker or other holder of record to see which options are available to you. Executors, administrators, trustees, guardians, attorneys and other representatives voting on behalf of a shareholder should indicate the capacity in which they are signing and corporations should vote by an authorized officer whose title should be indicated.

#### **How Proxies Work**

Lazard 's Board of Directors is asking for your proxy. Giving us your proxy means you authorize us to vote your shares at the meeting, or at any adjournment or postponement thereof, in the manner you direct. You may vote for all, some, or none of our director nominees. You may also vote for or against the other proposals or abstain from voting. If you sign and return a proxy card or otherwise vote by telephone or Internet but do not specify how to vote, we will vote your shares in favor of our director nominees, and in favor of Proposal 2. The enclosed proxy also confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of 2006 Annual General Meeting and with respect to other matters that may be properly brought before the Annual General Meeting and any adjournment or postponement thereof.

As of the date of this proxy statement, we do not know of any other business that will be presented at the meeting. If other business shall properly come before the meeting, including any proposal submitted by a shareholder that was omitted from this proxy statement in accordance with applicable federal securities laws, the persons named in the proxy will vote according to their best judgment.

#### **Revoking Your Proxy**

You may revoke your proxy before it is voted by submitting a new proxy with a later date, by voting in person at the meeting, or by sending written notification addressed to:

Lazard Ltd

30 Rockefeller Plaza

New York, New York 10020

Attn: Scott D. Hoffman,

Secretary

Mere attendance at the meeting will not revoke a proxy that was previously submitted to us.



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### **Quorum and Conduct of Meeting**

In order to carry on the business of the meeting, we must have a quorum. This means that at least two shareholders must be present at the meeting, either in person or by proxy, and those shareholders must generally hold shares representing more than 50% of votes that may be cast by all shareholders having the right to attend and vote at the meeting. The chairman of the annual general meeting has broad authority to conduct the annual general meeting so that the business of the meeting is carried out in an orderly and timely manner. In doing so, the chairman has broad discretion to establish reasonable rules for discussion, comments and questions during the meeting. The chairman also is entitled to rely upon applicable law regarding disruptions or disorderly conduct to ensure that the meeting is conducted in a manner that is fair to all participants.

### **Attendance at the Meeting**

Only shareholders, their proxy holders, and our guests may attend the meeting. Admission to the meeting will be on a first-come, first-served basis. Verification of ownership may be requested at the admissions desk. If your shares are held in the name of your broker, bank, or other nominee, you must bring to the meeting an account statement or letter from the nominee indicating that you are the beneficial owner of the shares on March 22, 2006, the record date for voting.

## **INFORMATION ABOUT OUR ANNUAL GENERAL MEETING AND SOLICITATION OF PROXIES**

### **Votes Needed**

Directors are elected by a plurality of the votes cast. Plurality means that the individuals who receive the largest number of votes cast FOR are elected as directors up to the maximum number of directors to be chosen at the meeting. Votes withheld from any director nominee will not be counted in such nominee's favor. All other matters to be acted on at the meeting require the affirmative vote of a majority of the combined voting power of all of the shares of our common stock present or represented and entitled to vote at the meeting to constitute the action of the shareholders. Under Bermuda law, abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum, and in accordance with our Bye-laws would be counted in the calculation for determining whether any proposal received a majority vote at the meeting. A broker nonvote is a proxy submitted by a broker in which the broker fails to vote on behalf of a client on a particular matter for lack of instruction when such instruction is required by the rules of the New York Stock Exchange.

### **Electronic Access to Proxy Materials and Annual Report**

This proxy statement and the 2005 Annual Report can be viewed on our website at <http://www.lazard.com/investorrelations/sec-filings.html>. Most shareholders may elect to view future proxy statements and annual reports over the Internet instead of receiving paper copies in the mail. If you are a shareholder of record, you may choose this option by following the instructions provided when you vote over the Internet. If you hold your Class A common stock through a bank, broker or other holder of record, please refer to the information provided by that entity for instructions on how to elect to view our future proxy statements and annual reports over the Internet.

### **Board Recommendation**

The Board of Directors recommends that you vote **FOR** each of the director nominees, and **FOR** ratification of the appointment of the independent registered public accounting firm.

### **Cost of this Proxy Solicitation**

We pay the expenses of preparing the proxy materials and soliciting this proxy. We also reimburse brokers and other nominees for their expenses in sending these materials to you and obtaining your voting instructions. In addition to this mailing, proxies may be solicited personally, electronically or by telephone by our directors,

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officers, other employees or our agents. If any of our directors, officers and other employees assist in soliciting proxies, they will not receive additional compensation for those services.

### **Multiple Shareholders Sharing Same Address**

If you and other residents at your mailing address with the same last name own shares of common stock through a bank or broker, your bank or broker may have sent you a notice that your household will receive only one annual report and proxy statement for each company in which the members of your household hold stock through that bank or broker. This practice of sending only one copy of proxy materials to holders residing at a single address is known as "householding", and was authorized by the Securities and Exchange Commission (SEC) to allow multiple investors residing at the same address the convenience of receiving a single copy of annual reports, proxy statements and other disclosure documents if they consent to do so. If you did not respond that you did not want to participate in householding, you were deemed to have consented to the process. If you did not receive a householding notice from your bank or broker, you can request householding by contacting that entity. You may revoke your consent to householding at any time by calling 1-800-542-1061.

If you wish to receive a separate paper copy of the annual report or proxy statement, you may send an e-mail to: [Investorrelations@lazard.com](mailto:Investorrelations@lazard.com) or write to:

Lazard Ltd

30 Rockefeller Plaza

New York, New York 10020

Attn: Investor Relations

### **Attending the Annual General Meeting**

If you are a holder of record and plan to attend the annual general meeting, please indicate this when you vote. When you arrive at the annual general meeting, you will be asked to present photo identification, such as a driver's license. If you hold your common stock in street name, you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or a letter from your bank or broker are examples of proof of ownership. If you want to vote your common stock held in street name in person, you must get a written proxy in your name from the broker, bank, or other nominee that holds your shares.

You may listen to the annual general meeting over the Internet. Please go to our website, [www.lazard.com](http://www.lazard.com), early to download any necessary audio software.

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**ITEM 1**

**ELECTION OF DIRECTORS**

Our Board of Directors is divided into three classes. Members of each class serve for a three-year term. Shareholders elect one class of directors at each annual general meeting. At this annual general meeting, shareholders will vote on the election of the three nominees described below for a term ending at the 2009 Annual General Meeting.

The following section contains information provided by the nominees and continuing directors about their principal occupation, business experience and other matters. Each of the nominees are current directors of Lazard. Since the filing of our Annual Report on Form 10-K with the SEC on March 22, 2006, our Board has appointed three additional directors: Lady Sylvia Jay, Professor Hal S. Scott and Mr. Michael J. Turner.

Each nominee has indicated to us that he or she will serve if elected. We do not anticipate that any nominee will be unable or unwilling to stand for election, but if that happens, your proxy may be voted for another person nominated by the Board.

The Board of Directors recommends a vote **FOR** the election of each nominee listed below.

*Nominees for Election as Directors*

*For a Three-Year Term Expiring in 2009*

*Steven J. Heyer*, age 54, has served as a director of Lazard Ltd and Lazard Group since June 2005. Mr. Heyer has served as Chief Executive Officer of Starwood Hotels & Resorts Worldwide since October 2004. Prior to joining Starwood, he was President and Chief Operating Officer of The Coca-Cola Company from April 2001 to September 2004. From 1994 to 2002 he was President and Chief Operating Officer of Turner Broadcasting System, Inc., and a member of AOL Time Warner's Operating Committee. Previously, Mr. Heyer was President and Chief Operating Officer of Young & Rubicam Advertising Worldwide, and before that spent 15 years at Booz Allen & Hamilton, ultimately becoming Senior Vice President and Managing Partner. He currently serves on the Board of Directors of the National Collegiate Athletic Association and the Special Olympics. Mr. Heyer is the chairman of the Compensation Committee and a member of the Nominating & Governance Committee of our Board of Directors.

*Sylvia Jay*, CBE, age 59, has served as a director of Lazard Ltd and Lazard Group since March 2006. Lady Jay is Vice Chairman of L'Oréal UK, a position she has held since September 2005. From January 2001 to August 2005, she was the Director General of the Food & Drink Federation, a UK trade body. Lady Jay joined the United Kingdom Civil Service in 1971. Her civil service career, until she resigned in 1995, mainly concerned government financial aid to developing countries, including being a non-executive director to the Gibraltar Ship Repair Company. She also worked in the Civil Service Selection Board to recruit fast stream administrators and diplomats; the French Ministère de la Coopération; the French Trésor and was one of a small international team which set up the European Bank for Reconstruction and Development. Lady Jay is on the board of directors of Saint-Gobain, a French company, Chairman of Food from Britain and a member of the Franco-British Council. Lady Jay is a member of the Compensation Committee and the Nominating & Governance Committee of our Board of Directors.

*Vernon E. Jordan, Jr.*, age 70, has served as a director of Lazard Ltd and Lazard Group since May 2005. Mr. Jordan has served as a Senior Managing Director of Lazard Frères & Co. LLC since January 2000. Mr. Jordan has been Of Counsel at Akin, Gump, Strauss, Hauer & Feld L.L.P. since January 2000, where he served as Senior Executive Partner from January 1982 to December 1999. Prior to that, Mr. Jordan served as President and Chief Executive Officer of the National Urban League, Inc. from January 1972 to December 1981.

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Mr. Jordan currently serves on the boards of directors of American Express Company, Asbury Automotive Group, Inc., Dow Jones & Company, Inc., J.C. Penney Company, Inc. and Xerox Corporation; as a trustee to Howard University and DePauw University; and on the International Advisory Boards of DaimlerChrysler and Barrick Gold.

*Directors Continuing in Office*

*(Term Expiring in 2007)*

*Ellis Jones*, age 52, has served as a director of Lazard Ltd and Lazard Group since May 2005. Mr. Jones has served as Chief Executive Officer of Wasserstein & Co., LP since January 2001. Prior to becoming Chief Executive Officer of Wasserstein & Co., LP, Mr. Jones was a Managing Director of the investment banking firm Wasserstein Perella Inc. from February 1995 to January 2001. Prior to joining Wasserstein Perella Inc., Mr. Jones was a Managing Director at Salomon Brothers Inc. in its corporate finance department from March 1989 to February 1995. Prior to joining Salomon Brothers Inc., Mr. Jones worked in the investment banking department at The First Boston Corporation from September 1979 to March 1989.

*Anthony Orsatelli*, age 54, has served as a director of Lazard Ltd and Lazard Group since May 2005. Mr. Orsatelli has served as the Chief Executive Officer of IXIS Corporate & Investment Bank since November 2004 and as a Member of the Executive Board of Caisse Nationale des Caisses d'Épargne since December 2003. Previously, Mr. Orsatelli held various senior positions with CDC IXIS and CDC Marchés since June 1996. Prior to joining CDC Marchés, Mr. Orsatelli served as the Deputy Head of the Capital Markets Department of Caisse des Dépôts Paris from March 1995 to June 1996. Mr. Orsatelli previously served as the Head of the BNP Group in Japan from January 1992 to March 1995, as a Managing Director of BNP Securities London from October 1988 to December 1991, and as the Head of the international department and risk management at BNP's financial division from July 1987 to October 1988. Mr. Orsatelli held positions with the French Ministry of Finance from September 1981 to July 1987 and with the Prime Minister's office in France from September 1977 to September 1981. Mr. Orsatelli is chairman of the Audit Committee of our Board of Directors.

*Hal S. Scott*, age 62, has served as a director of Lazard Ltd and Lazard Group since March 2006. Professor Scott is the Nomura Professor and Director of the Program on International Financial Systems at Harvard Law School, where he has taught since 1975. Before joining Harvard, he served as a Law Clerk for the Hon. Justice Byron R. White, U.S. Supreme Court, from 1973 to 1974, and as an Assistant Professor of Law, University of California at Berkeley from 1974 to 1975. Professor Scott has published numerous books and articles on finance, banking and securities laws. He is a member of the Shadow Financial Regulatory Committee, past President of the International Academy of Consumer and Commercial Law and past Governor of the American Stock Exchange (2002-2005). Professor Scott is the chairman of the Nominating & Governance Committee and a member of the Audit Committee of our Board of Directors.

*Directors Continuing in Office*

*(Term Expiring in 2008)*

*Bruce Wasserstein*, age 58, has served as Chairman and Chief Executive Officer of Lazard Ltd and Lazard Group since May 2005. Mr. Wasserstein has served as a director of Lazard Group since January 2002 and as a director of Lazard Ltd since April 2005. Mr. Wasserstein served as the Head of Lazard and Chairman of the Executive Committee of Lazard Group from January 2002 until May 2005. Prior to joining Lazard, Mr. Wasserstein was Executive Chairman at Dresdner Kleinwort Wasserstein from January 2001 to November 2001. Prior to joining Dresdner Kleinwort Wasserstein, he served as CEO of Wasserstein Perella Group (an investment banking firm he co-founded) from February 1988 to January 2001, when Wasserstein Perella Group was sold to Dresdner Bank. Prior to founding Wasserstein Perella Group, Mr. Wasserstein was the Co-Head of Investment Banking at The First Boston Corporation. Prior to joining First Boston, Mr. Wasserstein was an attorney at Cravath, Swaine & Moore. Mr. Wasserstein also currently serves as Chairman of Wasserstein & Co., LP, a private merchant bank.

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*John K. Shank*, age 65, has served as a director of Lazard Ltd and Lazard Group since January 2006. Dr. Shank is the Noble Foundation Professor of Management emeritus at the Tuck School at Dartmouth, a position he held from June 1984 to June 2004. He continues to serve as a visiting professor at the Naval Post Graduate School in Monterey, California, a position he has held since June 2003. Before joining the Dartmouth Faculty, he taught at the Ohio State University for eight years and Harvard Business School for seven years. Prior to that he worked in public accounting for the two firms that merged to form Deloitte & Touche. He has published 17 books, more than 100 case studies and more than 100 articles in leading journals in accounting, finance and management. Dr. Shank is a member of the Audit Committee of our Board of Directors.

*Michael J. Turner*, CBE, age 57, has served as a director of Lazard Ltd and Lazard Group since March 2006. Mr. Turner has served as Chief Executive Officer of BAE Systems plc since March 2002. Mr. Turner joined BAE Systems in 1966 and since that time has held a number of commercial, marketing and general management positions, including Chief Operating Officer from 1999 to March 2002. Mr. Turner is a member of the Shareholders Committee of Airbus SAS, a member of the Board of Directors of Art Properties UK Ltd and joint chairman of the Aerospace Innovation and Growth Team in the UK. Mr. Turner is a member of the Compensation Committee and the Nominating & Governance Committee of our Board of Directors.

### **Information Regarding The Board of Directors and Corporate Governance**

Lazard is governed by a Board of Directors and various committees of the Board that meet throughout the year. Our Board has established three standing committees: the Audit Committee, Nominating & Governance Committee, and the Compensation Committee. Each of the standing committees has adopted and operates under a written charter, all of which are available on our website at [www.lazard.com/investorrelations/corp-governance.html](http://www.lazard.com/investorrelations/corp-governance.html). Other corporate governance documents also are available on our website, including our Corporate Governance Guidelines and our Code of Business Conduct and Ethics. A copy of each of these documents is available to any shareholder upon request.

Since our initial public offering ( IPO ) in May of 2005, there have been three meetings of the Board in 2005. The Board of Directors has regularly scheduled meetings of non-executive directors following each meeting of the full Board. Each meeting of non-executive directors is presided over by one of the committee chairpersons.

### **Agreement with IXIS Corporate & Investment Bank**

IXIS Corporate & Investment Bank ( IXIS ) participated as an investor in our recapitalization transactions in May 2005, purchasing \$150 million of Lazard s equity security units (which represent a contract to purchase Lazard Class A common stock on May 15, 2008 and a senior note of Lazard Group in an aggregate amount of \$150 million) and 2,000,000 shares of Class A common stock at the IPO price of \$25 per share. In connection with IXIS s investment, we have agreed that we will nominate one person designated by IXIS to our Board of Directors until such time as (1) the shares of our common stock then owned by IXIS, plus (2) the shares of our common stock issuable under the terms of any exchangeable securities issued by us then owned by IXIS, constitute less than 50% of the sum of (a) the shares of our common stock initially purchased by IXIS, plus (b) the shares of our common stock issuable under the terms of any exchangeable securities issued by us initially purchased by IXIS. Anthony Orsatelli is the IXIS nominee to our Board of Directors.

### **Audit Committee**

#### **Anthony Orsatelli (Chair), Hal S. Scott and John K. Shank**

This committee met three times in 2005. The Audit Committee assists our Board of Directors in fulfilling its oversight responsibilities with respect to:

monitoring the integrity of the financial statements;

the qualifications, independence and performance of our independent auditors;

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the performance of our internal audit function; and

compliance by us with certain legal and regulatory requirements.

A detailed list of the committee's functions is included in its charter, which is attached as Annex A.

The Audit Committee also selects and oversees Lazard's independent auditors, and pre-approves all services to be performed by the independent auditors pursuant to the Audit Committee pre-approval policy. All members of the Audit Committee are independent as required by Lazard and the listing standards of the New York Stock Exchange. All members of the Audit Committee are financially literate, as determined by the Board of Directors. The Board of Directors has determined that Mr. Anthony Orsatelli and Dr. John K. Shank have the requisite qualifications to satisfy the SEC definition of "audit committee financial expert".

### **Compensation Committee**

**Steven J. Heyer (Chair), Sylvia Jay and Michael J. Turner**

This committee met three times in 2005. The Compensation Committee assists the Board of Directors by overseeing our compensation plans, policies and programs and has full authority to:

determine and approve the compensation of our Chief Executive Officer;

make recommendations with respect to compensation of our other executive officers; and

receive reports on our compensation programs as they affect all managing directors and employees.

The Compensation Committee also is responsible for producing an annual report on executive compensation for inclusion in the Company's annual proxy statement. All members of the Compensation Committee are independent as required by Lazard and the listing standards of the New York Stock Exchange.

### **Nominating & Governance Committee**

**Hal S. Scott (Chair), Steven J. Heyer, Sylvia Jay and Michael J. Turner**

This committee met three times in 2005. The Nominating & Governance Committee assists our Board of Directors in promoting sound corporate governance principles and practices by:

identifying individuals qualified to become Board members, consistent with criteria approved by the Board;

recommending to the Board the director nominees for the next annual general meeting of shareholders;

reviewing and reassessing the adequacy of the Corporate Governance Guidelines;

leading the Board in an annual review of its own performance; and

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recommending to the Board director nominees for each committee.

The Nominating & Governance Committee also is responsible for recommending to the Board of Directors standards regarding the independence of outside directors and reviewing such standards on a regular basis to confirm that such standards remain consistent with sound corporate governance practices and with any legal, regulatory or New York Stock Exchange requirements. All members of the Nominating & Governance Committee are independent as required by Lazard and the listing standards of the New York Stock Exchange.

### **Attendance**

The average attendance by directors at meetings of the Board and its Committees was approximately 89%. The Board met three times in 2005 since the IPO and all directors who were members of the Board in 2005 attended at least 75% of the meetings of the Board and Committees on which they served, except Mr. Orsatelli who missed one Board meeting and one Committee meeting on the same day. We expect all directors to attend our annual general meeting of shareholders.

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### **Codes of Business Conduct and Ethics**

We have adopted the Code of Business Conduct and Ethics that is applicable to all directors, managing directors, officers and employees of Lazard and its subsidiaries and affiliates. We have also adopted a Supplement to the Code of Business Conduct and Ethics for certain other senior officers, including our chief executive officer, chief financial officer and principal accounting officer. Each of these codes are available on our website at <http://www.lazard.com/investorrelations/conductsandethics.html>. A print copy of each of these documents is available to any shareholder upon request. We intend to disclose amendments to, or waivers from, the Code of Business Conduct and Ethics, if any, on our website.

### **Communications with the Board**

To report any issue relating to the accounting, internal accounting controls or auditing practices of Lazard (including its subsidiaries and affiliates), employees, shareholders and others may contact the Audit Committee of the Board of Directors by mail, at the address listed below. Anyone who wishes to send a communication to our non-executive directors as a group may also do so by mail at the address listed below, and by marking the envelope, Attn: Non-Executive Directors of the Lazard Ltd Board of Directors.

**Lazard Ltd**

**30 Rockefeller Plaza**

**New York, NY 10020**

**The Lazard Ltd Board of Directors**

**c/o the General Counsel**

Our procedures for handling complaints and concerns of employees and other interested parties are posted on our website at <http://www.lazard.com/investorrelations/corp-procedures.html>.

### **Policy on Director Nomination Process**

The Board's Nominating & Governance Committee is responsible for evaluating and recommending to the Board proposed nominees for election to the Board of Directors. As part of its process, the committee will consider director candidates recommended for consideration by members of the Board, by management and by shareholders. It is the policy of the Nominating & Governance Committee that candidates recommended by shareholders will be considered in the same manner as other candidates. Candidates for the Board of Directors must be experienced, dedicated, and meet the highest standards of ethics and integrity. All directors represent the interests of all shareholders, not just the interests of any particular shareholder, shareholder group or other constituency. The Nominating & Governance Committee periodically reviews with the Board the requisite skills and characteristics for new directors, taking into account the needs of Lazard and the composition of the Board as a whole. While we could qualify for various exceptions to the governance standards of the New York Stock Exchange ( NYSE ) as a controlled company , we have chosen not to be so treated and have committed to having a majority of our directors satisfy the independence requirements of both Lazard and the NYSE. Likewise, each member of the Audit Committee must be financially literate and at least one member must possess the requisite qualifications to satisfy the SEC definition of audit committee financial expert . Once a candidate is identified, the Nominating & Governance Committee will consider the candidate's mix of skills and experience with businesses and other organizations of comparable size, as well as his or her reputation, background and time availability (in light of anticipated needs). The committee also will consider the interplay of the candidate's experience with the experience of other Board members, the extent to which the candidate would be a desirable addition to the Board and any committees of the Board and any other factors it deems appropriate. Shareholders wishing to recommend to the Nominating & Governance Committee a candidate for director at our 2007 Annual General Meeting of Shareholders may do so by submitting in writing such candidate's name, in compliance with the procedures and along with the other information required by our Bye-laws, to the Secretary of our Board of Directors at: Lazard Ltd, Office of the Secretary, 30 Rockefeller Plaza, 62<sup>nd</sup> Floor, New York, New York 10020 between January 9, 2007 and February 8, 2007.



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**Table of Contents****Director Independence**

Pursuant to the corporate governance listing standards of the NYSE, the Board of Directors has adopted standards for determining whether directors have material relationships with Lazard. The standards are set forth on Annex B to this proxy statement. Under these standards, a director employed by Lazard cannot be deemed to be an independent director, and consequently Mr. Wasserstein and Mr. Jordan are not independent directors of Lazard. In addition, the Board has determined that Mr. Ellis Jones, the chief executive officer of Wasserstein & Co., LP, a private equity investment firm that is majority owned by Wasserstein Family Trusts and Bruce Wasserstein, also is not independent. The Board has determined that none of the other directors has a material relationship with Lazard under the Board's standards for independence and accordingly each is independent under the NYSE corporate governance listing standards. In making its independence determinations the Board considered the relationship between Lazard and IXIS Corporate & Investment Bank, of which Mr. Orsatelli is the chief executive officer. IXIS participated as an investor in our recapitalization transactions in May 2005, purchasing \$150 million of our equity security units and 2,000,000 shares of Class A common stock at the IPO price of \$25 per share. In connection with this investment, Lazard agreed to nominate one person designated by IXIS to our Board of Directors, currently Mr. Orsatelli. Lazard also has a cooperation arrangement with IXIS in France. The cooperation arrangement provides that Lazard Group and IXIS will (1) place and underwrite securities on the French equity primary capital markets under a common brand, Lazard-Ixis, and cooperate in their respective origination, syndication and placement activities, (2) form an alliance in real estate advisory work with the objective of establishing a common brand for advisory and financing operations within France, and (3) create an exclusive mutual referral cooperation arrangement, subject to the fiduciary duties of each firm, with the goal of referring clients from Lazard Group to IXIS for services relating to corporate banking, lending, securitizations and derivatives within France and from IXIS to Lazard Group for mergers and acquisitions advisory services within France. In 2005, the cooperation arrangement generated approximately \$12.5 million of gross revenue for IXIS and \$11.4 million of gross revenue for Lazard. In addition to the cooperation arrangement, from time to time, in the ordinary course of our business, we have provided advice to IXIS and Caisse Nationale des Caisses d'Epargne (CNCE), the parent company of IXIS. IXIS and CNCE are part of Groupe Caisse D'Epargne, a consolidated reporting group. In 2005, Lazard advised IXIS on one transaction in Germany and received a fee of \$1.8 million and advised CNCE on several transactions in Paris in 2003, 2004 and 2005 and received fees of \$3.9 million, \$5.7 million, and \$2.2 million, respectively. The Board determined, in its business judgment, that these relationships were not material, noting that (a) 2005 gross revenue generated pursuant to the cooperation arrangement and other transactions referenced above were less than 2% of Lazard's gross revenues for 2005 and less than 1% of the annual gross revenue for Groupe Caisse D'Epargne for 2004 (the latest date upon which information is publicly available) and (b) at December 31, 2005, Lazard's consolidated indebtedness to IXIS was less than 8.0% of Lazard's total consolidated assets. See Agreement with IXIS Corporate & Investment Bank and Certain Relationships with Our Directors, Executive Officers and Employees.

**Director Compensation**

Directors who are officers of Lazard do not receive any fees for their service as directors. Each non-executive director receives an annual cash retainer of \$50,000 and an annual award of deferred stock units (DSUs) with a grant value of \$50,000. The chair of the Audit Committee is paid an additional annual retainer of \$30,000 and the chairs of each of the Nominating & Governance Committee and the Compensation Committee are paid an additional annual retainer of \$20,000, in each case 50% is paid in cash and 50% in DSUs. The other members of the Audit Committee are paid an additional annual retainer of \$20,000 and the other members of the Nominating & Governance Committee and the Compensation Committee are paid an additional annual retainer of \$15,000, in each case 50% is paid in cash and 50% in DSUs. All DSUs awarded under this arrangement (1) are issued under the Lazard Ltd 2005 Equity Incentive Plan or any successor plan thereto, and (2) are converted to Class A common stock on a one-for-one basis and distributed to the director after he or she resigns or otherwise ceases to be a member of our Board.

**Table of Contents****Beneficial Owners of More Than Five Percent**

Based on filings made under Section 13(d) and Section 13(g) of the U.S. Securities Exchange Act of 1934, as amended, as of March 22, 2006, the only persons known by us to be beneficial owners of more than 5% of our Class A and Class B Common Stock were as follows (except for Bruce Wasserstein, whose share ownership is noted in the subsequent table):

Name and Address of Beneficial Owner	Number of Shares of Class B Common Stock	Number of Shares of Class A Common Stock	Percentage of Shares of Class A Common Stock	Percentage of Voting Power (a)
	Beneficially Owned	Beneficially Owned	Beneficially Owned	
<b>LAZ-MD Holdings</b> 30 Rockefeller Plaza New York, New York 10020	1(b)	0(c)		62.4%(d)
<b>IXIS (e)</b> 47, Quai d'Austerlitz 75648 Paris Cedex 13 France		2,000,000	5.3%	2.0%
<b>FMR Corp.</b> 82 Devonshire Street Boston, Ma 02109		5,489,700	14.6%	5.5%
<b>JPMorgan Chase &amp; Co.</b> 270 Park Ave New York, NY 10017		4,646,900	12.4%	4.6%
<b>T. Rowe Price Associates, Inc.</b> 100 E. Pratt Street Baltimore, Md 21202		3,473,100	9.3%	3.5%
<b>Morgan Stanley</b> 1585 Broadway New York, NY 10036		2,828,675	7.5%	2.8%
<b>Prudential Financial, Inc.</b> 751 Broad Street Newark, NJ 07102		2,975,703	7.9%	3.0%

(a) The percentage of voting power includes both the voting power of Class A common stock and Class B common stock in the aggregate.

(b) Represents 100% of the Class B common stock.

(c)

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The Lazard Group common membership interests issued to LAZ-MD Holdings are exchangeable for shares of our Class A common stock on a one-for-one basis. As each of these Lazard Group common membership interests is associated with an outstanding exchangeable interest issued by LAZ-MD Holdings, LAZ-MD Holdings disclaims beneficial ownership of the shares of Class A common stock into which the Lazard Group common membership interests are exchangeable.

- (d) LAZ-MD Holdings holds the single outstanding share of Class B common stock, which as of February 28, 2006 represents approximately 62.4% of the voting stock of all shares of our voting stock. This single share generally will entitle our managing directors holding LAZ-MD Holdings exchangeable interests who are party to the LAZ-MD Holdings stockholders' agreement to one vote per share of each LAZ-MD Holdings exchangeable interest held by them on a pass through basis.
- (e) The 2,000,000 shares of our Class A common stock were acquired by IXIS on May 10, 2005 as part of our IPO and generally may not be transferred until November 7, 2006. Excludes 4,999,800 to 6,000,000 shares of our common stock underlying the equity security units issued to IXIS on May 10, 2005 pursuant to the IXIS investment agreement. Were IXIS to exchange these securities at the price at which the Class A common stock was trading at on February 28, 2006, it would beneficially own 6.7% of the common stock, including the shares of common stock into which the Lazard Group common membership interests are exchangeable.

**Table of Contents****Beneficial Ownership of Directors, Director Nominees and Executive Officers**

The following table shows the number of shares of Class A common stock that each director, the executive officers named in the summary compensation table, and all directors and executive officers as a group, have reported as owning beneficially or otherwise having a pecuniary interest in, as of March 23, 2006. To our knowledge, except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them. The address for each listed shareholder is c/o Lazard Group LLC, 30 Rockefeller Plaza, New York, New York 10020.

Name of Beneficial Owner	Shares of Class A Common Stock	Percentage of Class A Common Stock	Shares of Class A Common Stock	Percentage of Class A Common Stock	Percentage of Voting Power (c)
			(assuming full exchange of all LAZ-MD exchangeable interests) (a) (b)	(assuming full exchange of all LAZ-MD exchangeable interests)	
Bruce Wasserstein	1,436,338	3.8%	11,394,534(d)	11.4%	11.4%
Steven J. Heyer		*	2,476	*	*
Sylvia Jay		*	295	*	*
Ellis Jones		*	7,980,833(d)	8.0%	8.0%
Vernon E. Jordan, Jr.		*	366,431	*	*
Anthony Orsatelli (e)	2,000,000	5.3%	2,002,566	2.0%	2.0%
Hal S. Scott					