Lazard Ltd
Form DEF 14A
March 16, 2009
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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 x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to § 240.14a-12

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Lazard Ltd

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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2009

Notice of Annual

General Meeting

and Proxy Statement

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March 16, 2009

Dear Shareholder:

You are cordially invited to attend the 2009 Annual General Meeting of Shareholders of Lazard Ltd and any adjournment or postponement of the meeting. We will hold the meeting on Tuesday, April 28, 2009, at 8:30 a.m. Eastern Daylight Time (9:30 a.m. Bermuda time), in the Tucker s Point Hotel, 60 Tucker s Point Drive, Harrington Sound, Bermuda.

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 2008 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 2009 Annual General Meeting

of Shareholders and Proxy Statement

Date:	Tuesday, April 28, 2009
Time:	8:30 a.m. Eastern Daylight Time (9:30 a.m. Bermuda time)
Place:	Tucker s Point Hotel 60 Tucker s Point Drive Harrington Sound, Bermuda

Matters to be voted on:

1. 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 2012;

2. Ratification of appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2009 and authorization of the Company s Board of Directors, acting by the Company s Audit Committee, to set their remuneration; and

3. 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 refer to Lazard Ltd and its subsidiaries, including Lazard Group LLC, a Delaware limited liability company (Lazard Group), which is the current holding company for our businesses.

Only shareholders of record at the close of business on March 6, 2009, 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 19, 2009, with a copy of Lazard s 2008 Annual Report, which includes financial statements for the period ended December 31, 2008, and the related independent auditor s report. Copies of Lazard s 2008 Annual Report will also 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 16, 2009

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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 6, 2009, the record date, may vote at the meeting and any adjournment or postponement thereof. As of that date, there were 76,539,880 shares of Class A common stock outstanding (not including shares held by a subsidiary) 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 45,693,784 votes in respect of such share, or 37.4% of the voting power of our Company. With respect to matters raised at the 2009 annual general meeting, the members of LAZ-MD Holdings who are party to the LAZ-MD Holdings stockholders agreement 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 such 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 the Internet but do not specify how to vote, we will vote your shares FOR each of our director nominees, and FOR ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2009. The enclosed proxy also confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of 2009 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.

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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.

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 the 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 Annual General Meeting

Only shareholders, their proxy holders and our guests may attend the meeting. Space is limited and admission to the meeting will be on a first-come, first-served basis. Verification of ownership may be requested at the admissions desk. 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 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 6, 2009, the record date for voting. If you want to vote your Class A 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. If you wish to obtain directions to attend the meeting in person, you may send an e-mail to: *investorrelations@lazard.com* or call (212) 632-1905.

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, including the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2009, 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 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 non-vote 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 (NYSE).

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Important Notice Regarding the Availability of Proxy Materials for the

Annual General Meeting of Shareholders to Be Held on April 28, 2009

This proxy statement and the 2008 Annual Report can be viewed on our website at www.lazard.com/investorrelations/sec-filings.aspx. 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 our director nominees, and FOR ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2009.

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, 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 Class A 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* or write to:

Lazard Ltd

30 Rockefeller Plaza

New York, New York 10020

Attn: Investor Relations

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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 2012 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 is a current director of Lazard. 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 2012

Steven J. Heyer, age 56, has served as a director of Lazard Ltd and Lazard Group since June 2005. Mr. Heyer is currently the Chairman and Co-Chief Executive Officer of Electric Eye Entertainment Corp. Mr. Heyer was the Chief Executive Officer of Starwood Hotels & Resorts Worldwide from October 2004 until April 2007. Prior to joining Starwood, he was President and Chief Operating Officer of The Coca-Cola Company from 2002 to September 2004. From 1994 to 2001 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 is a member of the Board of Directors of Omnicare, Inc., the National Collegiate Athletic Association and the Special Olympics. Mr. Heyer has ownership positions in a portfolio of private companies and is a member of many of their boards of directors. 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 62, has served as a director of Lazard Ltd and Lazard Group since March 2006. Lady Jay is Vice Chairman of L Oreal 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 Ministere de la Cooperation; the French Tresor and was one of a small international team which set up the European Bank for Reconstruction and Development. Lady Jay is a member of the board of directors of Saint-Gobain and Alcatel-Lucent, and is Chairman of Food from Britain. Lady Jay is a member of the Compensation Committee and the Nominating & Governance Committee of our Board of Directors.

Vernon E. Jordan, Jr., age 73, 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 Senior Counsel at Akin Gump Strauss Hauer & Feld LLP 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. Mr. Jordan currently serves on the boards of directors of Asbury Automotive Group, Inc. and Xerox Corporation;

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as a senior advisor to the Board of Directors of American Express Company; as a trustee to Howard University and DePauw University; and on the International Advisory Board of Barrick Gold.

Directors Continuing in Office

(Term Expiring in 2010)

Ellis Jones, age 55, 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 Group 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 Group Inc., Mr. Jones worked in the Investment Banking Department at The First Boston Corporation from September 1979 to March 1989. Mr. Jones is a member of the Board of Directors of Harry & David Holdings, Inc.

Dominique Ferrero, age 62, has served as a director of Lazard Ltd and Lazard Group since March 2008. Mr. Ferrero has served as Chief Executive Officer and a member of the Executive Board of Natixis since November 2006 and as the Chairman of the Executive Board of IXIS Corporate and Investment Bank from December 2006 to December 2007. Prior to joining Natixis, he was a Senior Advisor-Vice Chairman of Merrill Lynch Europe from 2004 to 2006 and Chief Executive Officer of Credit Lyonnais from 1999 to 2003. He is a currently a member of the Board of Directors of VINCI, a French public limited company.

Hal S. Scott, age 65, 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, international trade and securities laws. He is the President of the Committee on Capital Markets Regulation, Inc., 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 2011)

Bruce Wasserstein, age 61, 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 Chief Executive officer of Wasserstein Perella Group Inc. (an investment banking firm he co-founded) from February 1988 to January 2001, when Wasserstein Perella Group Inc. 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, and is a member of the Board of Directors of Harry & David Holdings, Inc.

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Ronald J. Doerfler, age 67, has served as a director of Lazard Ltd and Lazard Group since June 2006. Mr. Doerfler has been Senior Vice President and Chief Financial Officer of The Hearst Corporation since February 1998, and was elected a member of Hearst s Board of Directors in August 2002. In December 2008, Mr. Doerfler was elected a trustee of the Hearst Family Trust, the sole shareholder of The Hearst Corporation. Hearst is one of the nation s largest diversified communications companies, with interests in magazine and newspaper publishing, television and radio stations, newspaper comics and features syndication, cable TV networks, television production and syndication, and new media activities. Mr. Doerfler arrived at Hearst from ABC, Inc., where he was Senior Vice President and Chief Financial Officer. He joined Capital Cities Communications in 1969, was appointed Treasurer in 1977 and Senior Vice President and Chief Financial Officer in 1980. He played a major role in Capital Cities acquisition of ABC in 1986, and with the combined group s 1996 merger with The Walt Disney Company. Mr. Doerfler is the chairman of the Audit Committee of our Board of Directors.

Philip A. Laskawy, age 67, has served as a director of Lazard Ltd and Lazard Group since July 2008. Mr. Laskawy served as Chairman and Chief Executive Officer of Ernst & Young from 1994 until his retirement in 2001, after 40 years of service with the professional services firm. Mr. Laskawy served as Chairman of the International Accounting Standards Board from 2006 to 2007, and as a member of the 1999 Blue Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees. Mr. Laskawy has served as Chairman of Fannie Mae since September 2008 and is also a member of the Board of Directors of General Motors Corp., Capgemini, Loews Corp. and Henry Schein, Inc. Mr. Laskawy is a member of the Audit Committee of our Board of Directors.

Michael J. Turner, CBE, age 60, has served as a director of Lazard Ltd and Lazard Group since March 2006. In November 2008 Mr. Turner was appointed the non-executive Chairman of Babcock International Group PLC. Mr. Turner was the Chief Executive Officer of BAE Systems plc from March 2002 until August 2008. Mr. Turner joined BAE Systems in 1966 and held a number of commercial, marketing and general management positions, including Chief Operating Officer from 1999 to March 2002. Mr. Turner is Chairman of the Defence Industries Council and Joint Chairman of the National Defence Industries Council in the UK, as well as a non-executive Director of Art Properties UK Ltd. 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, the 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 *http://www.lazard.com/InvestorRelations/Corporate_Governance.aspx*. 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.

There were nine meetings of the Board of Directors in 2008. The non-executive directors of the Board met in executive session five times in 2008. Each meeting of non-executive directors is presided over by one of the committee chairpersons.

Agreements with Natixis and the Wasserstein Family Trusts

As of February 28, 2009, Natixis (the successor to IXIS Corporate & Investment Bank) held 6,999,800 shares of Class A common stock, of which 2,000,000 shares of our Class A common stock were acquired in our recapitalization transactions in May 2005 and 4,999,800 shares were acquired in May 2008 upon the settlement of the purchase contracts related to $150 million of Lazard s equity security units (which equity security units were also acquired in our recapitalization transactions in May 2005). In connection with this investment by Natixis in May 2005, we agreed that we will nominate one person designated by Natixis to our Board of Directors until such time as (1) the shares of our common stock then owned by Natixis, plus (2) the shares of our

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common stock issuable under the terms of any exchangeable securities issued by us then owned by Natixis, constitute less than 50% of the sum of (a) the shares of our common stock initially purchased by Natixis, plus (b) the shares of our common stock issuable under the terms of any exchangeable securities issued by us initially purchased by Natixis. Dominique Ferrero is currently the Natixis nominee to our Board of Directors.

The Wasserstein family trusts hold 329,500 shares of our Class A common stock and 7,978,859 LAZ-MD Holdings exchangeable interests that may be exchanged on a one-for-one basis into our Class A common stock. At the time of our initial public offering (IPO), we agreed that we would nominate one person designated by the Wasserstein family trusts to our Board of Directors until such time as (1) the shares of our common stock then owned directly or indirectly by the family trusts or any beneficiaries of the Wasserstein family trusts (in the aggregate), plus (2) the shares of our common stock issuable under the terms of any exchangeable interests issued by us then owned directly or indirectly by the Wasserstein family trusts or any beneficiaries of the Wasserstein family trusts (in the aggregate), constitute less than 50% of the shares of our common stock issuable under the terms of any exchangeable securities initially issued by us in connection with the separation and recapitalization transactions on May 10, 2005 and held by the Wasserstein family trusts (in the aggregate) as of the date of our IPO. Ellis Jones is currently the nominee of the Wasserstein family trusts to our Board of Directors.

Audit Committee

Ronald J. Doerfler (Chair), Philip A. Laskawy and Hal S. Scott

This committee met six times in 2008. 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;
- 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 available on our website at *http://www.lazard.com/Investorrelations/Audit_Committee_Charter.aspx*.

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 NYSE. All members of the Audit Committee are financially literate, as determined by the Board of Directors. The Board of Directors has determined that Messrs. Ronald J. Doerfler and Philip A. Laskawy have the requisite qualifications to satisfy the SEC definition of audit committee financial expert and that Mr. Laskawy s simultaneous service on the audit committees of three public companies, in addition to our Audit Committee, does not impair his ability to effectively serve on our Audit Committee.

Compensation Committee

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

This committee met ten times in 2008. 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;

review and approve the recommendations of the chief executive officer with respect to compensation of our other executive officers;

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

- administer the 2005 Equity Incentive Plan, the 2005 Bonus Plan and the 2008 Incentive Compensation Plan.

A detailed list of the committee s functions is included in its charter, which is available on our website at *http://www.lazard.com/Investorrelations/Comp_Comm_Charter.aspx*. All members of the Compensation Committee are independent as required by Lazard and the listing standards of the NYSE.

From time to time the Compensation Committee has established special equity award pools pursuant to the 2005 Equity Incentive Plan and the 2008 Incentive Compensation Plan for the express purpose of granting awards to new hires and, under certain circumstances, retention awards to key employees (other than the named executive officers in the Summary Compensation Table). The Committee granted to our chief executive officer (or his designee) authority to determine the amount, terms and conditions of all awards made from the these pools and required that the Committee be updated on all such awards at its next scheduled meeting.

The Compensation Committee directly engaged Steven Hall & Partners, LLC, an independent compensation consulting firm, to assist it with benchmarking and compensation analyses, as well as to provide consulting on executive and non-executive compensation practices and determinations, including information on equity-based award design. The chairman of the Nominating & Governance Committee, at the invitation of the Compensation Committee, participates in year-end discussions concerning the compensation of our chief executive officer. From time to time, Bruce Wasserstein, our chief executive officer, will attend meetings of the Committee and express his views on the Company s overall compensation philosophy. Following year-end, Mr. Wasserstein makes recommendations to the Committee as to the total compensation package (salary, bonus and equity based awards) to be paid to each of the other named executive officers in the Summary Compensation Table. Steven Golub, our vice chairman, serves as management s main liaison with the Committee and assists the Committee Chairman in setting the annual agenda and gathering the requested supporting material for each Committee meeting. Scott Hoffman, our general counsel, serves as secretary to the Committee.

Nominating & Governance Committee

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

This committee met five times in 2008. 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

- recommending to the Board director nominees for each committee.

A detailed list of the committee s functions is included in its charter, which is available on our website at *http://www.lazard.com/Investorrelations/Nom_Gov_Comm_Charter.aspx*.

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 NYSE requirements. All members of the Nominating & Governance Committee are independent as required by Lazard and the listing standards of the NYSE.

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Attendance

The average attendance by directors at meetings of the Board and its Committees was approximately 90% in 2008. The Board met nine times in 2008 and all current directors attended at least 75% of the meetings of the Board and Committees on which they served, except Mr. Ferrero. We expect all directors to attend our annual general meetings of shareholders. In 2008 seven of our nine directors then in office attended the Annual General Meeting of Shareholders.

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/CodeandEthics.aspx. 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

Anyone who wishes to send a communication to our non-executive directors as a group may 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

These procedures are also posted on our website at *http://www.lazard.com/Investorrelations/Comm_NonMgmt_Dir.aspx*

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 to consider candidates recommended by shareholders 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. 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 2010 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^{nd} Floor, New York, New York 10020 between December 29, 2009 and January 28, 2010.

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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 A 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, Mr. Jones, the Chief Executive Officer of Wasserstein & Co., LP, a private equity investment firm that is majority owned by the Wasserstein family trusts and Mr. Wasserstein, also has been determined by the Board not to be independent at this time.

The Board has determined that Messrs. Doerfler, Heyer, Laskawy, Scott, Turner and Lady Jay do not have 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 engagement of Lazard in 2008 by L Oreal USA, Inc., a sister company of L Oreal UK. Lady Jay is Vice Chairman of L Oreal UK. Lazard provided M&A advisory services to L Oreal USA in the ordinary course of business and the engagement was deemed per se immaterial pursuant to Lazard s Standards of Director Independence, as set forth on Annex A to this proxy statement.

The Board also determined that Mr. Ferrero was independent, after giving careful consideration to the relationship between Lazard and Natixis, of which Mr. Ferrero is the Chief Executive Officer. Natixis is the successor entity in a merger with IXIS Corporate & Investment Bank, which 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 May 2008, Natixis acquired 4,999,800 additional shares of Lazard s Class A common stock upon the settlement of the purchase contracts comprising a portion of our equity security units. In connection with the original investment by Natixis in May 2005, Lazard agreed to nominate one person designated by Natixis to our Board of Directors, currently Mr. Ferrero. At the time of our equity public offering, Lazard also had in place a cooperation arrangement with Natixis in France. This cooperation arrangement was originally set to expire during the third quarter of 2008; however, the arrangement continues to be applied in accordance with its general terms pending the outcome of the continuing discussions regarding its formal extension. The cooperation arrangement provides that Lazard Group and Natixis will (1) place and underwrite securities on the French equity primary capital markets under a common brand, Lazard-Natixis, 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 Natixis for services relating to corporate banking, lending, securitizations and derivatives within France and from Natixis to Lazard Group for mergers and acquisitions advisory services within France. In 2008, the cooperation arrangement generated approximately $24.7 million of gross revenue for Natixis and $16.2 million of gross revenue for Lazard. We also received advisory fees in 2008 of $600,000 with respect to one transaction involving Natixis. In 2007, we received advisory fees of $5.4 million with respect to several transactions involving Natixis and its affiliates. In 2006 we received advisory fees of $18.2 million, including $17.7 million with respect to a major internal reorganization of the controlling shareholders of Natixis at that time. The Board determined, in its business judgment, that these relationships were not material, noting that (a) 2008 gross revenue generated pursuant to the cooperation arrangement and other transactions referenced above were less than 1.0% of Lazard s gross revenue for 2008 and less than 1.0% of the annual gross revenue of Natixis for 2008 and (b) at December 31, 2008, as a result of the remarketing of the senior notes that comprised a portion of our equity security units, Lazard no longer had any consolidated indebtedness owed to Natixis. See Agreement with Natixis and the Wasserstein Family Trusts and Certain Relationships with Our Directors, Executive Officers and Employees.

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Director Compensation for 2008

Directors who are officers of Lazard do not receive any fees for their service as directors. On February 26, 2008, based on the recommendation of the Nominating & Governance Committee, our directors compensation program was amended to provide that each of our non-executive directors would receive an annual cash retainer of $96,750 and an annual award of deferred stock units (DSUs) with a grant date value of $118,250. 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 45% of which is paid in cash and 55% 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 45% of which is paid in cash and 55% in DSUs. Cash compensation is paid out on a quarterly basis and the DSU awards described above are granted on an annual basis on June 1st of each year, except for initial pro-rated grants made to new directors upon their joining the Board. The number of DSUs granted is based on the closing price of our Class A common stock on the NYSE on the date of grant.

Non-executive directors may elect to receive additional DSUs in lieu of some or all of their cash compensation pursuant to the Directors Fee Deferral Unit Plan. DSUs awarded under this plan are granted on the same quarterly payment date as cash compensation would have been received and the number of DSUs is calculated based on the closing price of our Class A common stock on the NYSE on the date of grant.

All DSUs awarded under these arrangements (1) were issued under either the 2005 Equity Incentive Plan or the 2008 Incentive Compensation Plan, 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.

Directors	Fees Earned or Paid in Cash	Stock Awards (1)	All Other Compensation (2)	Total
Ronald J. Doerfler	$ 102,125	$ 134,801	$ 2,046	$ 238,972
Dominique Ferrero (3)(4)	$ 0	$ 211,609	$ 1,021	$ 212,630
Steven J. Heyer (3)	$ 0	$ 258,995	$ 4,598	$ 263,593
Sylvia Jay	$ 102,125	$ 134,801	$ 2,175	$ 239,101
Ellis Jones (3)	$ 0	$ 206,930	$ 3,484	$ 210,414
Philip A. Laskawy (4)	$ 31,725	$ 108,787	$ 557	$ 141,069
Hal S. Scott	$ 106,625	$ 140,285	$ 2,302	$ 249,212
Michael J. Turner	$ 102,125	$ 134,801	$ 2,175	$ 239,101

(1) The value of the DSUs reported in the table above is based on the amount that is recognized in our financial statements under FAS No. 123R for the 2008 fiscal year. See Note 16 of Notes to the Consolidated Financial Statements contained in Lazard s 2008 Annual Report on Form 10-K for a discussion of the assumptions used in the valuation of the DSUs. The number and grant date fair value of DSUs granted on June 1, 2008 under FAS No. 123R (based on the closing price of our Class A common stock on the NYSE at the time of the grant) were as follows: Mr. Doerfler, 3,539, valued at $134,801; Mr. Ferrero, 3,105, valued at $118,269; Mr. Heyer, 3,900, valued at $148,551; Lady Jay, 3,539, valued at $134,801; Mr. Jones, 3,105, valued at $118,269; Mr. Laskawy, 2,783, valued at $108,787 (granted on July 29, 2008, when he joined the Board); Mr. Scott, 3,683, valued at $140,285; and Mr. Turner, 3,539, valued at $134,801. The total number of DSUs held by each of our non-executive directors at December 31, 2008 was as follows: Mr. Doerfler, 6,885; Mr. Ferrero, 5,914; Mr. Heyer, 15,611; Lady Jay, 7,208; Mr. Jones, 12,052; Mr. Laskawy, 2,783; Mr. Scott, 7,595; and Mr. Turner, 7,208.

(2) Represents cash dividends paid on the DSUs to each of the directors listed in the table.

(3) Messrs. Ferrero, Heyer and Jones elected to defer their quarterly cash compensation into additional DSUs, pursuant to the terms of the Directors Fee Deferral Unit Plan, which was approved by our Board of Directors on May 9, 2006. As a result Messrs. Ferrero, Heyer and Jones received 1,989, 3,125, and 2,581 additional DSUs in lieu of cash, respectively, in 2008.

(4) Mr. Ferrero joined the Board on March 10, 2008 and Mr. Laskawy joined the Board on July 29, 2008.

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Mr. Vernon E. Jordan, Jr. is a member of our Board of Directors and is a senior managing director of Lazard. Mr. Jordan is not an executive officer of Lazard, as that term is defined in the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act), and was therefore not included in the Summary Compensation Table. Mr. Jordan does not receive any fees for his service as a director of Lazard. Mr. Jordan s total compensation as a senior managing director for 2008, as viewed by senior management and the Compensation Committee, was as follows: base salary, $500,000; annual cash bonus, $500,000; RSU award, $825,000; and deferred cash award, $925,000; for total compensation of $2,750,000. This differs from the presentation in the table below by including the full grant date value of the RSUs and Deferred Cash award made on February 10, 2009, which related to 2008 performance but are not reflected in the table because they were granted after the end of our 2008 fiscal year and does not include the portion of previous years RSU grants that were amortized in 2008 or the compensation related to Mr. Jordan s use of a corporate apartment in New York as described in footnote 3 below.

The following table sets forth Mr. Jordan s compensation as a senior managing director for 2008 as required under SEC rules for director compensation disclosure in proxy statements.

Salary	Annual Cash Bonus (1)	Restricted Stock Unit Awards (2)	All Other Compensation (3)	Total
$500,000	$500,000	$608,177	$507,006	$2,115,183

(1) Mr. Jordan also received a deferred cash award on February 10, 2009, of $925,000, which related to 2008 performance. The deferred cash award vests in four installments as follows: $300,000 on November 30, 2009, $208,333 on each of November 30, 2010, February 28, 2012 and February 28, 2013. See the narrative discussion under the heading Compensation Discussion and Analysis Design of Our Compensation Programs Incentive Compensation for a description the terms and conditions of the February 2009 deferred cash awards.

(2) The value of the RSUs is based on the amount that is recognized in our consolidated financial statements under FAS No. 123R for the 2008 fiscal year. See the narrative discussion under the heading Grants of Plan Based Awards for a description of the terms and conditions of the January 2008 restricted stock unit (RSU) grants. On February 10, 2009, Mr. Jordan received an RSU award with a grant date value of $825,000, which related to 2008 performance. See the narrative discussion under the heading Compensation Discussion and Analysis Design of Our Compensation Programs Incentive Compensation for a description of the terms and conditions of the February 2009 RSU grants.

(3) Pursuant to a letter agreement entered into with Mr. Jordan in 1999 and subsequently amended on January 1, 2004, Mr. Jordan is entitled to benefits on the same basis as other managing directors and to use, on a priority basis, a corporate apartment in New York. The incremental cost to Lazard of providing Mr. Jordan with use of this apartment was $288,000 in 2008. Mr. Jordan also received a tax gross-up payment of $217,356 as reimbursement for taxes paid on the imputed income from the use of the apartment. In connection with our recapitalization in May 2005, Mr. Jordan entered into a retention agreement in the form applicable to our named executive officers generally. See Retention Agreements with Named Executive Officers. Mr. Jordan is also the beneficiary of a Company provided life insurance and excess liability insurance policy.

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BENEFICIAL OWNERS OF MORE THAN FIVE PERCENT

Based on filings made under Section 13(d) and Section 13(g) of the Exchange Act, as of March 6, 2009, 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 the persons whose beneficial share ownership is noted in the subsequent table):

Name and Address of Beneficial Owner	Number of Shares of Class B Common Stock Beneficially Owned	Number of Shares of Class A Common Stock Beneficially Owned	Percentage of Shares of Class A Common Stock Beneficially Owned	Percentage of Voting Power (a)
LAZ-MD Holdings 30 Rockefeller Plaza New York, New York 10020	1(b)	0(c)		37.4%(d)
Natixis 30 Avenue Pierre Mendes-France Paris, France 75013		6,999,800	9.1%	5.7%
T. Rowe Price Associates, Inc. 100 E. Pratt Street, Baltimore, Maryland 21202		8,312,467	10.9%	6.8%

(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) 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 to its members, 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 March 6, 2009, represents approximately 37.4% 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.

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, each executive officer 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 6, 2009. 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 person 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 (assuming full exchange of all LAZ-MD exchangeable interests) (a) (b)	Percentage of Class A Common Stock (assuming full exchange of all LAZ-MD exchangeable interests)	Percentage of Voting Power (c)
Bruce Wasserstein (d)	1,878,595	2.5%	11,836,791	9.7%	9.7%
Ronald J. Doerfler		*	6,885	*	*
Dominique Ferrero (e)	6,999,800	9.1%	7,006,539	5.7%	5.7%
Steven J. Heyer		*	16,570	*	*
Sylvia Jay		*	7,208	*	*
Ellis Jones (d)	329,500	*	8,321,236	6.8%	6.8%
Vernon E. Jordan, Jr.	6,400	*	250,687	*	*
Philip A. Laskawy	3,000		5,783	*	*
Hal S. Scott		*	7,595	*	*
Michael J. Turner		*	7,208	*	*
Michael J. Castellano		*	304,513	*	*
Steven J. Golub		*	1,150,384	*	*
Alexander F. Stern		*	169,174	*	*
Charles G. Ward, III		*	1,015,045	*	*
All directors and executive officers as a group (fifteen persons)			22,169,442	18.1%	18.1%

* Less than 1% beneficially owned.

(a) For each of our executive officers and Mr. Jordan, their share ownership in this column includes shares of our Class A common stock that are issuable upon exchange of the LAZ-MD Holdings exchangeable interests held by such person and, in the case of Mr. Wasserstein, the Wasserstein family trusts. Voting of the LAZ-MD Holdings exchangeable interests is subject to voting provisions in the LAZ-MD Holdings stockholders agreement and is included in the 37.4% voting interest of LAZ-MD Holdings. See Certain Relationships and Related Transactions LAZ-MD Holdings Stockholders Agreement. The interests are included on an as exchanged basis. In the case of Mr. Wasserstein, 33% of his interests are currently exchangeable, and absent an acceleration event, his remaining interests will become exchangeable, pro-rata on May 10, 2009 and May 10, 2010. In the case of our other executive officers and Mr. Jordan, 50% of their remaining interests will become exchangeable on May 10, 2009 and 50% on May 10, 2010. The share ownership in this column does not include any RSUs issued to the named executive officers and Mr. Jordan. As of March 6, 2009, each of our named executive officers and Mr. Jordan held unvested RSUs as follows: Mr. Wasserstein, 4,376,831; Mr. Castellano, 62,066; Mr. Golub, 628,792; Mr. Stern, 131,390; Mr. Ward, 185,326; and Mr. Jordan, 82,639.

(b) This column also includes shares of Class A common stock that are subject to issuance in the future with respect to the DSUs issued to our non-executive directors under Lazard s directors compensation program in the following aggregate amounts: Mr. Doerfler, 6,885 shares; Mr. Ferrero, 6,739 shares; Mr. Heyer,

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16,570 shares; Lady Jay, 7,208 shares; Mr. Jones, 12,877 shares; Mr. Laskawy 2,783 shares; Prof. Scott, 7,595 shares; and Mr. Turner, 7,208 shares. These DSUs convert to Class A common stock on a one-for-one basis after a director resigns or otherwise ceases to be a member of the Board. See Director Compensation for 2008.

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

(d) Each of Mr. Wasserstein s and Mr. Jones share ownership includes (i) 329,500 shares of our common stock and (ii) 7,978,859 shares of our common stock that are issuable upon exchange of the LAZ-MD Holdings exchangeable interests, in each case held by a Wasserstein family trust for the benefit of Mr. Wasserstein s family and over which Mr. Wasserstein does not have control. The voting power over these shares and the exchangeable interests held by this Wasserstein family trust is vested in Mr. Jones, who is a member of our Board, and in members of Mr. Wasserstein s family, as trustees. Neither Mr. Wasserstein nor Mr. Jones has any beneficial or other ownership interest in these shares. The total holdings of Mr. Wasserstein and the Wasserstein family trust, including shares underlying Mr. Wasserstein s unvested RSUs and assuming full exchange of all LAZ-MD exchangeable interests, in Lazard Class A common stock, in the aggregate, is 16,213,622 shares. From time to time, Mr. Wasserstein enters into general lines of credit. Amongst the other assets that he has pledged under these lines of credit are the shares of our Class A common stock that he owns.

(e) Includes 6,999,800 shares of our Class A common stock that are held by Natixis. Mr. Ferrero is the Chief Executive Officer and a member of the Executive Board of Natixis.

COMPENSATION DISCUSSION AND ANALYSIS

Philosophy and Objectives of Our Compensation Programs

General. Our compensation programs are designed to attract, retain and motivate executives and professionals of the highest level of quality and effectiveness. These compensation programs focus on rewarding the types of performance that increase shareholder value, including growing revenue, retaining clients, developing new client relationships, improving operational efficiency and managing risks. A substantial portion of each executive s total compensation is intended to be variable and delivered on a pay-for-performance basis. The programs will provide compensation opportunities, contingent upon performance, that are competitive with practices of other similar financial services organizations. We target annual operating revenue, earnings and total shareholder return* as our key performance metrics. We have a compensation policy that targets our ongoing employee compensation and benefits expense in our traditional businesses, excluding special items, to not exceed 57.5% of operating revenue. Although in prior years we have been able to achieve this target, this policy may change in the future, including to adapt to changes in the economic environment, or a change that may be necessitated by lower operating revenues or to fund a major expansion. In allocating compensation to our executive officers, managing directors and other senior professionals, the primary emphasis, in addition to our performance, is on each individual s contribution to the Company, business unit performance and compensation recommendations of the individuals to whom participants report. The Compensation Committee monitors the effectiveness of our compensation programs throughout the year and performs an annual reassessment of the programs in January of each year in connection with year-end compensation decisions. The Committee directly engaged Steven Hall & Partners, LLC, an independent compensation consulting firm, to assist it with benchmarking and compensation analyses.

Competitive Compensation Considerations. Because the competition to attract and retain high performing executives and professionals in the financial services industry is intense, the amount of total compensation paid to our executives must be considered in light of competitive compensation levels. In this regard, for our named executive officers, the Compensation Committee used as a benchmark an independently prepared survey regarding compensation levels in 2007 and, to the extent available, 2008, for comparable positions at Black

* Total shareholder return reflects the share price performance of Lazard s Class A common stock, assuming the full reinvestment of any dividends, over the time period selected.

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Rock, Inc., Goldman Sachs Group, Inc., Greenhill & Co., Inc., Jefferies Group, Inc., Legg Mason, Inc., Merrill Lynch & Co., Inc. and Morgan Stanley. While some of the companies listed above are larger than Lazard, we chose this comparator group because we compete in the same marketplace with these companies for highly qualified and talented financial service professionals. In 2008, a number of our primary competitors suffered significant financial losses and sought government assistance through the Troubled Asset Relief Program (TARP). As a result, many of their senior executives did not receive a year-end bonus. In contrast, the Compensation Committee noted that Lazard s business model has survived intact and that Lazard has performed reasonably well relative to the industry in general and therefore the comparator data was not as meaningful in 2008.

Design of Our Compensation Programs

Compensation for each of our executive officers, managing directors and other senior professionals is viewed on a total compensation basis and then subdivided into two primary categories base salary and incentive compensation. From time to time the Compensation Committee may grant a special retention award for key employees. See Compensation for Each of Our Named Executive Officers in 2008 Mr. Wasserstein for a discussion of the special retention award granted to Mr. Wasserstein in January 2008 in connection with our entry into a new five-year employment agreement with him. Our annual incentive compensation awards since our IPO in 2005 have had two components: a cash bonus and an equity based award. In 2008, due to the affects of the unprecedented disruption and volatility in the financial markets and the consequent general slowing of economic growth both in the U.S. and globally on our results of operations and the price of our common stock, senior management recommended to the Compensation Committee that the total mix of incentive compensation be altered to add a deferred cash component. The deferred cash awards reduced the overall amount of the equity awards being granted at a time when senior management viewed the market price of our common stock as being undervalued, even though our financial position remains strong with approximately $1 billion in cash and marketable equity securities at the end of 2008. Decisions with regard to incentive compensation are generally made in January of each year and are based on Company and individual performance in the prior fiscal year. The Compensation Committee determines and approves the total compensation package (salary and incentive compensation award) to be paid to our chief executive officer, Mr. Wasserstein. Mr. Wasserstein, in turn, makes recommendations to the Compensation Committee as to the total compensation package to be paid to the other executive officers, which are then subject to the review and approval of the Compensation Committee. Before any year-end compensation decisions are made, the Compensation Committee reviews a comprehensive tally sheet of all elements of each executive officer s compensation. The tally sheets include information on cash and non-cash compensation (including current and prior base salaries, annual bonuses, RSUs and deferred cash awards), the value of benefits and other perquisites paid to our executive officers, the value of unrealized gains/losses on prior equity-based awards and the LAZ-MD Holdings exchangeable interests held by each of our executive officers, as well as potential amounts to be delivered under all post-employment scenarios. The tally sheets are used to ensure that each member of the Compensation Committee has a complete picture of the compensation and benefits paid to, and equity holdings of, each of our executive officers and is just one of the tools used by the Compensation Committee in evaluating the total mix of information considered in making year-end compensation decisions.

Base Salary. Base salaries are intended to reflect the experience, skill and knowledge of our executive officers, managing directors and other senior professionals in their particular roles and responsibilities, while retaining the flexibility to appropriately compensate for performance, both of the firm and the individual. Base salaries for our executive officers and any subsequent adjustments thereto are reviewed and approved by the Compensation Committee annually, based on a review of relevant market data and each executive s performance for the prior year, as well as each executive s experience, expertise and position. Each of our named executive officers is currently a party to a retention or employment agreement with Lazard that provides for a minimum annual base salary during the term of those agreements. See Retention Agreements with Named Executive Officers.

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Incentive Compensation. Incentive compensation is a key component of our executive compensation strategy. Incentive compensation payouts can be highly variable from year to year and are generally based on our operating revenue, earnings and total shareholder return in the immediately preceding fiscal year, as well as each individual s contribution to revenue and to the Company s development, including business unit performance. In addition, careful attention is paid to competitive compensation practices in the financial services industry.

In January of each year a determination is made as to the total amount of incentive compensation to be awarded to our managing directors, including our named executive officers, based on Company and individual performance in the prior fiscal year. This year, given the economic downturn faced by all companies in the financial services industry, including Lazard, and management s view that the trading price of our common stock in the fourth quarter of 2008 and January of 2009 was undervalued, senior management recommended that the Compensation Committee add a deferred cash award to the mix of incentive compensation. This recommendation was based on the view that the deferred cash awards are less dilutive to shareholders. A deferred cash award also provides the recipient with greater certainty as to the ultimate value of his or her award upon vesting. In determining the allocation of incentive compensation to be paid to our managing directors, including our named executive officers (other than Mr. Wasserstein), the Committee generally applied a formula based on total compensation as follows: 15% to 30% cash (including base salary); 40% to 55% as a deferred cash award; and 30% as an equity based award. The current cash portion of total compensation varied principally due to an individual s base salary earned in 2008. In light of Mr. Wasserstein s unique role within our organization, which resulted in our entry into a five-year retention agreement with him in January 2008, the process for determining Mr. Wasserstein s incentive compensation for 2008 is different in several respects from the process that applies to our other managing directors (including our other named executive officers). For a discussion of how the Compensation Committee determined Mr. Wasserstein s incentive compensation for 2008, see the discussion under the caption Compensation for Each of Our Named Executive Officers in 2008 Mr. Wasserstein.

For 2008, equity-based compensation was awarded in the form of RSUs granted under either the 2005 Equity Incentive Plan or the 2008 Incentive Compensation Plan. An RSU is a contractual right to receive a share of our Class A common stock upon vesting of the RSU. The RSUs granted to our named executive officers in 2009 (which relate to 2008 performance) generally vest approximately four years after the date of grant, subject to the executive s continued service with the Company. See Grant of Plan Based Awards below for a discussion of the terms of the RSUs. The purpose of the RSU awards is to maximize shareholder value by aligning the long-term interests of our senior executives with those of our shareholders. Each individual who receives an RSU becomes, economically, a long-term shareholder of Lazard, with the same interests as our other shareholders. This economic interest results because the amount a recipient ultimately realizes from an RSU depends on the value of our Class A common stock when actual shares are delivered upon vesting. The number of RSUs that an individual is granted is generally determined based on our stock price on the date of grant. RSUs also serve as an important retention mechanism for Lazard by putting a significant portion of each recipient s compensation at risk of forfeiture if he or she leaves the firm prior to the vesting date. In addition, our named executive officers each own considerable interests in Lazard through their holdings of LAZ-MD Holdings exchangeable interests and previous grants of RSUs. For additional information about the holdings of RSUs, LAZ-MD exchangeable interests and shares of our Class A common stock by each of our named executive officers, see Beneficial Ownership of Directors, Director Nominees and Executive Officers and Outstanding Equity Awards at 2008 Fiscal Year-End . As a result, we believe our executive officers have a demonstrable and significant interest in increasing shareholder value over the long term.

RSU awards are typically made at the end of January promptly following our year-end earnings release. This year, RSUs were granted to each of our named executive officers (other than Mr. Wasserstein) on February 10, 2009, approximately one week after our public announcement of year-end earnings. The number of RSUs granted in 2009 (which relate to 2008 performance) was determined by dividing the dollar amount allocated to be granted as an equity based award by the closing price of our Class A common stock on the NYSE on February 9, 2009 ($31.17), which was the day before the grant date. The RSUs granted on February 10, 2009, will generally vest on March 1, 2013.

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As noted above, for the first time the Compensation Committee decided to use deferred cash awards in 2009 as a means of providing long-term incentive compensation to our managing directors, including each of our named executive officers (other than Mr. Wasserstein). The deferred cash awards provide a contractual right to receive a fixed amount in cash within 30 days following the date the award vests, subject to the executive s continued service with the Company. The vesting dates vary based upon the terms of each managing director s award and may occur on November 30, 2009, November 30, 2010, February 28, 2012, and February 28, 2013. The deferred cash awards were granted to our named executive officers on February 10, 2009 (with the amount determined based on 2008 performance), and will generally vest in three equal installments on November 30, 2010, February 28, 2012, and February 28, 2013. Under the terms of the deferred cash awards, each recipient is entitled to accrue interest beginning on February 10, 2009, at a rate of 5% per annum on all installments vesting after the 2009 fiscal year. Interest on each installment will be paid annually following the end of the year or following the date the installment vests, whichever occurs first. These awards, like the RSU awards, also serve as an important retention mechanism for Lazard by putting a significant portion of each recipient s compensation at risk of forfeiture if he or she leaves the firm prior to the vesting date.

In exchange for their deferred cash awards and RSU awards, our named executive officers agreed to restrictions on their ability to compete with Lazard or to solicit our clients and employees, which serves to protect the Company s intellectual and human capital. Year-end incentive compensation awards are based on Company and individual performance during the prior fiscal year, and an executive officer s total equity interest in Lazard is not factored into the Compensation Committee s decision-making process concerning future equity based awards.

Impact of 2008 Performance on Compensation

In setting compensation levels for our employees, we primarily consider annual operating revenue and earnings. Our ratio of compensation and benefits expense to annual operating revenue is somewhat higher than that of most of the companies in our comparator group for three reasons. First, many of the companies in our comparator group are engaged in businesses, such as capital markets businesses, which have a large number of employees serving in administrative and support roles that generally pay their employees lower levels of compensation relative to our business. Second, part of our business strategy is to recruit and retain proven senior professionals who have strong client relationships and industry expertise. These individuals, because of the value they bring to the Company, command higher compensation. Third, many of the companies in our comparator group generate significant amounts of revenue in their capital markets business through the utilization of capital held on their balance sheet, which tends to increase the relative size of their annual operating revenues. These three factors cause our ratio of compensation and benefits expense to annual operating revenue to be higher than our competitors. For 2008, the Compensation Committee determined that, in light of our annual operating revenue of $1.68 billion, the target level of total compensation and benefits expense to operating revenue could be set at 55.6%, while still meeting our compensation and retention objectives. The Compensation Committee concluded that this ratio of total compensation and benefits expense to annual operating revenue was appropriate for us in light of its discussions with our executive officers, current economic conditions in the marketplace, information provided by Steven Hall & Partners, LLC, and our financial performance in 2008. Excluding a one time pre-tax compensation charge related to the LAM merger in the third quarter of 2008, this represents a 17.1% decrease in total compensation and benefits expense to $930.7 million for 2008 compared with $1,123.1 million for 2007. This decrease approximated our 16.9% decrease in annual operating revenue for 2008.

Compensation For Each of Our Named Executive Officers in 2008

2008 Base Salaries. In connection with our IPO in May 2005, we entered into new retention agreements with Messrs. Wasserstein, Castellano, Golub and Ward. These retention agreements had a term of three years, expiring in May 2008. In connection with the upcoming expiration of the agreement with Mr. Wasserstein, the Company entered into an amended and restated retention agreement with him on January 29, 2008. In addition,

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on May 7, 2008, the Company entered into an amended and restated retention agreement with Mr. Golub and amendments to the retention agreements with Messrs. Ward and Castellano. One element of the amendments for Messrs. Wasserstein, Golub and Ward was a reduction in their annual base salaries to $900,000, from $4.8 million, $1.5 million, and $1.5 million, respectively. These amounts were negotiated and were meant to ensure that Lazard would have the services of each of these executive officers during the term of their respective agreements. See Retention Agreements with Named Executive Officers.

The base salaries paid in 2008 to each of Messrs. Wasserstein, Golub and Ward reflect a blended rate based on the timing of the execution of their new agreements. Mr. Wasserstein received one month of salary at the previous rate, and Messrs. Golub and Ward received four months of salary at the previous rate. In each case, the reduction in base salary occurred at the earliest time permitted under their prior agreements. In fiscal year 2008, Mr. Wasserstein received an annual base salary of $1,225,000; Mr. Castellano, $500,000; Mr. Golub, $1,112,115; and Mr. Ward, $1,112,115. Mr. Stern was named the Company s chief operating officer in November 2008 and received a base salary of $750,000 for 2008, which was determined based on his experience, level of responsibility and the salaries for comparable positions at our core competitors.

2008 Incentive Compensation.

Mr. Wasserstein. In determining the amount of incentive compensation to be paid to our chief executive officer, Mr. Wasserstein, the Compensation Committee considered Mr. Wasserstein s individual performance and the Company s overall performance in 2008, against the goals and objectives previously established for him by the Compensation Committee. These goals and objectives (which did not include numerical targets) consisted principally of:

Company Performance:

- a review of operating revenue;
- net income; and
- total shareholder return.

Individual Performance:

- evaluating his leadership and effectiveness in continuing to develop and communicate the strategic vision necessary to position Lazard for future growth and profitability across Lazard s businesses and regions;
- motivating key employees and attracting and retaining new talent in financial advisory and asset management businesses;
- focusing Lazard Asset Management on improved investment performance;
- facilitating global integration by improved collaboration across units/offices worldwide;
- setting financial targets and presenting a plan to achieve goals to the Board; and
- keeping the Board informed and up-to-date regarding ongoing strategic, financial and operating issues and initiatives within Lazard.

In a year when there has been a severe market downturn and the entire financial services industry has been battered with unprecedented losses, the Compensation Committee made the following observations as they reflected on Mr. Wasserstein s performance in an extraordinary market environment:

Lazard s business and its business model have survived intact while a number of its larger competitors have filed for bankruptcy, agreed to be acquired by larger commercial banks, and/or have taken government assistance from the Troubled Asset Relief Program ;

- Lazard successfully retained key managing directors and other personnel that are critical to a business model based on intellectual capital and advice;
- Lazard recruited a number of highly regarded managing directors from across varying industry segments;
- Lazard s restructuring practice has begun to thrive during a time of declining M&A activity, consistent with the firm s counter-cyclical view of this business and financial advisory personnel have been efficiently shifted to meet firm needs;
- Lazard s accomplishments resulted in its being named 2008 Bank of the Year by Investment Dealers Digest (IDD) and worked on three deals that were included among IDD s Deals of the Year ; and
- Under Mr. Wasserstein s leadership, Lazard has articulated a clear mission, vision, and strategy during unprecedented economic turmoil in the financial services industry.

In evaluating the Company s and Mr. Wasserstein s performance, the Compensation Committee noted the following as set forth in our Current Report on Form 8-K filed on February 4, 2009:

- operating revenue for the full year 2008 decreased 17% to $1.68 billion compared to $2.01 billion for 2007;
- annual net income on a fully exchanged basis, excluding the after-tax charge relating to the LAM merger in the third quarter of 2008, decreased 39% to $196.4 million for 2008 from $322.7 million for 2007;
- financial advisory operating revenue decreased 17% to $1.02 billion for the full year of 2008, compared to $1.24 billion for 2007, including a 16% decrease in M&A operating revenue to $814.7 million compared to $969.4 million in 2007; and
- asset management operating revenue decreased 12% during the full year of 2008 to $628.7 million, compared to $717.3 million in 2007.

In determining Mr. Wasserstein s 2008 incentive compensation, the Compensation Committee also considered the special retention award of 2,700,000 RSUs (the Special Retention Award) granted to Mr. Wasserstein on January 29, 2008 in connection with his execution of a new five-year employment agreement. As described in our proxy statement for our 2008 Annual General Meeting of Shareholders, the new agreement was the result of robust negotiations between the non-executive members of our Board and Mr. Wasserstein. Recognizing that Mr. Wasserstein s prior three-year commitment to Lazard would expire in May 2008 (the third anniversary of our IPO), the Board ultimately determined that the amount of the grant was appropriate in light of Mr. Wasserstein s unique importance to Lazard, the anticipated difficulty of replacing Mr. Wasserstein should he decide to leave, the Board s desire to ensure his continued commitment to Lazard for a period of five years, and a review of the compensation of the chief executive officers of our comparator group, based on input from Steven Hall & Partners LLC. For additional details about the new employment agreement with Mr. Wasserstein, see the caption entitled New Employment Agreement with Mr. Wasserstein in our proxy statement for our 2008 Annual General Meeting of Shareholders, filed on March 24, 2008.

The Special Retention Award had a grant date value of $96,282,000 based solely on the per share closing price of Lazard s Class A common stock on the NYSE of $35.66 on January 29, 2008 and is not scheduled to vest until December 31, 2012. It was the express intention of the Compensation Committee that this Special Retention Award constitute a significant part of Mr. Wasserstein s compensation for each of the years in the five-year period ending December 31, 2012. Based on this view of the Special Retention Award, 20% of the grant date value, or approximately $19.3 million, based on the price of our Class A common stock on January 29, 2008, was attributable to Mr. Wasserstein s 2008 service to the Company. The Compensation Committee reviewed Lazard s past compensation practices and the competitive compensation practices at the other firms included in our comparator group, as well as Lazard s financial results. Given the general economic downturn

faced by all companies in the financial services industry, including Lazard, and the relative amounts being paid to the other executive officers and managing directors, Mr. Wasserstein requested that he not receive any additional incentive compensation for 2008. Based on its review and considering Mr. Wasserstein s views, the Compensation Committee decided to agree with Mr. Wasserstein s request. Therefore, Mr. Wasserstein s total compensation for 2008 equaled $20.5 million, which comprised his base salary of $1,225,000 paid in 2008 and the $19.3 million pro-rata portion of the Special Retention Award attributable to Mr. Wasserstein s 2008 service, which represents a 50% decrease in his total compensation from 2007. The Compensation Committee believes that the Special Retention Award (which, by its terms, generally will vest on December 31, 2012), together with Mr. Wasserstein s other equity interests in Lazard, will keep him focused on Lazard s long-term performance.

The following table shows the base salary and incentive compensation awarded to Mr. Wasserstein for his performance in 2008 (including the pro-rata portion of the five year Special Retention Award granted on January 29, 2008, which is not scheduled to vest until December 31, 2012) in the manner it was considered by the Compensation Committee. This presentation differs from that contained in the Summary Compensation Table by adding a new column under Incentive Compensation to include the pro-rata portion of the Special Retention Award that is attributable to 2008 service, and by reflecting that Mr. Wasserstein was not awarded an annual RSU grant, annual cash bonus or deferred cash award on February 10, 2009, when our other named executive officers received their awards. In addition, the Change in Pension Value column and the All Other Compensation column are omitted, as they were not material elements of Mr. Wasserstein s compensation.

			Incentive Compensation				
	Year	Salary	Annual Cash Bonus	Deferred Cash Award	Annual Restricted Stock Unit Awards	Pro-Rata Portion of Special Retention Award	Total Compensation
Bruce Wasserstein	2008	$ 1,225,000	$ 0	$ 0	$ 0	$ 19,256,400	$ 20,481,400

Other Named Executive Officers. Annual incentive compensation for each of our other named executive officers was established based on the recommendation of Mr. Wasserstein and approval by the Compensation Committee. The retention agreements with Messrs. Castellano, Golub and Ward generally provide that each is entitled to an annual bonus to be determined under the applicable annual bonus plan of the Company on the same basis as annual bonuses are determined for other executive officers of Lazard and paid in the same ratio of cash to equity awards as is applicable to other executives. Mr. Wasserstein reviewed with the Compensation Committee the performance of each of the named executive officers individually and their overall contribution to the Company in 2008, which was not based on any numerical targets.

In determining annual incentive compensation for Mr. Golub, as vice chairman of Lazard and chairman of the financial advisory group, Mr. Stern, as chief operating officer of Lazard, and Mr. Ward, as president of Lazard and chairman of the asset management group, Mr. Wasserstein considered the role that each individual plays in the Lazard organization, maintaining a balance between their leadership and administrative responsibilities within the firm, while continuing to cultivate important client relationships. In addition to the administrative role that each plays as an officer of Lazard, each of these executives also plays a significant role in the revenue generation side of our business. The client relationships cultivated by each of these executives lead to specific engagements that have contributed to the Company s overall revenues in 2008. In making a recommendation on incentive compensation for each of Messrs. Golub, Stern, and Ward, Mr. Wasserstein reviewed total revenue generated from each of their particular client relationships, each executive s positioning on an internal pay equity scale vis-à-vis other managing directors within Lazard, and the competitive compensation practices at the other firms included in our comparator group. The tracking of revenue back to particular client relationships was an important factor considered in differentiating incentive compensation among Lazard s managing director group. Another factor that Mr. Wasserstein considered was the difficulty and expense of replacing each of these executives should they decide to leave. Based on Mr. Wasserstein s recommendation, the Compensation Committee approved the following incentive compensation for each of

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Messrs. Golub, Stern, and Ward for their performance in 2008: Mr. Golub received a cash bonus of $487,885, a deferred cash award of $4.56 million and an RSU award valued at $2.64 million; Mr. Stern received a deferred cash award of $1.175 million and an RSU award valued at $825,000; and Mr. Ward received a deferred cash award of $1.575 million and an RSU award valued at $1,162,885. The RSUs awarded to Messrs. Golub, Stern, and Ward constituted approximately 30% of their total compensation for 2008 (salary, cash bonus (solely in the case of Mr. Golub), deferred cash award and equity award) and the deferred cash awards ranged between 41% and 52% of their total compensation.

In determining incentive compensation for Mr. Castellano, Mr. Wasserstein noted that he provides significant leadership to Lazard in his role as chief financial officer. Mr. Castellano has overall responsibility for corporate finance and accounting at Lazard on a worldwide basis. Mr. Wasserstein noted that Mr. Castellano has been tasked with primary responsibility for establishing Lazard internal financial controls and reporting structure, as well as oversight of the firm s investor relations department. In making a recommendation on incentive compensation for Mr. Castellano, Mr. Wasserstein noted his contribution to the overall strength of the firm and his increasing responsibilities as head of the firm s corporate finance strategy. Based on Mr. Wasserstein s recommendation, the Compensation Committee approved a deferred cash award of $1.005 million for Mr. Castellano and an RSU award valued at $645,000 for his performance in 2008. The RSUs awarded to Mr. Castellano constituted approximately 30% of his total compensation for 2008 (salary, deferred cash award and equity award).

The following table shows the base salary and incentive compensation awarded to Messrs. Castellano, Golub, Stern and Ward for their performance in 2008 (including the deferred cash award) in the manner it was considered by the Compensation Committee. This presentation differs from that contained in the Summary Compensation Table primarily by adding a new column under Incentive Compensation to include the deferred cash award, and by including the full grant date value of the RSUs awarded on February 10, 2009, which relate to 2008 performance but are not reflected in the Summary Compensation Table because they were granted after the end of our 2008 fiscal year. In addition, the Change in Pension Value column and the All Other Compensation column are omitted as they were not material elements of the named executive officers compensation.

			Incentive Compensation			
	Year	Salary	Annual Cash Bonus	Deferred Cash Award	Restricted Stock Unit Awards	Total Compensation
Michael J. Castellano	2008	$ 500,000	$ 0	$ 1,005,000	$ 645,000	$ 2,150,000
Steven J. Golub	2008	$ 1,112,115	$ 487,885	$ 4,560,000	$ 2,640,000	$ 8,800,000
Alexander F. Stern	2008	$ 750,000	$ 0	$ 1,175,000	$ 825,000	$ 2,750,000
Charles G. Ward, III	2008	$ 1,112,115	$ 0	$ 1,575,000	$ 1,162,885	$ 3,850,000

Pursuant to the applicable disclosure rules, the value of the RSUs reported in the Summary Compensation Table for each of our named executive officers, including Mr. Wasserstein, is based on the dollar amount of compensation expense that is recognized in our consolidated financial statements for fiscal year 2008 based on FAS No. 123R. Consequently, the Summary Compensation Table does not reflect the amortization relating to the RSU awards that were granted in February, 2009, but, in the case of Mr. Wasserstein, it does reflect a portion of the Special Retention Award.

Sapphire Industrials. In October 2007, Lazard Funding Limited LLC (Lazard Funding), a wholly-owned subsidiary of Lazard Group, formed a special purpose acquisition company, Sapphire Industrials Corp. (Sapphire), for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more operating businesses. Mr. Ward is a member of Sapphire s board of directors. In connection with the formation of Sapphire, Lazard Funding and each member of Sapphire s board of directors (including Mr. Ward) purchased an aggregate of 23,000,000 founder units (with such number of units giving effect to the split of the units that occurred on January 17, 2008) for an aggregate purchase price of $143,750. Mr. Ward purchased 306,667 founder units for a purchase price of $1,916.67. Each founder unit consists of one share of Sapphire common stock and one warrant to purchase one share of Sapphire common stock. On January 24, 2008, Sapphire completed an initial public offering, raising $800 million through the sale of 80 million units at an offering price of $10.00 per unit. In March 2008, Sapphire redeemed approximately 13% of these founder units at the original purchase price, on a pro-rata basis. Lazard Funding and the Sapphire board members continue to hold Sapphire units.

Perquisites. In 2008, the Company provided a limited number of perquisites, with each of our named executive officers receiving less than $11,200 in perquisite compensation. Each of our managing directors, including each named executive officer, is responsible for paying the full premiums for any health insurance provided through the firm and do not receive any matching contributions from the Company on their personal contributions to Lazard s 401(k) plan. Our managing directors, including the named executive officers, are the beneficiaries of a Company provided life insurance and excess liability insurance policy. Mr. Wasserstein reimburses the Company for personal use of a car and driver provided by Lazard based on an allocation formula that is more than the incremental cost of such use to the Company. Lazard also holds a fractional interest in a private aircraft. From time to time Mr. Wasserstein uses this aircraft for personal reasons and reimburses the Company at the incremental cost of such use. Each of our managing directors, including the named executive officers, are entitled to have their year-end personal tax returns prepared by our tax department. Messrs. Castellano, Golub and Stern have availed themselves of this benefit, while Mr. Wasserstein and Mr. Ward have chosen to use and pay for their own tax advisors. This perquisite has been an historical practice of the firm, and is provided due to the complexity involved in preparing such tax returns as the Company continues to be viewed as a partnership for U.S. tax purposes.

Post-Employment Benefits. Each of Mr. Golub and Mr. Stern has an accrued benefit under the Lazard Frères & Co. LLC Employees Pension Plan, a qualified defined-benefit pension plan, and Mr. Stern has accrued additional benefits under a related supplemental defined-benefit pension plan. In each case, these benefits accrued prior to the applicable officer s becoming a managing director of Lazard. The annual benefit under such plans, payable as a single life annuity commencing at age 65, would be $4,332 for Mr. Golub and $12,421 for Mr. Stern. Under the terms of the supplemental defined-benefit pension plan, the benefits are only payable in a single lump sum payment. Benefit accruals under both of these plans were frozen for all participants effective January 31, 2005, and our named executive officers will not accrue any additional benefits. Messrs. Wasserstein, Castellano and Ward do not participate in these plans. For the value of the benefits accrued by Messrs. Golub and Stern under these plans as of December 31, 2008, see Pension Benefits .

The retention or employment agreement with each of our named executive officers, other than Mr. Stern, provides for certain severance benefits in the event of a termination of employment prior to March 31, 2011 (or December 31, 2012, in the case of Mr. Wasserstein) by us other than for cause or, except in the case of Mr. Wasserstein, by the executive officer for good reason (we refer to these as qualifying terminations). We provide for such severance payments on the condition that the departed executive not compete with us, solicit our clients and employees, or take other actions that harm our business for specified periods. Except in the case of Mr. Wasserstein, the level of the severance benefits depends on whether the qualifying termination occurs prior to or following a change in control of Lazard Ltd, with qualifying terminations following a change in control triggering an enhanced benefit. In addition, the retention or employment agreement with each of our named executive officers, other than Mr. Stern, provides that in the event that the executive officer s receipt of any payment made by us under the agreement or otherwise is subject to the excise tax imposed under Section 4999 of the Code, an additional payment will be made to restore the executive to the after-tax position that he would have been in if the excise tax had not been imposed. The events giving rise to a severance payment as well as the amount of the payments under the retention agreements were negotiated terms and based on common industry practice for agreements of this kind at the time they were negotiated. See Retention Agreements with Named Executive Officers Payments and Benefits Upon Certain Terminations of Service and also see Potential Payments Upon Termination or Change in Control for an estimate of potential payouts under each scenario.

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In general, non-vested RSUs and deferred cash awards are forfeited by our named executive officers upon termination of employment, except in limited cases such as death, disability or a termination by the Company other than for cause , except that Messrs. Golub and Castellano are permitted to retire at anytime on or after March 31, 2011 and retain their RSUs and deferred cash awards, subject to certain limitations. In the event of a change of control of Lazard Ltd, any unvested RSUs and deferred cash awards will automatically vest, without regard to whether the executive officer is terminated. In this way, our named executive officers can realize value from these awards in the same way as shareholders in connection with the change of control transaction, and thus encourage our named executive officers to consider and support transactions that might benefit shareholders.

Tax Considerations

Lazard made certain changes to the terms of its outstanding RSUs during 2008 in order to address rules on partnership taxation under Section 707(c) of the Code. Pursuant to the previous terms of the RSUs, in the event that a holder s employment was terminated due to disability or by the Company other than for cause or solely in the case of Messrs. Golub and Castellano, in the event of retirement on or after March 31, 2011, the holder s RSUs would remain outstanding and be settled on the original vesting date, subject to the holder s compliance with a non-compete, non-solicit and other restrictive covenants. As a result of the partnership tax rules, any individual who is a member of Lazard Group LLC, including each of our named executive officers, may be subject to immediate taxation on his or her outstanding RSUs upon termination, even though the shares of our common stock would not be delivered until a later date. In order to facilitate the payment of taxes, we determined that it would be appropriate to allow holders to sell 50% of the shares of our common stock underlying the RSUs immediately upon termination. The remaining 50% will become payable on the original vesting date, provided that the executive complies with the restrictive covenants limiting the executive s ability to compete with Lazard or to solicit our clients and employees.

Conclusion

Our compensation program is designed to permit the Company to provide our executive officers, managing directors and other senior professionals with total compensation that is linked to our performance and reinforces the alignment of employee and shareholder interests. At the same time it is intended to provide us with sufficient flexibility to assure that such compensation is appropriate to attract and retain these employees who are vital to the continued success of Lazard and to drive outstanding individual and institutional performance. We believe the program met these objectives in 2008.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Compensation Committee

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

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COMPENSATION OF EXECUTIVE OFFICERS

The following table contains information with respect to the chief executive officer, chief financial officer, and the three other most highly compensated executive officers of Lazard Ltd, collectively referred to as the named executive officers .

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus (a)	Restricted Stock Unit Awards (b)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (c)	All Other Compensation (d)	Total
Bruce Wasserstein	2008	$ 1,225,000		$ 36,013,207		$ 1,650	$ 37,239,857
Chairman and Chief	2007	$ 4,800,000		$ 7,059,774		$ 1,618	$ 11,861,392
Executive Officer	2006	$ 4,800,000		$ 2,238,222		$ 1,745	$ 7,039,967
Michael J. Castellano	2008	$ 500,000		$ 451,427		$ 11,184(e)	$ 962,611
Chief Financial Officer	2007	$ 500,000	$ 1,600,000	$ 181,278		$ 10,698(e)	$ 2,291,976
	2006	$ 500,000	$ 1,550,000	$ 60,434		$ 11,703(e)	$ 2,122,137
Steven J. Golub	2008	$ 1,112,115	$ 487,885	$ 5,932,641	$ 6,383	$ 10,049(e)	$ 7,549,073
Vice Chairman Lazard Ltd,	2007	$ 1,500,000	$ 4,500,000	$ 2,893,509	$ 0	$ 9,563(e)	$ 8,903,072
Chairman of Financial	2006	$ 1,500,000	$ 4,900,000	$ 984,819	$ 1,968	$ 11,134(e)	$ 7,397,921
Advisory Group							
Alexander F. Stern	2008	$ 750,000		$ 1,156,459	$ 9,699	$ 10,049(e)	$ 1,926,207
Chief Operating Officer							
Charles G. Ward, III (f)							