Lazard Ltd
Form DEF 14A
March 24, 2008
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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:

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

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(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):

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(4) Proposed maximum aggregate value of transaction:

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(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:

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

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(3) Filing Party:

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(4) Date Filed:

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March 24, 2008

Dear Shareholder:

You are cordially invited to attend the 2008 Annual General Meeting of Shareholders of Lazard Ltd and any adjournment or postponement of the meeting. We will hold the meeting on Tuesday, May 6, 2008, at 8:30 a.m. Eastern Daylight Time (9:30 a.m. Bermuda time), in the Elbow Beach Hotel, 60 South Shore Road, Paget Parish, 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 2007 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 2007 Annual General Meeting

of Shareholders and Proxy Statement

Date: Tuesday, May 6, 2008
Time: 8:30 a.m. Eastern Daylight Time
(9:30 a.m. Bermuda time)
Place: Elbow Beach Hotel
60 South Shore Road
Paget Parish, 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 2011;

2. Approve the 2008 Incentive Compensation Plan;

3. Approve amendments to our Bye-laws to modify and reduce certain requirements relating to actions adversely affecting the employment of our Chairman and Chief Executive Officer;

4. Ratification of appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2008 and authorization of the Company s Board of Directors, acting by the Company s Audit Committee, to set their remuneration; and

5. 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 21, 2008 may vote in person or by proxy at the annual general meeting and any adjournment or postponement thereof. You will need proof of ownership of our Class A common stock to enter the meeting. This proxy solicitation material is being mailed to shareholders on or about March 31, 2008 with a copy of Lazard s 2007 Annual Report, which includes financial statements for the period ended December 31, 2007 and the related independent auditor s report. Copies of Lazard s 2007 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 24, 2008

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Proxy Statement

General Information

Who Can Vote

Holders of our Class A and Class B common stock, as recorded in our share register at the close of business on March 21, 2008, the record date, may vote at the meeting and any adjournment or post postponement thereof. As of that date, there were 46,836,518 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 55,322,792 votes in respect of such share, or 54.1% of the voting power of our Company. With respect to matters raised at the 2008 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, FOR the 2008 Incentive Compensation Plan (the 2008 Plan), FOR the amendments to our Bye-laws to modify and reduce certain requirements relating to actions adversely affecting the employment of our Chairman and Chief Executive Officer (the Bye-law Amendments), and FOR ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2008. The enclosed proxy also confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of 2008 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 21, 2008, 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.

You may listen to the annual general meeting over the Internet. Please go to our website, *www.lazard.com*, in advance of the meeting to download any necessary audio software.

INFORMATION ABOUT OUR ANNUAL GENERAL MEETING AND SOLICITATION OF PROXIES

Votes Needed

There are differing vote requirements for the various matters to be voted upon. 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. With respect to the approval of the 2008 Plan, the ratification of the appointment of our independent auditors, and the approval of any other matter that may properly be brought before the meeting, 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 is required. With respect to the approval of the Bye-law Amendments, the affirmative vote of a majority of the combined voting power of all of the shares of our common stock entitled to vote thereon (regardless of the actual number of shares present or represented at the meeting) is required.

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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).

Important Notice Regarding the Availability of Proxy Materials for the

Annual General Meeting of Shareholders to Be Held on May 6, 2008

This proxy statement and the 2007 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, FOR the 2008 Plan, FOR the Bye-law Amendments, and FOR ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2008.

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 2011 annual general meeting.

The following section contains information provided by the nominees and continuing directors about their principal occupation, business experience and other matters. Each of the nominees are current directors of Lazard. Each nominee has indicated to us that he will serve if elected. Messrs. Doerfler and Turner, who were initially elected to our Board of Directors in 2006, were suggested to the Nominating & Governance Committee by members of our senior management pursuant to our policy on director nominations. See Policy on Director Nomination Process. After being interviewed by the Nominating & Governance Committee, they were recommended to the full Board for election. 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. On March 10, 2008, Mr. Anthony Orsatelli resigned as the Natixis representative to our Board of Directors and he was replaced by Mr. Dominique Ferrero. See Agreement with Natixis and the Wasserstein Family Trusts .

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 2011

Bruce Wasserstein, age 60, 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 (an investment banking firm he co-founded) from February 1988 to January 2001, when Wasserstein Perella Group was sold to Dresdner Bank. Prior to founding Wasserstein Perella Group, Mr. Wasserstein was the Co-Head of Investment Banking at The First Boston Corporation. Prior to joining First Boston, Mr. Wasserstein was an attorney at Cravath, Swaine & Moore. Mr. Wasserstein also currently serves as Chairman of Wasserstein & Co., LP, a private merchant bank, and is a member of the Board of Directors of Harry & David Holdings, Inc.

Ronald J. Doerfler, age 66, 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. 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.

Michael J. Turner, CBE, age 59, has served as a director of Lazard Ltd and Lazard Group since March 2006. Mr. Turner has served as Chief Executive Officer of BAE Systems Plc since March 2002. Mr. Turner joined BAE Systems in 1966 and since that time has held a number of commercial, marketing and general

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management positions, including Chief Operating Officer from 1999 to March 2002. Mr. Turner is a member of the Board of Directors of Art Properties UK Ltd and joint chairman of the Aerospace Innovation and Growth Team in the UK. Mr. Turner is a member of the Compensation Committee and the Nominating & Governance Committee of our Board of Directors.

Directors Continuing in Office

(Term Expiring in 2009)

Steven J. Heyer, age 55, has served as a director of Lazard Ltd and Lazard Group since June 2005. Mr. Heyer is currently the Co-Chairman and Chief Executive Officer of Fathom Studios and Vice Chairman of Mistral Acquisition Company. 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 Mistral Acquisition Company, Phorm, Inc., Fathom Studios, the National Collegiate Athletic Association and the Special Olympics. Mr. Heyer is the chairman of the Compensation Committee and a member of the Audit Committee and the Nominating & Governance Committee of our Board of Directors.

Sylvia Jay, CBE, age 61, 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 each of Saint-Gobain and Alcatel-Lucent, as well as 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 72, has served as a director of Lazard Ltd and Lazard Group since May 2005. Mr. Jordan has served as a Senior Managing Director of Lazard Frères & Co. LLC since January 2000. Mr. Jordan has been Of Counsel at Akin, Gump, Strauss, Hauer & Feld L.L.P. since January 2000, where he served as Senior Executive Partner from January 1982 to December 1999. Prior to that, Mr. Jordan served as President and Chief Executive Officer of the National Urban League, Inc. from January 1972 to December 1981. Mr. Jordan currently serves on the boards of directors of American Express Company, Asbury Automotive Group, Inc. and Xerox Corporation; 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 54, has served as a director of Lazard Ltd and Lazard Group since May 2005. Mr. Jones has served as Chief Executive Officer of Wasserstein & Co., LP since January 2001. Prior to becoming Chief Executive Officer of Wasserstein & Co., LP, Mr. Jones was a Managing Director of the investment banking firm Wasserstein Perella Inc. from February 1995 to January 2001. Prior to joining Wasserstein Perella Inc., Mr. Jones was a Managing Director at Salomon Brothers Inc. in its Corporate Finance Department from March 1989 to February 1995. Prior to joining Salomon Brothers Inc., Mr. Jones worked in the Investment Banking Department at The First Boston Corporation from September 1979 to March 1989. Mr. Jones is a member of the Board of Directors of Harry & David Holdings, Inc.

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Dominique Ferrero, age 61, 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 64, 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 Director of the Committee on Capital Markets Regulation, 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.

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 eleven meetings of the Board of Directors in 2007. The non-executive directors of the Board met in executive session six times in 2007. Each meeting of non-executive directors is presided over by one of the committee chairpersons.

Agreements with Natixis and the Wasserstein Family Trusts

Natixis (as the surviving entity in a merger with IXIS Corporate & Investment Bank in December 2007) holds $150 million of Lazard s equity security units (which represent a contract to purchase Lazard Class A common stock on May 15, 2008 and a senior note of Lazard Group in an aggregate amount of $150 million) and 2,000,000 shares of Class A common stock, which were acquired in our recapitalization transactions in May 2005. In connection with this investment, 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 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 IXIS Corporate & Investment Bank, plus (b) the shares of our common stock issuable under the terms of any exchangeable securities issued by us initially purchased by IXIS Corporate & Investment Bank. Dominique Ferrero is the Natixis nominee to our Board of Directors.

The Wasserstein family trusts hold 329,500 shares of our Class A common stock and 9,958,196 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

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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 family trusts (in the aggregate) as of the date of our IPO. Ellis Jones is the nominee of the Wasserstein family trusts to our Board of Directors.

Audit Committee

Ronald J. Doerfler (Chair), Steven J. Heyer* and Hal S. Scott

This committee met five times in 2007. 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 Mr. Ronald J. Doerfler has the requisite qualifications to satisfy the SEC definition of audit committee financial expert .

Compensation Committee

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

This committee met thirteen times in 2007. 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 and the 2005 Bonus Plan.

If the 2008 Incentive Compensation Plan described under Item 2 below is approved by our shareholders, the Compensation Committee also will administer this 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.

* Mr. Heyer replaced Mr. Orsatelli on the Audit Committee following Mr. Orsatelli s resignation on March 10, 2008.

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From time to time the Compensation Committee has established special equity award pools pursuant to the 2005 Equity Incentive 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. 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. As part of this process Mr. Wasserstein requested information from MGMC, Inc., a compensation consultant, on pay levels for the general counsels of investment banking firms, given the scope of the Lazard general counsel s role and lack of publicly available information. 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 four times in 2007. 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.

Attendance

The average attendance by directors at meetings of the Board and its Committees was approximately 93% in 2007. The Board met eleven times in 2007 and all current directors attended at least 75% of the meetings of the Board and Committees on which they served. We expect all directors to attend our annual general meetings of shareholders. In 2007, seven of our nine directors attended the Annual General Meeting of Shareholders.

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Codes of Business Conduct and Ethics

We have adopted the Code of Business Conduct and Ethics that is applicable to all directors, managing directors, officers and employees of Lazard and its subsidiaries and affiliates. We have also adopted a Supplement to the Code of Business Conduct and Ethics for certain other senior officers, including our chief executive officer, chief financial officer and principal accounting officer. Each of these codes are available on our website at *http://www.lazard.com/Investorrelations/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. While we could qualify for various exceptions to the governance standards of the NYSE as a controlled company , we have chosen not to be so treated and have committed to having a majority of our directors satisfy the independence requirements of both Lazard and the NYSE. Likewise, each member of the Audit Committee must be financially literate and at least one member must possess the requisite qualifications to satisfy the SEC definition of audit committee financial expert . Once a candidate is identified, the Nominating & Governance Committee will consider the candidate s mix of skills and experience with businesses and other organizations of comparable size, as well as his or her reputation, background and time availability (in light of anticipated needs). The Committee also will consider the interplay of the candidate s experience with the experience of other Board members, the extent to which the candidate would be a desirable addition to the Board and any committees of the Board and any other factors it deems appropriate. Shareholders wishing to recommend to the Nominating & Governance Committee a candidate for director at our 2009 Annual General Meeting of Shareholders may do so by submitting in writing such candidates 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, 62nd Floor, New York, New York 10020 between January 6, 2009 and February 5, 2009.

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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. Ellis 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, 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 2007 by The Hearst Corporation and L Oreal USA, Inc., a sister company of L Oreal UK. Mr. Doerfler is the Chief Financial Officer of The Hearst Corporation and Lady Jay is Vice Chairman of L Oreal UK. In both instances Lazard provided M&A advisory services in the ordinary course of business and the engagements were 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 connection with this investment, Lazard agreed to nominate one person designated by Natixis to our Board of Directors, currently Mr. Ferrero. Lazard also has a cooperation arrangement with Natixis in France. 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 2007, the cooperation arrangement generated approximately $87 million of gross revenue for Natixis and $28.1 million of gross revenue for Lazard. We also received advisory fees in 2007 of $5.4 million with respect to several transactions involving Natixis and its affiliates. In 2006 we advised on a major internal reorganization of Caisse Nationale des Caisses d Epargne (CNCE), the former parent holding company of IXIS Corporate & Investment Bank, involving both its shareholders and its subsidiaries. Pursuant to this reorganization IXIS Corporate & Investment Bank became a wholly-owned subsidiary of Natixis until its merger into Natixis in December 2007. We received advisory fees of $17.7 million with respect to the CNCE reorganization and $0.5 million for advisory services on an unrelated transaction for CNCE in 2006. In 2005, Lazard advised IXIS (the predecessor entity to Natixis) on one transaction in Germany and received a fee of $1.8 million. The Board determined, in its business judgment, that these relationships were not material, noting that (a) 2007 gross revenue generated pursuant to the cooperation arrangement and other transactions referenced above were less than 2.0% of Lazard s gross revenues for 2007 and less than 1.0% of the annual gross revenue of Natixis for 2007 and (b) at December 31, 2007, Lazard s consolidated indebtedness to Natixis was less than 4% of Lazard s total consolidated assets. 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 2007

Directors who are officers of Lazard do not receive any fees for their service as directors. On February 27, 2007, 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 $67,500 and an annual award of deferred stock units (DSUs) with a grant date value of $82,500. 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% 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% 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 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 common stock on the payment date.

All DSUs awarded under these arrangements (1) were issued under the 2005 Equity Incentive Plan (or any successor 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	$ 75,108	$ 99,000	$ 878	$ 174,986
Steven J. Heyer (3)	$ 78,831	$ 101,750	$ 2,366	$ 182,947
Sylvia Jay	$ 76,511	$ 99,000	$ 994	$ 176,505
Ellis Jones (3)	$ 62,590	$ 82,500	$ 1,726	$ 146,816
Anthony Orsatelli (4)	$ 73,274	$ 93,500	$ 1,793	$ 168,567
Hal S. Scott	$ 81,151	$ 104,500	$ 1,063	$ 186,714
Michael J. Turner	$ 76,511	$ 99,000	$ 994	$ 176,505

(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. See Note 14 of Notes to the Consolidated Financial Statements contained in Lazard s 2007 Annual Report on Form 10-K for a discussion of the assumptions used in the valuation of the DSUs.

Each of the directors listed above received their annual grant of DSUs on June 1, 2007. The number and grant date fair value of DSUs under FAS No. 123R (based on the closing price per-share of the Class A Common Stock of $54.52 on June 1, 2007) were as follows: Mr. Doerfler, 1,816, valued at $99,000; Mr. Heyer, 1,866, valued at $101,750; Lady Jay, 1,816, valued at $99,000; Mr. Jones, 1,513, valued at $82,500; Mr. Orsatelli, 1,715, valued at $93,500; Mr. Scott, 1,917, valued at $104,500; and Mr. Turner, 1,816, valued at $99,000. The total number of DSUs held by each of our non-executive directors at December 31, 2007 was as follows: Mr. Doerfler, 3,346; Mr. Heyer, 8,509; Lady Jay, 3,669; Mr. Jones, 6,366; Mr. Orsatelli, 5,839; Mr. Scott, 3,912; and Mr. Turner, 3,669.

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

(3) Mr. Heyer and Mr. 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 Mr. Heyer and Mr. Jones received 1,759, and 1,402, additional DSU in lieu of cash, respectively, in 2007.

(4) Mr. Orsatelli resigned from our Board of Directors on March 10, 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 director of Lazard. Mr. Jordan s compensation as a senior managing director for 2007 was as follows:

Salary	Annual Cash Bonus	Restricted Stock Unit Awards (1)	All Other Compensation (2)	Total
$500,000	$ 2,650,000	$ 276,169	$ 510,118	$ 3,936,287

(1) The value of the RSUs is based on the amount that is recognized in our consolidated financial statements under FAS No. 123R for the 2007 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 2007 restricted stock unit grants. On January 30, 2008, Mr. Jordan received an RSU award with a grant date value of $1.1 million, which related to 2007 performance. 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 January 2008 RSU grants.

(2) 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 2007. Mr. Jordan also received a tax gross-up payment of $220,500 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 The 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 February 28, 2007, the only persons known by us to be beneficial owners of more than 5% of our Class A and Class B Common Stock were as follows (except for Bruce Wasserstein, whose share ownership is noted in the subsequent table):

Name and Address of Beneficial Owner	Number of Shares of Class B Common Stock 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)		54.1%(d)
Natixis (e) 30 Avenue Pierre Mendes Paris, France 75013		2,000,000	4.3%	2.0%
Prudential Financial, Inc. 751 Broad Street Newark, New Jersey 07102		10,937,240	23.3%	10.7%
Rainier Investment Management, Inc. 601 Union Street, Seattle, Washington 98101		2,993,118	6.4%	2.9%
JPMorgan Chase & Co. 270 Park Avenue New York, New York 10017		2,948,669	6.3%	2.9%

(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 21, 2008 represents approximately 54.1% of the voting stock of all shares of our voting stock. This single share generally will entitle our managing directors holding LAZ-MD Holdings exchangeable interests who are party to the LAZ-MD Holdings stockholders agreement to one vote per share of each LAZ-MD Holdings exchangeable interest held by them on a pass through basis.

(e) The 2,000,000 shares of our Class A common stock were acquired by Natixis (as the successor entity to IXIS Corporate & Investment Bank) on May 10, 2005 as part of our IPO. Excludes 4,999,800 to 6,000,000 shares of our common stock underlying the equity security units issued to Natixis on May 10, 2005 pursuant to the Natixis investment agreement. Were Natixis to exchange these securities at the price at which the Class A common stock was trading at on February 28, 2008, it would beneficially own 6.8% of the common stock, including the shares of common stock into which the Lazard Group common membership interests are exchangeable.

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Beneficial Ownership of Directors, Director Nominees and Executive Officers

The following table shows the number of shares of Class A common stock, which each director, the executive officers named in the summary compensation table and all directors and executive officers as a group have reported as owning beneficially or otherwise having a pecuniary interest in, as of March 21, 2008. 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)	1,905,537	4.1%	11,863,733	11.6%	11.6%
Ronald J. Doerfler		*	3,346	*	*
Dominique Ferrero (e)	2,000,000	4.3%	2,000,820	2.0%	2.0%
Steven J. Heyer		*	9,139	*	*
Sylvia Jay		*	3,669	*	*
Ellis Jones (d)	329,500	*	8,315,173	8.1%	8.1%
Vernon E. Jordan, Jr.	6,400	*	319,635	*	*
Hal S. Scott		*	3,912	*	*
Michael J. Turner		*	3,669	*	*
Michael J. Castellano		*	390,458	*	*
Steven J. Golub		*	1,475,064	1.4%	1.4%
Scott D. Hoffman		*	477,227	*	*
Charles G. Ward, III		*	1,301,527	1.3%	1.3%
All directors and executive officers as a group (thirteen persons)			17,859,013	17.5%	17.5%

* Less than 1% beneficially owned.

(a) For each of the named executive officers and Mr. Jordan, their share ownership in this column includes shares of our 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 are subject to voting provisions in the LAZ-MD Holdings stockholders agreement and are included in the 54.1% 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 and absent an acceleration event, these interests will be exchangeable, in the case of Mr. Wasserstein, pro-rata on the third, fourth, and fifth anniversaries of our IPO, and in the case of our other named executive officers and Mr. Jordan, approximately 22% on the third anniversary, 39% on the fourth anniversary and 39% on the fifth anniversary of our IPO, in each case, assuming satisfaction of service requirements and compliance with covenants. The share ownership in this column does not include any restricted stock units issued to the named executive officers and Mr. Jordan. See Outstanding Equity Awards at 2007 Fiscal Year End .

(b) This column also includes shares of Class A common stock that are subject to issuance in the future with respect to the deferred stock units issued to our non-executive directors under Lazard s Director Compensation Arrangement in the following aggregate amounts: Mr. Doerfler, 3,346 shares; Mr. Ferrero, 820 shares; Mr. Heyer, 9,139 shares; Lady Jay, 3,669 shares; Mr. Jones, 6,814 shares; Prof. Scott, 3,912 shares; and Mr. Turner, 3,669 shares. These deferred stock units 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.

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

(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 of Directors, 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. 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 2,000,000 shares of our common stock that were acquired by Natixis (as the successor entity to IXIS Corporate & Investment Bank) on May 10, 2005. Excludes 4,999,800 to 6,000,000 shares of our common stock underlying the equity security units issued to Natixis on May 10, 2005 pursuant to the Natixis investment agreement. Mr. Ferrero disclaims beneficial ownership of the securities issued pursuant to the Natixis investment agreement as described in footnote (e) to the table under the caption Beneficial Owners of More Than Five Percent .

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, with a goal of keeping compensation and benefits expense at or below 57.5% of our annual operating revenue. 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 2006 and, to the extent available, 2007, for comparable positions at The Bear Stearns Companies Inc., Black Rock, Inc., Goldman Sachs Group, Inc., Greenhill & Co., Inc., Jefferies Group, Inc., Legg Mason, Inc., Lehman Brothers Holdings 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.

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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. Our incentive compensation has two components: annual cash bonus and an equity based award. Decisions with regard to incentive compensation are 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, cash bonus and equity based awards) to be paid to our chief executive officer, Mr. Wasserstein. Mr. Wasserstein, in turn, makes recommendations to the Committee as to the total compensation package to be paid to the other named 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 named executive officer s compensation, including unrealized gains on prior equity-based awards and potential amounts to be delivered under all post-employment scenarios.

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. 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.

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 paid to our managing directors and senior professionals, including our named executive officers, based on Company and individual performance in the prior fiscal year. An allocation is then made between cash and equity-based awards. In January of 2008, we applied a progressive formula based on total compensation for all of our managing directors and senior professionals, including the named executive officers, except with respect to Mr. Wasserstein, who received all of his incentive compensation in the form of an equity based award. Pursuant to this formula, as a participant s total compensation (salary, cash bonus and equity-based award) increases, a greater percentage of his or her total compensation is composed of an equity-based award. This formula is based on a sliding scale that effectively begins at 15% for some of our associates, vice presidents and directors and generally reaches 60% for our highest paid managing directors. The remainder of an individual s total incentive compensation award is payable in cash.

For 2007, the portion of total incentive compensation paid in equity-based compensation was awarded in the form of restricted stock units, or RSUs, granted under the 2005 Equity Incentive Plan. An RSU is a contractual right to receive a fixed number of shares of our Class A common stock upon the vesting of the RSU. The RSUs granted to our named executive officers in 2008 (which relate to 2007 performance) generally vest approximately three 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 Class A common stock when actual shares are delivered upon vesting. 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 RSU awards, our named executive officers agreed to limits on their ability to compete with

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Lazard or to solicit our clients and employees, which serves to protect the company s intellectual and human capital. In addition, each of our named executive officers own considerable interests in Lazard through their holdings of LAZ-MD Holdings exchangeable interests and previous grants of RSUs. See Beneficial Ownership of Directors, Director Nominees and Executive Officers and Outstanding Equity Awards at 2007 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 and this year were granted at the close of business after our public announcement of year-end earnings on January 30, 2008. The number of RSUs granted in 2008 (which relate to 2007 performance) was determined by dividing the dollar amount allocated to be granted as an equity based award by the closing price-per-share of the Class A common stock on the NYSE on the grant date, January 30, 2008 ($37.81). The RSUs granted in January of 2008 will generally vest on March 31, 2011.

Impact of 2007 Performance on Compensation

In setting compensation levels for our employees, we primarily consider annual operating revenue and earnings. Our goal is to limit total compensation and benefits expense to 57.5% or less of our annual operating revenue, while maintaining a competitive compensation package for our executive officers, managing directors and other senior professionals. Our ratio of compensation and benefits expense to annual operating revenue is somewhat higher than that 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 appear higher than our competitors. For 2007, the Compensation Committee determined that, in light of our annual operating revenue of $2.01 billion, the target level of total compensation and benefits expense to operating revenue could be set at 55.7%, 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, information provided by Steven Hall & Partners, LLC, and our financial performance in 2007. This represents a 26% increase in total compensation and benefits expense to $1,123.1 million for 2007 compared with $891.4 million for 2006. This increase was slightly less than our 28% increase in annual operating revenue for 2007.

Compensation For Each of Our Named Executive Officers in 2007

General. In connection with our initial public offering in May 2005, each of our named executive officers signed a retention agreement that established a guaranteed minimum level of compensation. The compensation amounts, including base salary, were negotiated at the time of the IPO and were meant to ensure that Lazard would have the services of each of the named executive officers during a critical time as we transitioned from being a private company to a public company. See Retention Agreements with Named Executive Officers. The base salary paid in 2007 to each of our named executive officers was the minimum required under each of their retention agreements: $4.8 million to Mr. Wasserstein; $500,000 to Mr. Castellano; $1.5 million to Mr. Golub; $600,000 to Mr. Hoffman; and $1.5 million to Mr. Ward.

The annual incentive compensation for our chief executive officer for 2007 was determined by the Compensation Committee. Annual incentive compensation for each of our other named executive officers was established based on the recommendation of our chief executive officer and approval by the Compensation Committee. While the retention agreements with each of our named executive officers establish an overall

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minimum level of compensation, annual cash bonuses and equity-based awards above this level were decided on a discretionary basis. Our chief executive officer reviewed with the Compensation Committee the performance of each of the named executive officers individually and their overall contribution to the Company in 2007, which was not based on any numerical targets.

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 2007, 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 establishing and communicating 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;
- improving results at Lazard Asset Management;
- facilitating European integration by improved collaboration;
- setting financial targets and presenting a plan to achieve goals to the Board; and
- keeping the Board informed and up-to-date regarding ongoing issues and initiatives within Lazard.

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 January 30, 2008:

- operating revenue for the full year 2007 increased 28% to a record $2.01 billion compared to $1.57 billion for 2006; and
- Annual net income on a fully exchanged basis increased 37% to a record $322.7 million for 2007 from $236.2 million for 2006.

- Financial Advisory operating revenue increased 27% to a record $1.24 billion for the full year of 2007, compared to $973.4 million for 2006, including a 22% increase in M&A operating revenue to a record $969.4 million compared to $792.5 million in 2006;

- Asset Management operating revenue increased 31% during the full year of 2007 to a record of $717.3 million, compared to $548.5 million in the full year of 2006; and

- average annual earnings per share growth of over 20% since Lazard s IPO in May 2005.

In addition to record setting performance, Mr. Wasserstein and his executive team made substantial investments in the future, such as:

- the successful acquisition and integration of Carnegie Wylie & Company, one of Australia s leading independent financial advisory firms, and Goldsmith Agio Helms & Lynner LLC, a specialist investment bank focused on financial advisory for mid-sized private companies, as well as joint ventures or business relationships in Eastern Europe and South America; and

- the Company s success in recruiting highly regarded senior level talent.

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Other factors considered by the Compensation Committee, included:

- the client relationships cultivated by Mr. Wasserstein and their contribution to Lazard s overall success;

- Mr. Wasserstein s reputation in the financial services industry as an innovative strategic thinker, financial advisor and deal maker; and

- under Mr. Wasserstein leadership, Lazard s articulation of a clear mission, vision, and strategy and 2007 execution that was consistent with this strategy.

The Committee also thoroughly reviewed Lazard s past compensation practices, the competitive compensation practices at the other firms included in our comparator group and the unique value that Mr. Wasserstein brings to the Lazard franchise. Based on this review the Compensation Committee decided to award Mr. Wasserstein $36.2 million in incentive compensation payable entirely in RSUs valued at the closing price per share of our Class A common stock on the NYSE on January 30, 2008 ($37.81). The Compensation Committee believed that it was important for Mr. Wasserstein to remain focused on (and that his 2007 compensation continue to be dependent on) Lazard s long-term performance. The Committee believed that this RSU award, together with Mr. Wasserstein s other equity interests in Lazard, achieved that objective.

The following table shows the base salary and incentive compensation paid to Mr. Wasserstein for his performance in 2007 in the manner it was considered by the Compensation Committee. This presentation differs from that contained in the Summary Compensation Table primarily through showing the full grant date value of the RSUs awarded on January 30, 2008, which related to 2007 performance but are not reflected in the Summary Compensation Table because they were granted after the end of our 2007 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 Mr. Wasserstein s compensation.

			Incentive Compensation		
	Year	Salary	Annual Cash Bonus	Restricted Stock Unit Awards	Total Compensation
Bruce Wasserstein	2007	$ 4,800,000		$ 36,200,000	$ 41,000,000

Other Named Executive Officers. In determining annual incentive compensation for Mr. Golub, as vice chairman of Lazard and chairman of the financial advisory group, and Mr. Ward, as president of Lazard and chairman of the asset management group, Mr. Wasserstein noted 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. These client relationships have lead to specific engagements that have contributed to the Company s overall revenue growth in 2007. In making a recommendation on incentive compensation for each of Messrs. Golub 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. Based on Mr. Wasserstein s recommendation, the Compensation Committee approved the following incentive compensation for each of Mr. Golub and Mr. Ward for their performance in 2007: Mr. Golub was paid a cash bonus of $4.5 million and received an RSU award valued at $10 million; and Mr. Ward was paid a cash bonus of $1.3 million and received an RSU award valued at $4.2 million. The RSUs awarded to Mr. Golub and Mr. Ward constituted approximately 62.5% and 60% of their total compensation (salary, bonus and equity award), respectively.

In determining incentive compensation for Mr. Castellano and Mr. Hoffman, Mr. Wasserstein noted that each provides significant leadership to Lazard in their roles as chief financial officer and general counsel,

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respectively. Mr. Castellano has overall responsibility for corporate finance and accounting at Lazard on a worldwide basis, and Mr. Hoffman oversees legal and compliance, human resources and public relations and communications. Mr. Wasserstein noted that both executives have been tasked with primary responsibility for establishing and implementing uniform internal policies within Lazard, so that other members of senior management can focus on building the Lazard franchise and cultivating client relationships. 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. With respect to Mr. Hoffman, Mr. Wasserstein noted his wide-ranging responsibility in overseeing legal operations worldwide, human resources and public relations; his role as lead counsel and negotiator in the acquisition of Carnegie Wylie & Company and Goldsmith Agio Helms, and the firm s other joint ventures and alliances; and the intangible benefit to the firm of having an attorney of Mr. Hoffman s caliber providing counsel to the firm on both legal and business matters. Based on Mr. Wasserstein s recommendation, the Compensation Committee approved the following incentive compensation for each of Mr. Castellano and Mr. Hoffman for their performance in 2007: Mr. Castellano was paid a cash bonus of $1.6 million and received an RSU award valued at $900,000; Mr. Hoffman was paid a cash bonus of $1.9 million and received an RSU award valued at $1.5 million. The RSUs awarded to Mr. Castellano and Mr. Hoffman constituted approximately 30% and 37.5% of their total compensation (salary, bonus and equity award), respectively.

The following table shows the base salary and incentive compensation paid to Messrs. Castellano, Golub, Hoffman and Ward for their performance in 2007 in the manner it was considered by the Compensation Committee. This presentation differs from that contained in the Summary Compensation Table primarily through showing the full grant date value of the RSUs awarded on January 30, 2008, which related to 2007 performance but are not reflected in the Summary Compensation Table because they were granted after the end of our 2007 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 each of the named executives compensation.

			Incentive Compensation		
	Year	Salary	Annual Cash Bonus	Restricted Stock Unit Awards	Total Compensation
Michael J. Castellano	2007	$ 500,000	$ 1,600,000	$ 900,000	$ 3,000,000
Steven J. Golub	2007	$ 1,500,000	$ 4,500,000	$ 10,000,000	$ 16,000,000
Scott D. Hoffman	2007	$ 600,000	$ 1,900,000	$ 1,500,000	$ 4,000,000
Charles G. Ward, III	2007	$ 1,500,000	$ 1,300,000	$ 4,200,000	$ 7,000,000

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 2007 based on FAS No. 123R. Consequently, the Summary Compensation Table does not reflect the amortization relating to the RSU awards that were granted in January, 2008.

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., 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. 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, as a member of the Sapphire board, purchased 306,667 founder units for a purchase price of $1,916.67. Approximately 13% of these founder units were redeemed by Sapphire at the original purchase price. Each founders 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 (the Sapphire IPO), raising $800 million through the sale of 80 million units at an offering price of $10.00 dollars per unit. Lazard Funding and the Sapphire board members continue to hold Sapphire units. For more information on Mr. Ward s founder units, please see the final prospectus for the Sapphire IPO, which is publicly available through the SEC s internet site at *http://www.sec.gov/Archives/edgar/data/1414255/000119312508008967/d424b4.htm.* The Sapphire prospectus and the information contained therein is not incorporated by reference into this proxy statement.

Perquisites. In 2007, the Company provided a limited number of perquisites, with each of our named executive officers receiving less than $10,700 in perquisite compensation. Each of our managing directors, including the named executive officers, are 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 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 Hoffman 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. Hoffman has an accrued benefit under the Lazard Frères & Co. LLC Employees Pension Plan, a qualified defined-benefit pension plan, and Mr. Hoffman 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 $18,852 for Mr. Hoffman. 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 no additional benefits will be paid to any of our named executive officers. Messrs. Wasserstein, Castellano and Ward do not participate in any of these plans. See Pension Benefits .

Each retention agreement with a named executive officer provides for certain severance benefits in the event of a termination of employment prior to May 10, 2008 (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 named executive officer for good reason (we refer to these as a 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 of control triggering an enhanced benefit. In addition, each retention agreement with a named executive officer provides that in the event that the named executive officer s receipt of any payment made by us under the retention agreement or otherwise are subject to the excise tax imposed under Section 4999 of the Internal Revenue Code of 1986, as amended, or 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 see Potential Payments Upon Termination or Change in Control for an estimate of potential payouts under each scenario.

In general, non-vested RSUs are forfeited by our named executive officers upon termination of employment, except in limited cases such as disability or a termination by the Company other than for cause . In the event of

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a change of control of Lazard Ltd, any unvested RSUs automatically vest, without regard to whether the executive officer is terminated. See Outstanding Equity Awards at 2007 Fiscal Year-End . In this way, our named executive officers can realize value from their equity 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.

New Employment Agreement with Mr. Wasserstein

In October 2007, the Compensation Committee commenced discussions with Mr. Wasserstein regarding his future with Lazard. Recognizing that Mr. Wasserstein s existing three year commitment to Lazard would expire in May 2008 (the third anniversary of our IPO), the Compensation Committee, the Board of Directors and Mr. Wasserstein discussed various arrangements pursuant to which Mr. Wasserstein would remain as our Chairman and Chief Executive Officer following May 2008. After extensive deliberation and negotiation, these discussions resulted in a new employment agreement with Mr. Wasserstein in January 2008. In connection with the new agreement, Mr. Wasserstein has indicated that he intends to remain as our Chairman and Chief Executive Officer for the five year period ending December 31, 2012.

To provide proper economic incentives, as part of the new arrangement, the Board of Directors granted 2,700,000 RSUs to Mr. Wasserstein on January 29, 2008 under our 2005 Equity Incentive Plan (the Retention Award). The Retention Award generally will vest entirely on December 31, 2012, at the end of the five year period. The Retention Award will be forfeited, however, if Mr. Wasserstein s employment is terminated on or prior to December 31, 2012 (unless terminated as a result of death or disability or as a result of a termination by us without cause). The Retention Award also will vest upon certain changes in control of Lazard.

The Retention Award is intended to constitute a significant part of Mr. Wasserstein s compensation for each of the years in the five year period ending December 31, 2012. Except as discussed above and as detailed in the agreement, Mr. Wasserstein must remain at Lazard, however, through the end of the five year period to receive the Retention Award. In addition, the new agreement with Mr. Wasserstein provides that his base salary will be decreased to $900,000 per annum and that any additional compensation or bonuses to Mr. Wasserstein during the five year period will be at the discretion of the Compensation Committee and the Board of Directors.

The Compensation Committee and the Board of Directors were assisted in their review and deliberations by Steven Hall & Partners, LLC. In setting the compensation, the Committee considered, among other factors:

- Mr. Wasserstein s individual performance since our IPO, including his leadership abilities and contribution to our success;
- the Company s overall performance since our IPO, including our record annual and fourth quarter net income for 2007;
- the compensation paid to a comparator group of chief executive officers at similar firms, including The Bear Stearns Companies Inc., BlackRock, Inc., The Goldman Sachs Group, Inc., Greenhill & Co. Inc., Merrill Lynch & Co., Inc., and Morgan Stanley, and discussed the compensation practices of publicly traded private equity firms and hedge funds;
- the unique value that a chief executive officer of Mr. Wasserstein s standing, experience and demonstrated performance brings to the Lazard franchise; and
- Mr. Wasserstein s willingness to make a five-year commitment and the benefits that could be derived from such stability among senior management.

Accounting and Tax Considerations

Section 162(m) of the Code limits deductions by corporations for non-performance-based annual compensation in excess of $1.0 million paid to certain executive officers. At the present time, Lazard is eligible

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for an exemption from the provisions of Section 162(m). As a result, Section 162(m) of the Code has had no financial impact on Lazard and was not considered by the Compensation Committee in its year-end decision making process.

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 2007, as well as our goal of keeping compensation and benefits expense at or below 57.5% of our annual operating revenue.

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	Restricted Stock Unit Awards (a)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (b)	All Other Compensation (c)	Total
Bruce Wasserstein	2007 2006	$ 4,800,000		$ 7,059,774		$ 1,618	$ 11,861,392
Chairman and Chief		$ 4,800,000		$ 2,238,222		$ 1,745	$ 7,039,967
Executive Officer							
Michael J. Castellano	2007 2006	$ 500,000	$ 1,600,000	$ 181,278		$ 10,698(d)	$ 2,291,976
Chief Financial Officer		$ 500,000	$ 1,550,000	$ 60,434		$ 11,703(d)	$ 2,122,137
Steven J. Golub	2007 2006	$ 1,500,000	$ 4,500,000	$ 2,893,509	$ 0	$ 9,563(d)	$ 8,903,072
Vicec Chairman Lazard Ltd,		$ 1,500,000	$ 4,900,000	$ 984,819	$ 1,968	$ 11,134(d)	$ 7,397,921
Chairman of Financial							
Advisory Group							
Scott D. Hoffman	2007 2006	$ 600,000	$ 1,900,000	$ 241,013	$ 0	$ 10,018(d)	$ 2,751,031
General Counsel		$ 600,000	$ 1,775,000	$ 73,858	$ 3,597	$ 10,280(d)	$ 2,462,735
Charles G. Ward, III (e)	2007 2006	$ 1,500,000	$ 1,300,000	$ 378,934		$ 1,618	$ 3,180,552
President Lazard Ltd, and		$ 1,500,000(f)	$ 1,500,000(f)	$ 111,907		$ 1,745	$ 3,113,652
Chairman of the Asset							
Management Group							

(a) The value of the RSUs reported in the Summary Compensation Table is based on the dollar amount that is recognized in our financial statements for each fiscal year shown above under FAS No. 123R, as required under SEC rules for compensation disclosure in proxy statements. See Note 14 of Notes to the Consolidated Financial Statements contained in Lazard s 2007 Annual Report on Form 10-K for a discussion of the assumptions used in the valuation of the RSUs. For information on the grant date fair value of RSU awards made during fiscal 2008 that relate to 2007 performance, see Compensation Discussion and Analysis Compensation For Each of Our Named Executive Officers in 2007.

(b) Represents the aggregate change in actuarial present value of the listed officer s accumulated benefit under the Lazard Frères & Co. LLC Employees Pension Plan, and in the case of Mr. Hoffman, a related supplemental defined-benefit pension plan. The actuarial present value decreased in 2007 compared to 2006 because benefit accruals under both of these plans were frozen for all participants effective January 31, 2005 and the discount rate used in the calculations increased from 5.50% to 6.50%.

(c) Each of our named executive officers is the beneficiary of a Company provided life insurance and excess liability insurance policy.

We make available to Mr. Wasserstein a car and driver, as well as a private aircraft in which Lazard holds a fractional interest. Mr. Wasserstein reimburses the firm for personal use of both the car and driver and the private aircraft at the incremental cost of such use to the Company.

(d) Perquisite compensation for Messrs. Castellano, Golub and Hoffman include the incremental cost to the Company of providing U.S. tax advice and preparation of year-end personal tax returns.

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(e) 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, as a member of the Sapphire board, purchased 306,667 founder units for a purchase price of $1,916.67. Approximately 13% of these founder units were redeemed by Sapphire at the original purchase price. Each founders unit consists of one share of Sapphire common stock and one warrant to purcha