UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2010

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____________ to ____________

001-32492
(Commission File Number)

LAZARD LTD

(Exact name of registrant as specified in its charter)

Bermuda	**98-0437848**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

Clarendon House
2 Church Street
Hamilton HM11, Bermuda
(Address of principal executive offices)

Registrant's telephone number: (441) 295-1422

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 26, 2010, there were 101,383,680 shares of the Registrant's Class A common stock (including 4,001,461 shares held by a subsidiary) and one share of the Registrant's Class B common stock outstanding.

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When we use the terms "Lazard", "we", "us", "our" and "the Company", we mean Lazard Ltd, a company incorporated under the laws of Bermuda, and its subsidiaries, including Lazard Group LLC, a Delaware limited liability company ("Lazard Group"), that is the current holding company for our businesses. Lazard Ltd has no material assets other than indirect ownership as of March 31, 2010 of approximately 80.0% of the common membership interests in Lazard Group and its controlling interest in Lazard Group.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

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LAZARD LTD

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
MARCH 31, 2010 AND DECEMBER 31, 2009
(UNAUDITED)
(dollars in thousands, except for per share data)

	March 31, 2010	December 31, 2009
ASSETS		
Cash and cash equivalents	$704,107	$917,329
Cash deposited with clearing organizations and other segregated cash	18,973	20,217
Receivables-net:		
Fees	440,620	437,532
Banks	168,910	143,778
Customers and other	106,130	73,750
Related parties	11,690	14,415
	727,350	669,475
Investments:		
Debt:		
U.S. Government and agencies (includes $126,457 and $126,413 of securities at amortized cost at March 31, 2010 and December 31, 2009, respectively)	147,412	147,507
Other (includes $9,586 and $10,217 of securities at amortized cost at March 31, 2010 and December 31, 2009, respectively)	275,693	313,342
Equities	80,146	82,442
Other	219,628	264,402
	722,879	807,693
Property (net of accumulated amortization and depreciation of $234,925 and $239,603 at March 31, 2010 and December 31, 2009, respectively)	155,252	166,913
Goodwill and other intangible assets (net of accumulated amortization of $8,910 and $7,140 at March 31, 2010 and December 31, 2009, respectively)	316,297	317,780
Other assets	240,672	248,355
Total assets	$ 2,885,530	$ 3,147,762

See notes to condensed consolidated financial statements.

LAZARD LTD

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION—(Continued)
MARCH 31, 2010 AND DECEMBER 31, 2009
(UNAUDITED)
(dollars in thousands, except for per share data)

	March 31, 2010	December 31, 2009
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits and other customer payables	$ 349,718	$ 322,101
Accrued compensation and benefits	167,825	515,033
Senior debt	1,086,850	1,086,850
Capital lease obligations	22,572	24,628
Related party payables	2,996	17,450
Other liabilities	536,646	508,603
Subordinated debt	150,000	150,000
Total liabilities	2,316,607	2,624,665
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Preferred stock, par value $.01 per share; 15,000,000 shares authorized:		
Series A - 26,883 shares issued and outstanding at March 31, 2010 and December 31, 2009	-	-
Series B - no shares issued and outstanding	-	-
Common stock:		
Class A, par value $.01 per share (500,000,000 shares authorized; 101,383,680 and 92,165,912 shares issued at March 31, 2010 and December 31, 2009, respectively, including shares held by a subsidiary as indicated below)	1,014	922
Class B, par value $.01 per share (1 share authorized, issued and outstanding at March 31, 2010 and December 31, 2009)	-	-
Additional paid-in-capital	606,392	549,931
Retained earnings	6,160	52,726
Accumulated other comprehensive income (loss), net of tax	(75,173)	(57,048)
	538,393	546,531
Class A common stock held by a subsidiary, at cost (4,002,107 and 5,850,775 shares at March 31, 2010 and December 31, 2009, respectively)	(140,581)	(191,140)
Total Lazard Ltd stockholders' equity	397,812	355,391
Noncontrolling interests	171,111	167,706
Total stockholders' equity	568,923	523,097
Total liabilities and stockholders' equity	$2,885,530	$3,147,762

See notes to condensed consolidated financial statements.

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LAZARD LTD

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2010 AND 2009
(UNAUDITED)
(dollars in thousands, except for per share data)

	Three Months Ended March 31,	
	2010	2009
REVENUE		
Investment banking and other advisory fees	$ 269,209	$161,402
Money management fees	177,103	98,943
Interest income	5,107	7,465
Other	12,389	8,042
Total revenue	463,808	275,852
Interest expense	25,597	27,457
Net revenue	438,211	248,395
OPERATING EXPENSES		
Compensation and benefits	300,377	203,532
Occupancy and equipment	21,270	20,094
Marketing and business development	15,603	13,453
Technology and information services	17,652	15,922
Professional services	8,171	8,189
Fund administration and outsourced services	11,374	7,746
Amortization of intangible assets related to acquisitions	1,770	344
Restructuring	87,108	62,550
Other	9,367	7,334
Total operating expenses	472,692	339,164
OPERATING INCOME (LOSS)	(34,481)	(90,769)
Provision (benefit) for income taxes	6,413	(4,175)
NET INCOME (LOSS)	(40,894)	(86,594)
LESS - NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(7,360)	(33,098)
NET INCOME (LOSS) ATTRIBUTABLE TO LAZARD LTD	$(33,534)	$(53,496)
ATTRIBUTABLE TO LAZARD LTD CLASS A COMMON STOCKHOLDERS:		
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:		
Basic	89,736,137	70,144,338
Diluted	89,736,137	70,144,338
NET INCOME (LOSS) PER SHARE OF COMMON STOCK:		
Basic	$(0.38)	$(0.77)
Diluted	$(0.38)	$(0.77)
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	$0.125	$ 0.10

See notes to condensed consolidated financial statements.

LAZARD LTD

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2010 AND 2009
(UNAUDITED)
(dollars in thousands)

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (40,894)	$ (86,594)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Noncash items included in net income (loss):		
Depreciation and amortization of property	5,221	5,691
Amortization of deferred expenses, stock units and interest rate hedge	153,865	91,577
Amortization of intangible assets related to business acquisitions	1,770	344
Gain on extinguishment of debt	-	(258)
(Increase) decrease in operating assets:		
Cash deposited with clearing organizations and other segregated cash	109	1,517
Receivables-net	(78,128)	286,997
Investments	(4,597)	35,470
Other assets	656	(1,604)
Increase (decrease) in operating liabilities:		
Deposits and other payables	33,759	(216,690)
Accrued compensation and benefits and other liabilities	(302,608)	(136,801)
Net cash used in operating activities	(230,847)	(20,351)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of equity method investment	-	(1,780)
Disposition of equity method investment	50,319	-
Additions to property	(2,444)	(2,558)
Disposals of property	139	916
Purchases of available-for-sale securities	-	(3,249)
Proceeds from sales and maturities of available-for-sale securities	29,021	430
Net cash provided by (used in) investing activities	77,035	(6,241)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from:		
Contribution from noncontrolling interests	2,000	265
Payments for:		
Senior borrowings	-	(635)
Capital lease obligations	(575)	(838)
Distributions to noncontrolling interests	(5,074)	(35,538)
Purchase of Class A common stock	(980)	(5,629)
Class A common stock dividends	(10,791)	(6,695)
Settlement of vested RSUs	(32,263)	(1,950)
Other financing activities	(17)	(6)
Net cash used in financing activities	(47,700)	(51,026)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(11,710)	(5,490)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(213,222)	(83,108)
CASH AND CASH EQUIVALENTS-January 1	917,329	909,707
CASH AND CASH EQUIVALENTS-March 31	$ 704,107	$ 826,599
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Supplemental investing non-cash transaction:		
Class A common stock issued/issuable in connection with business acquisitions	$ -	$ 4,390

See notes to condensed consolidated financial statements.

LAZARD LTD

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2010
(UNAUDITED)
(dollars in thousands)

	Series A Preferred Stock		Common Stock		Additional Paid-In-Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Tax	Class A Common Stock Held by a Subsidiary		Total Lazard Ltd Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
	Shares	$	Shares (*)	$				Shares	$			
Balance–January 1, 2010	**26,883**	**$ -**	**92,165,913**	**$922**	**$549,931**	**$52,726**	**$(57,048)**	**5,850,775**	**$(191,140)**	**$355,391**	**$167,706**	**$523,097**
Comprehensive income (loss):												
Net income (loss)						(33,534)				(33,534)	(7,360)	(40,894)
Other comprehensive income (loss)-net of tax:												
Currency translation adjustments							(21,367)			(21,367)	(5,276)	(26,643)
Amortization of interest rate hedge							216			216	53	269
Available-for-sale securities:												
Net unrealized gain							4,019			4,019	1,004	5,023
Adjustments for items reclassified to earnings							1,968			1,968	491	2,459
Employee benefit plans:												
Adjustments for items reclassified to earnings							280			280	71	351
Comprehensive income (loss)										(48,418)	(11,017)	(59,435)
Class A common stock issued/issuable in connection with business acquisitions and LAM Merger and related amortization					1,291					1,291	322	1,613
Amortization of stock units					120,672					120,672	30,097	150,769
Dividend-equivalents					2,228	(2,241)				(13)		(13)
Class A common stock dividends						(10,791)				(10,791)		(10,791)
Purchase of Class A common stock								25,650	(980)	(980)		(980)
Delivery of Class A common stock for settlement of vested RSUs					(199,902)			(4,874,318)	167,639	(32,263)		(32,263)
Issuance of Class A common stock			3,000,000	30	116,070			3,000,000	(116,100)	-		-
Class A common stock issued in exchange for Lazard Group common membership interests, including in connection with secondary offering			6,217,768	62	(62)					-		-
Distributions to noncontrolling interests										-	(3,074)	(3,074)
Adjustments related to noncontrolling interests					16,164		(3,241)			12,923	(12,923)	-
Balance–March 31, 2010	**26,883**	**$ -**	**101,383,681**	**$1,014**	**$606,392**	**$6,160**	**$(75,173)**	**4,002,107**	**$(140,581)**	**$397,812**	**$171,111**	**$568,923**

(*) Includes 92,165,912 and 101,383,680 shares of the Company's Class A common stock issued at January 1, 2010 and March 31, 2010, respectively, and 1 share of the Company's Class B common stock at each such date.

See notes to condensed consolidated financial statements.

LAZARD LTD

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2009
(UNAUDITED)
(dollars in thousands)

	Series A Preferred Stock		Common Stock		Additional Paid-in- Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Tax	Class A Common Stock Held By A Subsidiary		Total Lazard Ltd Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
	Shares	$	Shares(*)	$				Shares	$			
Balance–January 1, 2009	**31,745**	**$ -**	**76,294,913**	**$ 763**	**$ 429,694**	**$ 221,410**	**$ (79,435)**	**9,376,162**	**$(321,852)**	**$ 250,580**	**$ 61,172**	**$ 311,752**
Comprehensive income (loss):												
Net income (loss)						(53,496)				(53,496)	(33,098)	(86,594)
Other comprehensive income (loss) - net of tax:												
Currency translation adjustments							(12,304)			(12,304)	(7,346)	(19,650)
Amortization of interest rate hedge							169			169	101	270
Available-for-sale securities:												
Net unrealized loss							(5,817)			(5,817)	(3,472)	(9,289)
Adjustment for items reclassified to earnings							159			159	95	254
Employee benefit plans:												
Adjustment for items reclassified to earnings							(64)			(64)	(39)	(103)
Comprehensive income (loss)										(71,353)	(43,759)	(115,112)
Class A common stock issued/issuable in connection with business acquisitions and LAM Merger and related amortization					8,057					8,057	2,013	10,070
Amortization of stock units					55,611					55,611	33,153	88,764
Dividend-equivalents					1,769	(1,775)				(6)		(6)
Class A common stock dividends						(6,695)				(6,695)		(6,695)
Purchase of Class A common stock								267,419	(5,629)	(5,629)		(5,629)
Delivery of Class A common stock for settlement of vested RSUs					(5,663)			(109,003)	3,713	(1,950)		(1,950)
Class A common stock issued in exchange for Lazard Group common membership interests			244,968	2	(2)					-		-
Distributions to noncontrolling interests											(35,273)	(35,273)
Adjustments related to noncontrolling interests					2,631		(243)			2,388	(2,388)	-
Balance–March 31, 2009	**31,745**	**$ -**	**76,539,881**	**$ 765**	**$ 492,097**	**$ 159,444**	**$ (97,535)**	**9,534,578**	**$(323,768)**	**$ 231,003**	**$ 14,918**	**$ 245,921**

(*) Includes 76,294,912 and 76,539,880 shares of the Company's Class A common stock issued at January 1, 2009 and March 31, 2009, respectively, and 1 share of the Company's Class B common stock at each such date.

See notes to condensed consolidated financial statements.

LAZARD LTD

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in thousands, except for per share data, unless otherwise noted)**

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization

Lazard Ltd, a Bermuda holding company, and its subsidiaries (collectively referred to as "Lazard Ltd", "Lazard" or the "Company"), including Lazard Ltd's indirect investment in Lazard Group LLC, a Delaware limited liability company (collectively referred to, together with its subsidiaries, as "Lazard Group"), is one of the world's preeminent financial advisory and asset management firms and has long specialized in crafting solutions to the complex financial and strategic challenges of our clients. We serve a diverse set of clients around the world, including corporations, partnerships, institutions, governments and high net worth individuals.

Lazard Ltd indirectly held approximately 80.0% and 74.5% of all outstanding Lazard Group common membership interests as of March 31, 2010 and December 31, 2009, respectively. Lazard Ltd, through its control of the managing members of Lazard Group, controls Lazard Group. Lazard Group is governed by an Operating Agreement dated as of May 10, 2005, as amended (the "Operating Agreement").

The Company's sole operating asset is its indirect ownership of common membership interests of Lazard Group and its managing member interest of Lazard Group, whose principal operating activities are included in two business segments:

- Financial Advisory, which includes providing advice on mergers and acquisitions ("M&A") and strategic advisory matters, restructurings and capital structure advisory services, capital raising and other transactions, and
- Asset Management, which includes the management of equity and fixed income securities, alternative investments and private equity funds.

In addition, the Company records selected other activities in its Corporate segment, including management of cash, certain investments and the commercial banking activities of Lazard Group's Paris-based Lazard Frères Banque SA ("LFB"). The Company also allocates outstanding indebtedness to its Corporate segment.

LFB is a registered bank regulated by the Banque de France and its primary operations include asset and liability management for Lazard Group's businesses in France through its money market desk and commercial banking operations, deposit taking and, to a lesser extent, financing activities and custodial oversight over assets of various clients. LFB also engages in underwritten offerings of securities in France.

Basis of Presentation

The accompanying condensed consolidated financial statements of Lazard Ltd have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") regarding interim financial reporting. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America ("U.S. GAAP") for complete financial statements and should be read in conjunction with the audited consolidated financial statements and notes thereto included in Lazard Ltd's annual report on Form 10-K for the year ended December 31, 2009 (the "Form 10-K"). The accompanying December 31, 2009 unaudited condensed consolidated statement of financial condition data was derived from audited consolidated financial statements, but does not include all disclosures required by U.S. GAAP for annual financial statement purposes. The accompanying condensed consolidated financial statements reflect all adjustments, which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented. Preparing financial statements

requires management to make estimates and assumptions that affect the amounts that are reported in the financial statements and the accompanying disclosures. Although these estimates are based on management's knowledge of current events and actions that Lazard may undertake in the future, actual results may differ materially from the estimates. The consolidated results of operations for the three month period ended March 31, 2010 are not necessarily indicative of the results to be expected for any future period or the full fiscal year. Any material events or transactions that occurred subsequent to March 31, 2010 through the date of filing of this Quarterly Report on Form 10-Q were reviewed for purposes of determining whether any adjustments or additional disclosures were required to be made to the accompanying condensed consolidated financial statements.

The condensed consolidated financial statements include Lazard Ltd, Lazard Group and Lazard Group's principal operating subsidiaries: Lazard Frères & Co. LLC ("LFNY"), a New York limited liability company, along with its subsidiaries, including Lazard Asset Management LLC and its subsidiaries (collectively referred to as "LAM"); its French limited liability companies Compagnie Financière Lazard Frères SAS ("CFLF") along with its subsidiaries, LFB and Lazard Frères Gestion SAS ("LFG") and Maison Lazard SAS and its subsidiaries; and Lazard & Co., Limited ("LCL"), through Lazard & Co., Holdings Limited, an English private limited company ("LCH"), together with their jointly owned affiliates and subsidiaries.

The Company's policy is to consolidate (i) entities in which it has a controlling financial interest, (ii) variable interest entities ("VIEs") where the Company has a variable interest and is deemed to be the primary beneficiary and (iii) limited partnerships where the Company is the general partner, unless the presumption of control is overcome. When the Company does not have a controlling interest in an entity, but exerts significant influence over the entity's operating and financial decisions, the Company applies the equity method of accounting in which it records in earnings its share of earnings or losses of the entity. All material intercompany transactions and balances have been eliminated.

Certain prior period amounts have been reclassified to conform to the manner of presentation in the current period.

2. *RECENT ACCOUNTING DEVELOPMENTS*

Fair Value Measurements—On April 1, 2009, the Company adopted, on a prospective basis, additional accounting guidance issued by the FASB on fair value measurements. The additional accounting guidance assists in the determination of fair value for securities or other financial assets when the volume and level of activity for such items have significantly decreased when compared with normal market activity and there is no longer sufficient frequency or volume to provide pricing information on an ongoing basis. The additional accounting guidance also assists in determining whether or not a transaction is orderly and whether or not a transaction or quoted price can be considered in the determination of fair value. Accordingly, the additional accounting guidance does not apply to quoted prices for identical assets or liabilities in active markets categorized as Level 1 in the fair value measurement hierarchy, and also requires that additional fair value disclosures be included on an interim basis. See Note 5 of Notes to Condensed Consolidated Financial Statements for the additional disclosures provided pursuant to the additional accounting guidance. The adoption of additional guidance regarding fair value measurements did not materially impact the Company's consolidated financial statements.

In January 2010, the FASB amended its fair value measurement disclosure guidance to require disclosure of significant transfers into and out of the Level 1 and Level 2 categories in the fair value measurement hierarchy, as well as separate disclosures about purchases, sales, issuances and settlements relating to Level 3 fair value

measurements. In addition, the FASB also clarified its existing fair value measurement disclosure guidance regarding the level of disaggregation required and disclosures about inputs and valuation techniques used to measure fair value. The new disclosure requirements and clarifications of existing fair value measurement disclosure guidance are effective for interim and annual reporting periods beginning after December 15, 2009, except for the requirement to provide disclosures about purchases, sales, issuances and settlements on a gross basis in the roll forward of activities in Level 3 fair value measurements, which becomes effective for interim and annual reporting periods beginning after December 15, 2010. On January 1, 2010, the Company adopted, on a prospective basis, the applicable new disclosure requirements and clarifications of existing fair value measurement disclosure guidance, which did not have a material impact on the Company's consolidated financial statements. The Company does not anticipate that the adoption of the remaining new disclosure requirements that are effective for interim and annual reporting periods beginning after December 15, 2010 will have a material impact on its consolidated financial statements.

Other-Than-Temporary Impairments of Debt Securities—On April 1, 2009, the Company adopted, on a prospective basis, new accounting guidance issued by the FASB with respect to the recognition and presentation of other-than-temporary impairments pertaining to debt securities. The new accounting guidance requires greater clarity about the credit and non-credit components of debt securities that are not expected to be sold and whose fair value is below amortized cost, and also requires increased disclosures regarding expected cash flows, credit losses and an aging of securities with unrealized losses. The adoption of the new accounting guidance did not materially impact the Company's consolidated financial statements. See Note 4 of Notes to Condensed Consolidated Financial Statements.

VIEs—In June 2009, the FASB amended its guidance on VIEs, which changes how a company determines whether an entity in which it is involved with is insufficiently capitalized or is not controlled through voting (or similar rights) and whether or not such entity should be consolidated. It also requires a company to provide additional disclosures about its involvement with VIEs and any significant changes in risk exposure due to that involvement. The requirements of the amended accounting guidance were to be effective for interim and annual periods beginning after November 15, 2009. On January 27, 2010, the FASB voted to defer the application of its guidance on consolidation of a reporting enterprise's interest in an entity when certain conditions are met. This deferral, which affects interests in mutual funds, hedge funds, private equity funds and other types of funds, is effective for interim and annual periods beginning after November 15, 2009. The adoption of the amended guidance for which the deferral provisions do not apply and related disclosures did not have a material impact on the Company's consolidated financial statements.

3. RECEIVABLES—NET

Receivables—net is comprised of receivables from fees, banks, customers and other and related parties.

Receivables from banks represent those related to LFB's short-term deposits in the inter-bank market and with the Banque de France. The level of these deposits may be driven by the level of LFB customer and bank-related interest-bearing time and demand deposits (which can fluctuate significantly on a daily basis) and by changes in asset allocation.

Customers and other receivables at March 31, 2010 and December 31, 2009 include $3,989 and $4,466, respectively, of loans by LFB to managing directors and employees in France that are made in the ordinary course of business at market terms.

LAZARD LTD

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)
(dollars in thousands, except for per share data, unless otherwise noted)

Receivables are stated net of an estimated allowance for doubtful accounts of $17,486 and $11,575 at March 31, 2010 and December 31, 2009, respectively, for past due amounts and for specific accounts deemed uncollectible, which may include situations where a fee is in dispute. The Company recorded bad debt expense (recoveries) of $6,868 and $(548) for the three month periods ended March 31, 2010 and 2009, respectively. In addition, the Company recorded charge-offs, foreign currency translation and other adjustments, which resulted in a net decrease to the allowance for doubtful accounts of $957 and $4,645 for the three month periods ended March 31, 2010 and 2009, respectively. At March 31, 2010 and December 31, 2009, the Company had $20,071 and $14,150, respectively, of receivables deemed past due or uncollectible.

4. *INVESTMENTS*

The Company's investments and securities sold, not yet purchased, consist of the following at March 31, 2010 and December 31, 2009:

	March 31, 2010	December 31, 2009
Debt:		
U.S. Government and agencies	$147,412	$ 147,507
Other:		
Non-U.S. Governments and agencies	40,830	43,501
U.S. states and municipals	15,728	15,728
Corporates	219,135	254,113
	275,693	313,342
Equities	80,146	82,442
Other:		
Interest in LAM alternative asset management funds:		
General Partner ("GP") interests owned	52,477	50,080
GP interests consolidated but not owned	14,723	13,038
Private equity:		
Investments owned	101,943	102,983
Investments consolidated but not owned	38,227	35,743
Equity method	12,258	62,558
	219,628	264,402
Total investments	722,879	807,693
Less:		
Debt at amortized cost	136,043	136,630
Equity method investments	12,258	62,558
Investments, at fair value	$574,578	$ 608,505
Securities sold, not yet purchased, at fair value (included in "other liabilities")	$ 2,821	$ 5,179

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Debt investments at March 31, 2010 and December 31, 2009 were categorized as follows:

	March 31, 2010	December 31, 2009
Trading securities:		
U.S. Government and agencies	$ 20,955	$ 21,094
Non-U.S. Governments and agencies	31,244	33,284
U.S. states and municipals	15,728	15,728
Corporates	449	450
	68,376	70,556
Available-for-sale securities:		
Corporates	218,686	253,663
Held-to-maturity securities:		
U.S. Government and agencies	126,457	126,413
Non-U.S. Government and agencies	9,586	10,217
	136,043	136,630
Total debt securities	$423,105	$ 460,849

Substantially all of the corporate and non-U.S. Government debt securities are held by LFB and primarily consist of fixed and floating rate European corporate and French government debt securities. Such securities are typically held long-term, as part of LFB's asset-liability management program.

The fair value and amortized cost basis pertaining to debt securities classified as "available-for-sale" at March 31, 2010, by maturity date/first call date, are as follows:

Maturity Date/First Call Date	Fair Value	Amortized Cost Basis
Within one year	$ 32,651	$ 32,384
After 1 year through 5 years	102,539	103,479
After 5 years through 10 years	68,937	76,630
After 10 years	14,559	14,104
	$218,686	$ 226,597

Debt investments include corporate perpetual securities that are callable. Such securities are listed in the table above based on their respective first call dates. All other "available-for-sale" securities are listed in the table based on their contractual maturities.

Debt securities classified as "available-for-sale" at March 31, 2010 and December 31, 2009 that are in an unrealized loss position are as follows:

March 31, 2010				December 31, 2009			
Securities in a Continuous Loss Position for Less than 12 Months		Securities in a Continuous Loss Position for 12 Months or Longer		Securities in a Continuous Loss Position for Less than 12 Months		Securities in a Continuous Loss Position for 12 Months or Longer	
Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
$ -	$ -	$108,049	$9,977	$ -	$ -	$166,094	$21,381

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LFB does not intend to sell its debt securities classified as "available-for-sale" that are in an unrealized loss position, nor is it more likely than not that LFB will be required to sell such debt securities before their anticipated recovery. In addition, no credit loss was required to be recognized during the three month period ended March 31, 2010 based on the qualitative and quantitative analysis performed by the Company.

The fair value and amortized cost basis pertaining to debt securities classified as "held-to-maturity" at March 31, 2010, by maturity date, are as follows:

Maturity Date	Fair Value	Amortized Cost Basis
After 1 year through 5 years	$ 138,142	$ 136,043

There were no debt securities classified as "held-to-maturity" at March 31, 2010 and December 31, 2009 that were in an unrecognized loss position.

Equities principally represent the Company's investments in marketable equity securities of large-, mid- and small-cap domestic, international and global companies to seed new Asset Management products and includes investments in public and private asset management funds managed both by LAM and third-party asset managers.

In 2008, LFNY was a party to a Prime Brokerage Agreement with Lehman Brothers Inc. ("LBI") for certain accounts involving investment strategies managed by LAM. On September 9, 2008, LAM requested a transfer of such accounts, of which $11,368 was not received. On September 15, 2008, Lehman Brothers Holdings, Inc., the ultimate parent company in the Lehman Group, filed for protection under Chapter 11 of the United States Bankruptcy Code and a number of Lehman Group entities in the UK entered into administration proceedings under the Insolvency Act 1986. In addition, the Securities Investor Protection Corporation ("SIPC") commenced liquidation proceedings on September 19, 2008 pursuant to the Securities Investor Protection Act of 1970, as amended, with respect to LBI. The Chapter 11 filing, Insolvency Act Administration and SIPC proceedings exposed Lazard to possible loss due to counterparty credit and other risk. During 2008, the Company reserved the entire amount of such possible loss, and, through March 31, 2010, no funds have been received by the Company. We continue to actively seek recovery of all amounts.

Interests in LAM alternative asset management funds represent (i) GP interests owned by Lazard in LAM-managed alternative asset management funds and (ii) GP interests consolidated by the Company pertaining to noncontrolling interests in LAM alternative asset management funds. Such noncontrolling interests in LAM alternative asset management funds, which represent GP interests held directly by certain of our LAM managing directors or employees of the Company, are deemed to be controlled by, and therefore consolidated by, the Company in accordance with U.S. GAAP. Noncontrolling interests are presented within "stockholders' equity" on the condensed consolidated statements of financial condition (see Note 12 of Notes to Condensed Consolidated Financial Statements).

Private equity investments owned by Lazard are primarily comprised of investments in private equity funds and direct private equity interests. Such investments primarily include (i) a mezzanine fund, which invests in mezzanine debt of a diversified selection of small- to mid-cap European companies; (ii) Corporate Partners II Limited ("CP II"), a private equity fund targeting significant noncontrolling-stake investments in established public and private companies and (iii) Lazard Senior Housing Partners LP ("Senior Housing"), which acquires companies and assets in the senior housing, extended-stay hotel and shopping center sectors. Senior Housing is

managed by Lazard Alternative Investments Holdings LLC (“LAI”), a subsidiary of LFCM Holdings LLC (“LFCM Holdings”). LAI owns and operates the alternative investments of LFCM Holdings. CP II was managed by a subsidiary of LAI until February 16, 2009. Effective February 17, 2009, ownership and control of CP II was transferred to the investment professionals who manage CP II.

Private equity investments consolidated but not owned by Lazard are related solely to Lazard’s establishment of a private equity business with the Edgewater Funds (“Edgewater”), a Chicago-based private equity firm, through the acquisition of Edgewater’s management vehicles on July 15, 2009. The acquisition was structured as a purchase by Lazard of interests in a holding company that owns interests in the general partner and management company entities of the current Edgewater private equity funds (the “Edgewater Acquisition”). Edgewater is focused on buyout and growth equity investments in middle market companies. The economic interests that the Company does not own are owned by the current leadership team and other investors in the Edgewater management vehicles. See Note 8 of Notes to Condensed Consolidated Financial Statements.

Equity method investments at December 31, 2009 primarily consisted of our investment in Sapphire Industrials Corp. (“Sapphire”). On January 24, 2008, Sapphire, a then newly-organized special purpose acquisition company formed by the Company, completed an initial public offering which, prior to offering costs, raised $800,000 through the sale of 80,000,000 units at an offering price of $10.00 per unit (the “Sapphire IPO”). Sapphire was formed for the purpose of effecting a business combination within a 24-month period (the “Business Combination”). Net proceeds from the Sapphire IPO were placed in a trust account by Sapphire (the “Trust Account”) pending consummation of the Business Combination.

In connection with the formation of Sapphire, the Company purchased from Sapphire founders’ units (“Founders’ Units”) at a total cost of approximately $95. On January 24, 2008, in connection with the Sapphire IPO, the Company purchased (i) 5,000,000 units in the Sapphire IPO for an aggregate purchase price of $50,000, and (ii) an aggregate of 12,500,000 warrants from Sapphire for a total purchase price of $12,500.

On January 6, 2010, Sapphire announced that it had not completed the Business Combination and it would dissolve and distribute the funds in the Trust Account to all its public shareholders, to the extent they were holders of shares issued in the Sapphire IPO. Pursuant to such dissolution, on January 26, 2010, Sapphire distributed an initial distribution to the Company aggregating $50,319. All Sapphire warrants and Founders’ Units expired without value. During the fourth quarter of 2009, the Company recognized a loss of approximately $13,000 with respect to its investment in warrants and Founders’ Units.

The Company recognized gross investment gains and losses on investments measured at fair value for the three month period ended March 31, 2010, in “revenue-other” on its condensed consolidated statement of operations as follows:

Gross investment gains	$9,758
Gross investment losses	$4,761

The table above includes gross unrealized investment gains and losses pertaining to “trading” securities as follows:

Gross unrealized investment gains	$361
Gross unrealized investment losses	$ 88

In addition, within "accumulated other comprehensive income (loss), net of tax" ("AOCI"), the Company recorded gross pre-tax unrealized investment gains (losses) of $10,519 and $350, respectively, during the three month period ended March 31, 2010 pertaining to debt securities held at LFB that are designated as "available-for-sale." The average cost basis is utilized for purposes of calculating realized investment gains and losses.

5. FAIR VALUE MEASUREMENTS

Lazard categorizes its investments and certain other assets and liabilities recorded at fair value into a three-level fair value hierarchy as follows:

Level 1. Assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that Lazard has the ability to access.

Level 2. Assets and liabilities whose values are based on quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in non-active markets or inputs other than quoted prices that are directly observable or derived principally from or corroborated by market data.

Level 3. Assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability. Items included in Level 3 include securities or other financial assets whose volume and level of activity have significantly decreased when compared with normal market activity and there is no longer sufficient frequency or volume to provide pricing information on an ongoing basis.

Principally all of the Company's investments in corporate debt securities are considered Level 2 investments with such fair value based on observable data, principally broker quotes as provided by external pricing services. The Company's other debt securities at fair value are considered Level 1 investments with such fair value based on unadjusted quoted prices in active markets.

The fair value of equities is principally classified as Level 1 or Level 2 as follows: marketable equity securities are classified as Level 1 and are valued based on the last trade price on the primary exchange for that security; public asset management funds are classified as Level 1 and are valued based on the reported closing price for the fund; and investments in private asset management funds are classified as Level 2 and are primarily valued based on information provided by fund managers and, secondarily, from external pricing services to the extent managed by LAM.

The fair value of interests in LAM alternative asset management funds is classified as Level 2 and is based on information provided by external pricing services.

The fair value of private equity investments is classified as Level 3 and is based on financial statements provided by fund managers, appraisals and internal valuations.

Where information reported is based on broker quotes, the Company generally obtains one quote/price per instrument. In some cases, quotes related to corporate bonds obtained through external pricing services represent the average of several broker quotes.

Where information reported is based on data received from fund managers or from external pricing services, the Company reviews such information to ascertain at which level within the fair value hierarchy to classify the investment.

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The following tables present the categorization of investments and certain other assets and liabilities measured at fair value on a recurring basis as of March 31, 2010 and December 31, 2009 into a three-level fair value hierarchy in accordance with fair value measurement disclosure requirements:

	As of March 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Debt (excluding securities at amortized cost)	$ 68,376	$ 218,686	$ -	$ 287,062
Equities	62,054	17,794	298	80,146
Other (excluding equity method investments):				
Interest in LAM alternative asset management funds:				
GP interests owned	-	52,477	-	52,477
GP interests consolidated but not owned	-	14,723	-	14,723
Private equity:				
Investments owned	-	3,906	98,037	101,943
Investments consolidated but not owned	-	-	38,227	38,227
Derivatives	-	1,285	-	1,285
Total Assets	$ 130,430	$ 308,871	$ 136,562	$ 575,863
Liabilities:				
Securities sold, not yet purchased	$ 2,821	$ -	$ -	$ 2,821
Derivatives	-	17,990	-	17,990
Total Liabilities	$ 2,821	$ 17,990	$ -	$ 20,811

	As of December 31, 2009			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Debt (excluding securities at amortized cost)	$ 70,556	$ 253,663	$ -	$ 324,219
Equities	65,932	16,205	305	82,442
Other (excluding equity method investments):				
Interest in LAM alternative asset management funds:				
GP interests owned	-	50,080	-	50,080
GP interests consolidated but not owned	-	13,038	-	13,038
Private equity:				
Investments owned	-	2,812	100,171	102,983
Investments consolidated but not owned	-	-	35,743	35,743
Derivatives	5	916	-	921
Total Assets	$ 136,493	$ 336,714	$ 136,219	$ 609,426
Liabilities:				
Securities sold, not yet purchased	$ 5,179	$ -	$ -	$ 5,179
Derivatives	-	17,383	-	17,383
Total Liabilities	$ 5,179	$ 17,383	$ -	$ 22,562

There were no transfers into and out of the Level 1, 2 and 3 categories in the fair value measurement hierarchy for the three month period ended March 31, 2010.

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The following tables provide a summary of changes in fair value of the Company's Level 3 assets for the three month periods ended March 31, 2010 and 2009:

	Three Months Ended March 31, 2010				
	Beginning Balance	Net Unrealized/ Realized Gains (Losses) Included In Revenue-Other	Net Purchases, Issuances and Settlements/ Acquisitions	Foreign Currency Translation Adjustments	Ending Balance
Investments:					
Equities	$ 305	$ (8)	$ 1	$ -	$ 298
Private equity:					
Investments owned	100,171	734	(3)	(2,865)	98,037
Investments consolidated but not owned	35,743	2,484	-	-	38,227
Total Level 3 Assets	$136,219	$ 3,210	$ (2)	$ (2,865)	$136,562

	Three Months Ended March 31, 2009				
	Beginning Balance	Net Unrealized/ Realized Gains (Losses) Included In Revenue-Other	Net Purchases, Issuances and Settlements/ Acquisitions	Foreign Currency Translation Adjustments	Ending Balance
Investments:					
Equities	$ 2,453	$ -	$ (2,092)	$ (100)	$ 261
Private equity investments owned	83,931	19	4,412	(2,038)	86,324
Total Level 3 Assets	$86,384	$ 19	$ 2,320	$ (2,138)	$ 86,585

There were no realized gains or losses included in income for the three month periods ended March 31, 2010 and 2009 with respect to Level 3 assets and liabilities.

6. DERIVATIVES

The Company enters into forward foreign currency exchange rate contracts, interest rate swaps, interest rate futures, equity swaps and other derivative contracts to hedge exposures to fluctuations in interest rates, currency exchange rates and equity markets. The Company reports its derivative instruments separately as assets and liabilities unless a legal right of set-off exists under a master netting agreement enforceable by law. The Company's derivative instruments are recorded at their fair value, and are included in "other assets" and "other liabilities" on the consolidated statements of financial condition. Except for derivatives hedging "available-for-sale" securities, the Company elected to not apply hedge accounting to its other derivative instruments held. Gains and losses on the Company's derivatives not designated as hedging instruments, as well as gains and losses on derivatives accounted for as fair value hedges, are included in "interest income" and "interest expense", respectively, or "revenue-other", depending on the nature of the underlying item, on the consolidated statements of operations. Furthermore, with respect to derivatives designated as fair value hedges, the hedged item is required to be adjusted for changes in fair value of the risk being hedged, with such adjustment accounted for in the consolidated statements of operations.

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The table below presents the fair values of the Company's derivative assets and liabilities reported within "other assets" and "other liabilities" on the accompanying condensed consolidated statements of financial condition as of March 31, 2010 and December 31, 2009:

	Designated as Hedging Instruments		Not Designated as Hedging Instruments		Total	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Derivative Assets:						
Forward foreign currency exchange rate contracts	$ -	$ -	$ 1,213	$836	$ 1,213	$836
Interest rate swaps	-	-	71	80	71	80
Other derivatives	-	-	1	5	1	5
	$ -	$ -	$ 1,285	$921	$ 1,285	$921
Derivative Liabilities:						
Forward foreign currency exchange rate contracts	$ -	$ -	$ 1,776	$ 2,213	$ 1,776	$ 2,213
Interest rate swaps	13,047	14,147	4	56	13,051	14,203
Equity swaps	-	-	3,163	967	3,163	967
	$13,047	$ 14,147	$ 4,943	$ 3,236	$17,990	$ 17,383

Gains (losses) with respect to derivatives not designated as hedging instruments on the accompanying condensed consolidated statements of operations for the three month periods ended March 31, 2010 and 2009 (predominantly reflected in "revenue-other"), by type of derivative, were as follows:

	Three Months Ended March 31,	
	2010	2009
Forward foreign currency exchange rate contracts	$ 5,218	$ 168
Interest rate swaps	44	138
Equity swaps and other derivatives	(1,332)	3,882
	$ 3,930	$ 4,188

Derivatives designated as hedging instruments relate to interest rate swaps that hedge "available-for-sale" securities and are being accounted for as fair value hedges. For the three month periods ended March 31, 2010 and 2009, losses of $1,991 and $3,333, respectively, pertaining to such interest rate swaps were recognized, which were substantially offset by gains on the hedged risk portion of such "available-for-sale" securities.

7. LAM MERGER TRANSACTION

On September 25, 2008, the Company, LAM and LAZ Sub I, LLC, a then newly-formed subsidiary of LFNY, completed the merger of LAZ Sub I, LLC with and into LAM (the "LAM Merger"). Prior to the LAM Merger, the common equity interests of LAM were held by LFNY and certain other equity interests of LAM, representing contingent payments should certain specified fundamental transactions occur, were held by present and former employees of LAM. Following the LAM Merger, all equity interests of LAM are owned directly or indirectly by LFNY.

The aggregate non-contingent consideration relating to the equity interests of LAM held by present and former employees of LAM and its subsidiaries (the "Transaction Consideration") consists of (i) cash payments

made from the closing of the LAM Merger through January 2, 2009 of approximately $60,100, (ii) a cash payment on October 31, 2011 of approximately $90,300 and (iii) an issuance on October 31, 2011 of 2,201,457 shares of Lazard Ltd's Class A common stock ("Class A common stock") (plus additional shares of Class A common stock in an amount determined by reference to the cash dividends paid on Class A common stock since the closing of the LAM Merger), subject, in the case of clause (ii) and (iii) and with respect to certain present employees of LAM and its subsidiaries, to delayed payment/issuance until the eighth anniversary of the closing of the LAM Merger if the applicable employee is no longer employed by Lazard or its affiliates on October 31, 2011, subject to certain exceptions. The merger agreement also generally provides that if there is a change in control of the Company or a sale of LAM, any and all of the Transaction Consideration will be payable as of the date of such change in control. The related liabilities for the present value of the unpaid cash consideration have been recorded in the accompanying condensed consolidated statements of financial condition in "accrued compensation and benefits" and "other liabilities", and amounted to $14,435 and $67,038, respectively, as of March 31, 2010 and $14,252 and $65,308, respectively, as of December 31, 2009.

8. BUSINESS ACQUISITIONS

On July 15, 2009, the Company established a private equity business with Edgewater, a private equity firm based in Chicago, Illinois, through the Edgewater Acquisition. Following such acquisition, Edgewater's current leadership team retained a substantial economic interest in such entities. Edgewater primarily manages two middle market funds, Edgewater Growth Capital Partners, L.P. and Edgewater Growth Capital Partners II, L.P. (the "underlying funds"), with an aggregate of approximately $700,000 of capital raised. The acquisition was structured as a purchase by Lazard Group of interests in a holding company that in turn owns interests in the general partner and management company entities of the current Edgewater private equity funds.

The aggregate fair value of the consideration recognized by the Company at the acquisition date was $61,624. Such consideration consisted of (i) a one-time cash payment, (ii) 1,142,857 shares of Class A common stock (the "Initial Shares") and (iii) up to 1,142,857 additional shares of Class A common stock subject to earnout criteria and payable over time (the "Earnout Shares"). The Initial Shares are subject to transfer restrictions and forfeiture provisions that lapse only upon the achievement of certain performance thresholds for the next Edgewater fund that must be met by July 15, 2011. The Earnout Shares will be issued only if certain performance thresholds for the next two Edgewater funds are met.

The Edgewater Acquisition was accounted for under the acquisition method of accounting, whereby the results of the acquired business are included in our consolidated financial results from July 15, 2009, the effective date of the acquisition. As a result of the acquisition, we recorded net tangible assets, identifiable intangible assets and goodwill of $53,635 (consisting primarily of Edgewater's investments in their underlying funds and cash), $56,200 and $61,630, respectively, which include amounts for Edgewater's noncontrolling interests held (whose economic interests approximate 50%) aggregating $109,841. Goodwill pertaining to this acquisition is deductible for income tax purposes. See Note 9 of Notes to Condensed Consolidated Financial Statements for additional information relating to goodwill and other intangible assets. The operating results relating to Edgewater, which have not been material, are included in the Company's Asset Management segment.

In 2007, the Company acquired Goldsmith, Agio, Helms & Lynner, LLC ("GAHL"), a Minneapolis-based investment bank specializing in financial advisory services to mid-sized private companies, and Carnegie, Wylie & Company (Holdings) PTY LTD ("CWC"), an Australia-based financial advisory firm. These purchases were affected through an exchange of a combination of cash, Class A common stock, and by Lazard Ltd issuing shares of non-participating convertible Series A and Series B preferred stock, which are or were each convertible into

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Class A common stock. In connection with such acquisitions, as of both March 31, 2010 and December 31, 2009, 662,015 shares of Class A common stock were issuable on a non-contingent basis. Additionally, at both March 31, 2010 and December 31, 2009, 7,293 shares of Series A preferred stock were convertible into Class A common shares on a non-contingent basis, with the number of Class A common shares dependent, in part, upon future prices of the Class A common stock. At both March 31, 2010 and December 31, 2009, 948,631 shares of Class A common stock were contingently issuable and, at both such dates, 19,590 shares of Series A preferred stock were contingently convertible into shares of Class A common stock, dependent upon the future performance of GAHL and CWC. The Class A common stock described above related to the GAHL and CWC acquisitions is issuable over multi-year periods.

9. GOODWILL AND OTHER INTANGIBLE ASSETS

The components of goodwill and other intangible assets at March 31, 2010 and December 31, 2009 are presented below:

	March 31, 2010	December 31, 2009
Goodwill	$261,990	$ 261,703
Other intangible assets (net of accumulated amortization)	54,307	56,077
	$316,297	$ 317,780

At March 31, 2010 and December 31, 2009, $200,360 and $200,073, respectively, of goodwill was attributable to the Company’s Financial Advisory segment and at each such date, $61,630 of goodwill was attributable to the Company’s Asset Management segment.

Changes in the carrying amount of goodwill for the three month periods ended March 31, 2010 and 2009 are as follows:

	Three Months Ended March 31,	
	2010	2009
Balance, January 1	$ 261,703	$ 170,277
Business acquisitions, including additional contingent consideration earned	-	2,780
Foreign currency translation adjustments	287	137
Balance, March 31	$ 261,990	$ 173,194

The gross cost and accumulated amortization of other intangible assets as of March 31, 2010 and December 31, 2009, by major intangible asset category, are as follows:

	March 31, 2010			December 31, 2009		
	Gross Cost	Accumulated Amortization	Net Carrying Amount	Gross Cost	Accumulated Amortization	Net Carrying Amount
Success/performance fees	$30,740	$ -	$30,740	$30,740	$ -	$ 30,740
Management fees, customer relationships and non-compete agreements	32,477	8,910	23,567	32,477	7,140	25,337
	$63,217	$ 8,910	$54,307	$63,217	$ 7,140	$ 56,077

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Amortization expense of intangible assets for the three month periods ended March 31, 2010 and 2009 was $1,770 and $344, respectively. Estimated future amortization expense is as follows:

Year Ending December 31,	Amortization Expense (a)
2010 (April 1 through December 31)	$ 5,218
2011	5,718
2012	6,302
2013	13,022
2014	10,083
Thereafter	13,964
Total amortization expense	$ 54,307

(a) Approximately 47% of intangible asset amortization is attributable to a noncontrolling interest.

10. *SENIOR AND SUBORDINATED DEBT*

Senior Debt—Senior debt is comprised of the following as of March 31, 2010 and December 31, 2009:

	Initial Principal Amount	Maturity Date	Annual Interest Rate	Outstanding As Of	
				March 31, 2010	December 31, 2009
Lazard Group 7.125% Senior Notes	$ 550,000	5/15/15	7.125%	$ 538,500	$ 538,500
Lazard Group 6.85% Senior Notes	600,000	6/15/17	6.85%	548,350	548,350
Lazard Group Credit Facility	150,000	5/10/10	1.75%	-	-
Total				$ 1,086,850	$ 1,086,850

Subordinated Debt—Subordinated debt at March 31, 2010 and December 31, 2009 amounted to $150,000 at each date and represents a note which is convertible into a maximum of 2,631,570 shares of Class A common stock at an effective conversion price of $57 per share. The note matures on September 30, 2016 and has a fixed interest rate of 3.25% per annum. One-third in principal amount became convertible on and after July 1, 2008, an additional one-third became convertible on and after July 1, 2009 and a final one-third in principal amount will become convertible on and after July 1, 2010, and no principal amount will be convertible after June 30, 2011. As of March 31, 2010, there have been no conversions of the note.

As of March 31, 2010, Lazard Group maintained a $150,000 senior revolving credit facility with a group of lenders (the "Credit Facility"), which contains certain financial condition covenants. In addition, the Credit Facility, the indenture and supplemental indentures relating to Lazard Group's senior notes as well as its subordinated convertible note contain certain covenants (none of which relate to financial condition), events of default and other customary provisions, including a customary make-whole provision in the event of early redemption where applicable. As of March 31, 2010, the Company was in compliance with all of these provisions. All of the Company's senior and subordinated debt obligations are unsecured.

As of March 31, 2010, the Company had approximately $258,000 in unused lines of credit available to it, including the Credit Facility, and approximately $41,000 and $45,000 of unused lines of credit available to LFB and Edgewater, respectively. In addition, LFB has access to the Eurosystem Covered Bond Purchase Program of the Banque de France.

The Company's senior and subordinated debt are recorded at historical amounts. At March 31, 2010 and December 31, 2009, the fair value of the Company's senior and subordinated debt was $1,249,966 and $1,255,254, respectively, and exceeded the aggregate carrying value by $13,116 and $18,404, respectively. The fair value of the Company's senior and subordinated debt was estimated using a discounted cash flow analysis based on the Company's current borrowing rates for similar types of borrowing arrangements or based on market quotations where available.

On April 29, 2010, Lazard Group entered into a $150 million, three-year revolving credit facility (the "2010 Credit Facility") pursuant to an agreement with the banks parties thereto and Citibank, N.A., as administrative agent. The 2010 Credit Facility replaces the prior Credit Facility, which was terminated as a condition to effectiveness of the 2010 Credit Facility. The 2010 Credit Facility contains customary terms and conditions substantially similar to the prior Credit Facility.

11. COMMITMENTS AND CONTINGENCIES

Leases—Lazard has various leases and other contractual commitments arising in the ordinary course of business. In the opinion of management, the fulfillment of such commitments, in accordance with their terms, will not have a material adverse effect on Lazard's consolidated financial position, results of operations or cash flows.

Guarantees—On March 12, 2007, Lazard entered into an agreement to guarantee to a foreign tax jurisdiction the deferred payment of certain income tax obligations and potential tax penalties of certain managing directors of Lazard Group, which, as of March 31, 2010, aggregate to $7,166. These managing directors have pledged their interests in LAZ-MD Holdings, an entity owned by Lazard Group's current and former managing directors ("LAZ-MD Holdings") (which are exchangeable into shares of Class A common stock) and unsold shares of Class A common stock received in exchange for such interests, with the value of such collateral in each case exceeding the guarantee provided by Lazard.

In the normal course of business, LFB provides indemnifications to third parties to protect them in the event of non-performance by its clients. At March 31, 2010, LFB had $6,241 of such indemnifications and held $4,058 of collateral/counter-guarantees to secure these commitments. The Company believes the likelihood of loss with respect to these indemnities is remote. Accordingly, no liability is recorded in the consolidated statement of financial condition.

Private Equity Funding Commitments—At March 31, 2010, the principal unfunded commitments by the Company for capital contributions to private equity investment funds related to (a) CP II, in an amount not to exceed $6,921 for potential "follow-on investments" and/or for CP II expenses through the earlier of (i) February 25, 2017 or (ii) the liquidation of the fund and (b) Company-sponsored private equity investment funds of up to $2,192 (including $1,741 in connection with the Company's compensation plans).

Other Commitments—In the normal course of business, LFB enters into commitments to extend credit, predominantly at variable interest rates. Outstanding commitments at March 31, 2010 were $14,878. Such commitments have varying expiration dates and are fully collateralized and generally contain requirements for the counterparty to maintain a minimum collateral level. These commitments may not represent future cash requirements as they may expire without being drawn upon.

See Notes 7, 8 and 14 of Notes to Condensed Consolidated Financial Statements for information regarding commitments relating to the LAM Merger, business acquisitions and obligations to fund our pension plans, respectively.

The Company has various other contractual commitments arising in the ordinary course of business. In the opinion of management, the consummation of such commitments will not have a material adverse effect on the Company's consolidated financial position or results of operations. In addition, from time to time, LFB enters into underwriting commitments in which it participates as a joint underwriter. The settlement of such transactions are not expected to have a material adverse effect on the Company's consolidated financial position or results of operations.

Legal—The Company's businesses, as well as the financial services industry generally, are subject to extensive regulation throughout the world. The Company is involved from time to time in a number of judicial, regulatory and arbitration proceedings and inquiries concerning matters arising in connection with the conduct of our businesses, including proceedings initiated by former employees alleging wrongful termination. The Company reviews such matters on a case-by-case basis and establishes any required reserves if a loss is probable and the amount of such loss can be reasonably estimated. Management believes, based on currently available information, that the results of such matters, in the aggregate, will not have a material adverse effect on its financial condition but might be material to its operating results or cash flows for any particular period, depending upon the operating results for such period.

12. STOCKHOLDERS' EQUITY

At March 31, 2010 and 2009, Lazard Group common membership interests held by subsidiaries of Lazard Ltd amounted to 80.0% and 62.6%, respectively, and by LAZ-MD Holdings amounted to 20.0% and 37.4%, respectively. Pursuant to provisions of its Operating Agreement, Lazard Group distributions in respect of its common membership interests are allocated to the holders of such interests on a pro rata basis. Such distributions represent amounts necessary to fund (i) any dividends Lazard Ltd may declare on its Class A common stock and (ii) tax distributions in respect of income taxes that Lazard Ltd's subsidiaries and the members of LAZ-MD Holdings incur as a result of holding Lazard Group common membership interests. During the three month periods ended March 31, 2010 and 2009, Lazard Group distributed $3,941 and $4,594, respectively, to LAZ-MD Holdings and $10,791 and $6,695, respectively, to the subsidiaries of Lazard Ltd, which latter amounts were used by Lazard Ltd to pay dividends to third-party stockholders of its Class A common stock. In addition, during the three month period ended March 31, 2009, Lazard Group made tax distributions of $67,360, including $25,316 paid to LAZ-MD Holdings and $42,044 paid to subsidiaries of Lazard Ltd. During the three month period ended March 31, 2010, Lazard Group made no such tax distributions.

On April 26, 2010, the Board of Directors of Lazard Ltd declared a quarterly dividend of $0.125 per share on its Class A common stock, totaling $12,673, payable on May 28, 2010 to stockholders of record on May 7, 2010.

Issuance of Class A Common Shares—During the three month period ended March 31, 2010, 3,000,000 shares of Class A common stock were newly issued to Lazard Group in connection with the settlement of vested restricted stock unit grants ("RSUs"). Such shares were authorized as part of the 25,000,000 shares of Class A common stock that may be issued under the Lazard Ltd 2005 Equity Incentive Plan (the "2005 Plan").

Secondary Offering—In March 2010, pursuant to a Prospectus Supplement dated March 16, 2010, certain selling shareholders of Lazard Ltd (which include current and former managing directors of Lazard and one of our executive officers) and their permitted transferees, sold 7,869,311 shares of Class A common stock (including (i) 7,262 shares of Class A common stock previously received upon the exchange of a like number of LAZ-MD Holdings exchangeable interests, (ii) 6,180,639 shares of Class A common stock received upon a simultaneous exchange of a like number of LAZ-MD Holdings exchangeable interests (including 5,958,000 shares held by the Estate of Lazard's former Chairman and Chief Executive Officer and related trusts (collectively, the "Estate") and (iii) 1,681,410 shares held by the Estate) at a price of $35.90 per share (the "March 2010 Secondary Offering")). Lazard Ltd did not receive any net proceeds from the sales of Class A common stock from the March 2010 Secondary Offering.

Exchange of Lazard Group Common Membership Interests—In addition to the simultaneous exchanges that occurred in connection with the March 2010 Secondary Offering, during the three month periods ended March 31,

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2010 and 2009, Lazard Ltd issued 37,129 and 244,968 shares of Class A common stock, respectively, in connection with the exchange of a like number of common membership interests of Lazard Group (received from members of LAZ-MD Holdings in exchange for a like number of LAZ-MD Holdings exchangeable interests).

See "Noncontrolling Interests" below for additional information regarding Lazard Ltd's and LAZ-MD Holdings' ownership interests in Lazard Group.

Share Repurchase Program

On January 27, 2010, the Board of Directors of Lazard Ltd authorized, on a cumulative basis, the repurchase of up to $200,000 in aggregate cost of its Class A common stock and Lazard Group common membership interests through December 31, 2011. The Company's prior program expired on December 31, 2009 with $62,542 of the initial $500,000 repurchase authorization unused. The Company expects that the newly authorized share repurchase program, with respect to the Class A common stock, will continue to be used primarily to offset a portion of the shares that have been or will be issued under the 2005 Plan and the Lazard Ltd 2008 Incentive Compensation Plan (the "2008 Plan"). Pursuant to such authorizations, purchases have been made in the open market or through privately negotiated transactions, and since inception of the program in February 2006 through March 31, 2010, Lazard Group purchased an aggregate of 12,112,417 shares of Class A common stock at an average price of $33.09 per share, and an aggregate of 1,156,675 Lazard Group common membership interests at an average price of $32.58 per common membership interest. As a result of Lazard Group's delivery of shares of Class A common stock for the settlement of vested RSUs and deferred stock unit grants ("DSUs") during the three year period ended December 31, 2009 and the three month period ended March 31, 2010, there were 4,002,107 and 5,850,775 shares of Class A common stock held by Lazard Group at March 31, 2010 and December 31, 2009, respectively. Such Class A common shares are reported, at cost, as "Class A common stock held by a subsidiary" on the condensed consolidated statements of financial condition.

As of March 31, 2010, $199,020 of the $200,000 share repurchase authorization remained available under the share repurchase program. In addition, under the terms of the 2005 Plan and the 2008 Plan, upon the vesting of RSUs, shares of Class A common stock may be withheld by the Company to cover estimated income taxes. During the three month period ended March 31, 2010, the Company withheld 893,594 shares to cover estimated taxes upon the vesting of 5,767,912 RSUs (see Note 13 of Notes to Condensed Consolidated Financial Statements).

Preferred Stock

Lazard Ltd has 15,000,000 authorized shares of preferred stock, par value $0.01 per share, inclusive of its Series A preferred stock and Series B preferred stock. The Series A and Series B preferred shares are each non-participating securities that are or were each convertible into Class A common stock, and have no voting or dividend rights. As of both March 31, 2010 and December 31, 2009, 26,883 shares of Series A preferred stock and no shares of Series B preferred stock were outstanding.

At both March 31, 2010 and December 31, 2009, 7,293 of the Series A preferred shares outstanding were convertible into shares of Class A common stock. The remaining 19,590 shares of Series A preferred stock outstanding at both March 31, 2010 and December 31, 2009 may become convertible into shares of Class A common stock upon completion or satisfaction of specified obligations in the CWC acquisition agreement (see Note 8 of Notes to Condensed Consolidated Financial Statements). The initial conversion rate, at the time of the acquisition of CWC, was 100 shares of Class A common stock to one share of Series A preferred stock, with the ultimate conversion rate dependent on certain variables, including the value of the Class A common stock, as defined, and the currency exchange rate on the date of conversion.

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Accumulated Other Comprehensive Income (Loss), Net of Tax

The components of AOCI at March 31, 2010 and December 31, 2009 are as follows:

	March 31, 2010	December 31, 2009
Currency translation adjustments	$ (3,993)	$ 22,650
Interest rate hedge	(5,505)	(5,774)
Available-for-sale securities	(5,148)	(12,630)
Employee benefit plans	(75,728)	(76,079)
Total AOCI	(90,374)	(71,833)
Less amount attributable to noncontrolling interests	(15,201)	(14,785)
Total Lazard Ltd AOCI	$(75,173)	$ (57,048)

Noncontrolling Interests

Noncontrolling interests represent interests held in Lazard Group by LAZ-MD Holdings and noncontrolling interests in various LAM-related GP interests and Edgewater's management vehicles that the Company is deemed to control but does not own.

As of March 31, 2010 and December 31, 2009, LAZ-MD Holdings held approximately 20.0% and 25.5%, respectively, of the outstanding Lazard Group common membership interests. Additionally, LAZ-MD Holdings was the sole owner of the one issued and outstanding share of Lazard Ltd's Class B common stock, which provided LAZ-MD Holdings with approximately 20.0% and 25.5%, of the voting power but no economic rights in the Company as of March 31, 2010 and December 31, 2009, respectively. Subject to certain limitations, LAZ-MD Holdings' interests in Lazard Group are exchangeable for Class A common stock.

The following table summarizes the changes in ownership interests in Lazard Group held by Lazard Ltd and LAZ-MD Holdings during the three month periods ended March 31, 2010 and 2009:

	Lazard Ltd		LAZ-MD Holdings		Total Lazard Group Common Membership Interests
	Common Membership Interests	% Ownership	Common Membership Interests	% Ownership	
Balance, January 1, 2009	76,294,912	62.4%	45,938,752	37.6%	122,233,664
Activity January 1, 2009 to March 31, 2009:					
Common membership interests issued in connection with:					
Exchanges For Class A Common Stock	244,968		(244,968)		-
Balance, March 31, 2009	76,539,880	62.6%	45,693,784	37.4%	122,233,664
Balance, January 1, 2010	92,165,912	74.5%	31,520,426	25.5%	123,686,338
Activity January 1, 2010 to March 31, 2010:					
Common membership interests issued in connection with:					
Equity Compensation	3,000,000		-		3,000,000
2010 Secondary Offering	6,180,639		(6,180,639)		-
Other Exchanges For Class A Common Stock	37,129		(37,129)		-
Balance, March 31, 2010	101,383,680	80.0%	25,302,658	20.0%	126,686,338

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The change in Lazard Ltd's ownership in Lazard Group in the three month periods ended March 31, 2010 and 2009 did not materially impact Lazard Ltd's stockholders' equity.

The tables below summarize net income (loss) attributable to noncontrolling interests for the three month periods ended March 31, 2010 and 2009 and noncontrolling interests as of March 31, 2010 and December 31, 2009 in the Company's condensed consolidated financial statements:

	Net Income (Loss) Attributable To Noncontrolling Interests Three Months Ended March 31,	
	2010	2009
LAZ-MD Holdings	$(9,719)	$(32,027)
LAM GPs	(130)	(1,071)
Edgewater	2,607	-
Other	(118)	-
Total	$(7,360)	$(33,098)

	Noncontrolling Interests As Of	
	March 31, 2010	December 31, 2009
LAZ-MD Holdings	$ 39,530	$ 39,407
LAM GPs	15,000	13,409
Edgewater	113,910	112,158
Other	2,671	2,732
Total	$ 171,111	$ 167,706

13. INCENTIVE PLANS

Share-Based Incentive Plan Awards

A description of Lazard Ltd's 2005 Plan and 2008 Plan, and activity with respect thereto during the three month periods ended March 31, 2010 and 2009, is presented below.

Shares Available Under the 2005 Plan and 2008 Plan

The 2005 Plan authorizes the issuance of up to 25,000,000 shares of Class A common stock pursuant to the grant or exercise of stock options, stock appreciation rights, restricted stock, stock units and other equity-based awards. Each stock unit granted under the 2005 Plan represents a contingent right to receive one share of Class A common stock, at no cost to the recipient. The fair value of such stock unit awards is determined based on the closing market price of Lazard Ltd's Class A common stock at the date of grant.

In addition to the shares available under the 2005 Plan, additional shares of Class A common stock are available under the 2008 Plan, which was approved by the stockholders of Lazard Ltd on May 6, 2008. The maximum number of shares available under the 2008 Plan is based on a formula that limits the aggregate number of shares that may, at any time, be subject to awards that are considered "outstanding" under the 2008 Plan to 30% of the then-outstanding shares of Class A common stock (treating, for this purpose, the then-outstanding exchangeable interests of LAZ-MD Holdings on a "fully-exchanged" basis as described in the 2008 Plan).

Restricted and Deferred Stock Units

RSUs require future service as a condition for the delivery of the underlying shares of Class A common stock (unless vested under the Company's retirement policy upon issuance of the award) and convert into Class A common stock on a one-for-one basis after the stipulated vesting periods. The grant date fair value of the RSUs, net of an estimated forfeiture rate, is amortized over the vesting periods or requisite service periods, and, for purposes of calculating diluted net income per share, are included in the diluted weighted average shares of Class A common stock outstanding using the treasury stock method. Expense relating to RSUs is charged to "compensation and benefits" expense (and, as applicable, in "restructuring" expense, with respect to the expense associated with the acceleration of unrecognized expense pertaining to RSUs granted previously to individuals who were terminated in the restructuring programs during 2009 and 2010) within the consolidated statements of operations, and amounted to $150,693 and $88,687 for the three month periods ended March 31, 2010 and 2009, respectively (including $46,880 and $24,239 in restructuring expense recognized in such respective periods, and $24,860 in the three month period ended March 31, 2010 relating to the Company's amendment of its retirement policy with respect to RSU awards, as described below). RSUs issued subsequent to December 31, 2005 generally include a dividend participation right that provides that during vesting periods each RSU is attributed additional RSUs (or fractions thereof) equivalent to any ordinary quarterly dividends paid on Class A common stock during such period. During the three month periods ended March 31, 2010 and 2009, dividend participation rights required the issuance of 72,335 and 81,167 RSUs, respectively, and resulted in a charge to "retained earnings" and a credit to "additional paid-in-capital," net of estimated forfeitures, of $2,004 and $1,769 during the respective periods.

In January 2010, the Company amended its retirement policy with respect to RSU awards. Such amendment served to modify the retirement eligibility vesting requirements of existing and future RSU awards, and, as noted above, Lazard accelerated the recognition of compensation expense for the affected RSU awards. Accordingly, the Company recorded a non-cash charge to compensation and benefits expense of $24,860 in the first quarter of 2010 relating to prior years' awards.

Non-executive members of the Board of Directors receive approximately 55% of their annual compensation for service on the Board of Directors and its committees in the form of DSUs. There were no DSUs granted during the three month periods ended March 31, 2010 and 2009 pertaining to this annual compensation arrangement. Their remaining compensation is payable in cash, which they may elect to receive in the form of additional DSUs under the Directors' Fee Deferral Unit Plan described below. DSUs are convertible into Class A common stock at the time of cessation of service to the Board. The DSUs include a cash dividend participation right equivalent to any ordinary quarterly dividends paid on Class A common stock, and resulted in nominal cash payments for the three month periods ended March 31, 2010 and 2009. DSU awards are expensed at their fair value on their date of grant, which, inclusive of amounts related to the Directors' Fee Deferral Unit Plan, totaled $76 and $77 during the three month periods ended March 31, 2010 and 2009, respectively.

On May 9, 2006, the Board of Directors adopted the Directors' Fee Deferral Unit Plan, which allows the Company's Non-Executive Directors to elect to receive additional DSUs pursuant to the 2005 Plan in lieu of some or all of their cash fees. The number of DSUs that shall be granted to a Non-Executive Director pursuant to this election will equal the value of cash fees that the applicable Non-Executive Director has elected to forego pursuant to such election, divided by the market value of a share of Class A common stock on the date on which the foregone cash fees would otherwise have been paid. During the three month periods ended March 31, 2010 and 2009, 2,131 and 2,609 DSUs, respectively, had been granted pursuant such Plan.

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The following is a summary of activity relating to RSUs and DSUs during the three month periods ended March 31, 2010 and 2009:

	RSUs		DSUs	
	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value
Balance, January 1, 2010	23,367,813	$ 37.01	103,146	$ 35.75
Granted (including 72,335 RSUs relating to dividend participation)	6,612,812	$ 36.10	2,131	$ 35.92
Forfeited	(175,734)	$ 35.96	-	-
Vested	(5,767,912)	$ 40.50	-	-
Balance, March 31, 2010	24,036,979	$ 35.94	105,277	$ 35.76

	RSUs		DSUs	
	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value
Balance, January 1, 2009	22,141,468	$ 39.17	65,256	$ 40.32
Granted (including 81,167 RSUs relating to dividend participation)	6,816,601	$ 30.91	2,609	$ 29.34
Forfeited	(259,593)	$ 38.26	-	-
Vested	(178,720)	$ 40.00	-	-
Balance, March 31, 2009	28,519,756	$ 37.20	67,865	$ 39.90

In connection with the vested RSUs above, and after considering the withholding tax obligations pertaining thereto, 4,874,318 and 109,003 shares of Class A common stock held by Lazard Group were delivered during the three month periods ended March 31, 2010 and 2009, respectively.

As of March 31, 2010, unrecognized RSU compensation expense, adjusted for estimated forfeitures, was $390,620, with such unrecognized compensation expense expected to be recognized over a weighted average period of approximately 2.0 years subsequent to March 31, 2010. The ultimate amount of such expense is dependent upon the actual number of RSUs that vest. The Company periodically assesses the forfeiture rates used for such estimates. A change in estimated forfeiture rates would cause the aggregate amount of compensation expense recognized in future periods to differ from the estimated unrecognized compensation expense described herein.

14. EMPLOYEE BENEFIT PLANS

The Company provides retirement and other post-retirement benefits to certain of its employees through defined contribution and defined benefit pension plans and other post-retirement plans. These plans generally provide benefits to participants based on average levels of compensation. Expenses (benefits) related to the Company's employee benefit plans are included in "compensation and benefits" expense on the consolidated statements of operations. The Company uses December 31 as the measurement date for its employee benefit plans.

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Employer Contributions to Pension Plans—In accordance with agreements reached with the Trustees of certain non-U.S. pension plans in 2005, the Company is contingently obligated to make further contributions to such pension plans depending on the cumulative performance of the plans' assets against specific benchmarks as measured on June 1, 2009 (the "measurement date") and subsequently on June 1, 2010 (the "remeasurement date"). The obligation related to the cumulative underperformance of the plans' assets (the "underperformance obligation") at the measurement date was 11.5 million British pounds ($17,421 at March 31, 2010 exchange rates) which is payable over four years commencing June 1, 2009 in equal monthly installments, and will be subject to further adjustment on the remeasurement date. During the three month period ended March 31, 2010, the Company contributed approximately $1,100 with respect to the underperformance obligation.

In addition, on June 30, 2009 the Company and Trustees concluded the December 31, 2007 triennial valuation of the non-U.S. pension plans discussed above, pursuant to which: (i) the Company agreed to contribute 2.3 million British pounds ($3,484 at March 31, 2010 exchange rates), during each year from 2011 to 2018 inclusive, subject to adjustment resulting from the December 31, 2010 triennial valuation, which the Company expects to have concluded prior to the contribution payment scheduled for 2011, and (ii) to secure the Company's obligations thereunder, on July 15, 2009 the Company placed in escrow 12.5 million British pounds, with a final redemption date of December 31, 2018. Income on the escrow balance accretes to the Company. This amount is subject to adjustment based on the results of the December 31, 2010 triennial valuation and subsequent triennial valuations. The escrow balance has been recorded in "cash deposited with clearing organizations and other segregated cash" and "investments: debt-other" in the amounts of 6.25 million British pounds and 6.25 million British pounds, respectively, at each of March 31, 2010 and December 31, 2009 ($9,468 and $9,468 at March 31, 2010 exchange rates and $10,138 and $10,138 at December 31, 2009 exchange rates), respectively, on the accompanying condensed consolidated statements of financial condition.

During the three month period ended March 31, 2010, there were no other contributions made to other pension plans.

The following table summarizes the components of total benefit cost (credit) for the three month periods ended March 31, 2010 and 2009:

	Pension Plans		Post-Retirement Medical Plans	
	Three Months Ended March 31,			
	2010	2009	2010	2009
Components of Net Periodic Benefit Cost (Credit):				
Service cost	$ 348	$ -	$ 18	$ 28
Interest cost	7,085	5,519	73	95
Expected return on plan assets	(7,373)	(6,130)	-	-
Amortization of:				
Prior service credit	751	-	(256)	(346)
Net actuarial loss	201	208	-	27
Net periodic benefit cost (credit)	$ 1,012	$ (403)	$ (165)	$ (196)

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15. RESTRUCTURING PLANS

In each of the first quarters of 2010 and 2009, the Company announced a restructuring plan which included certain staff reductions and realignments of personnel (the "2010 Restructuring Plan" and the "2009 Restructuring Plan", respectively, and collectively the "2010 and 2009 Restructuring Plans"). The 2010 Restructuring Plan was expected to result in an aggregate pre-tax charge of approximately $90,000 in the first quarter of 2010. Of the expected amount above, to date the Company recorded a pre-tax charge in the first quarter of 2010 of $87,108, inclusive of $46,880 relating to the acceleration of RSUs (the "2010 Restructuring Charge"), with this charge partially offset by associated income tax benefits and noncontrolling interest credits of $5,680 and $18,400, respectively, and, in connection with the 2009 Restructuring Plan, the Company recorded a charge in the first quarter of 2009 of $62,550, inclusive of $24,239 relating to the acceleration of RSUs (the "2009 Restructuring Charge"), with this charge partially offset by associated income tax benefits and noncontrolling interest credits of $6,401 and $21,075, respectively (collectively, the "2010 and 2009 Restructuring Charges").

The 2010 and 2009 Restructuring Charges primarily consisted of compensation-related expenses, including the acceleration of unrecognized expenses pertaining to RSUs previously granted to individuals who were terminated pursuant to the restructuring, severance and benefit payments and other costs. As of March 31, 2010, the remaining liability associated with the 2010 Restructuring Plan was $34,100 and, as of March 31, 2010 and December 31, 2009, the remaining liability associated with the 2009 Restructuring Plan was $8,400 and $11,500, respectively. During the three month period ended March 31, 2010, there were no adjustments to the liability with respect to the 2009 Restructuring Plan. Such liabilities are reported within "accrued compensation and benefits" and "other liabilities" on the accompanying condensed consolidated statements of financial condition.

16. INCOME TAXES

Lazard Ltd is subject to U.S. federal income taxes on its portion of Lazard Group's operating income. Lazard Group primarily operates in the U.S. as a limited liability company that is treated as a partnership for U.S. federal income tax purposes. As a result, Lazard Group's income from its U.S. operations is generally not subject to U.S. federal income taxes, because such income is attributable to the partners. In addition, Lazard Group is subject to New York City Unincorporated Business Tax ("UBT"), which is attributable to Lazard Group's operations apportioned to New York City. UBT is incremental to the U.S. federal statutory tax rate. Outside the U.S., Lazard Group operates principally through subsidiary corporations that are subject to local income taxes.

The Company recorded an income tax provision (benefit) of $6,413 and ($4,175) for the three month periods ended March 31, 2010 and 2009, respectively, representing effective tax rates of (18.6)% and 4.6%, respectively. Excluding (i) the income tax benefits of $5,680 related to the 2010 Restructuring Charge and $1,363 related to the charge incurred in connection with the amendment of Lazard's retirement policy with respect to RSU awards, and (ii) the income tax benefit of $6,401 related to the 2009 Restructuring Charge, the Company had an income tax provision of $13,456 and $2,226 for the three month periods ended March 31, 2010 and 2009, respectively, representing effective tax rates of 17.4% and (7.9)%, respectively. The effective tax rates herein for the three month period ended March 31, 2010 reflect a benefit from the reduction in unrecognized tax benefits of $4,480 (including interest and penalties), relating to settlements with taxing authorities pertaining to certain prior years.

The difference between the U.S. federal statutory rate of 35.0% and the effective tax rates described above principally relates to (i) Lazard Group primarily operating as a limited liability company in the U.S., (ii) foreign source income (loss) not subject to U.S. income taxes, (iii) Lazard Group's income from U.S. operations attributable to noncontrolling interests, (iv) valuation allowance changes affecting the provision for income taxes and (v) U.S. state and local taxes, which are incremental to the U.S. federal statutory tax rate.

Tax Receivable Agreement

The redemption of historical partner interests in connection with the Company's separation and recapitalization that occurred in May 2005 and subsequent exchanges of LAZ-MD Holdings exchangeable interests for shares of Class A common stock have resulted, and future exchanges of LAZ-MD Holdings exchangeable interests for shares of Class A common stock may result, in increases in the tax basis of the tangible and/or intangible assets of Lazard Group. The tax receivable agreement dated as of May 10, 2005 with LFCM Holdings requires the Company to pay LFCM Holdings 85% of the cash savings, if any, in U.S. federal, state and local income tax or franchise tax that the Company actually realizes as a result of the above-mentioned increases in tax basis. The Company calculates this provision annually and includes such amounts in operating expenses on its consolidated statements of operations once the results of operations for the full year are known. As a result, there is no provision for such payments in the three month periods ended March 31, 2010 and 2009. If any provision is required pursuant to the tax receivable agreement, such amount would be fully offset by a reduction in the Company's income tax expense.

17. NET INCOME (LOSS) PER SHARE OF CLASS A COMMON STOCK

The Company's basic and diluted net income (loss) per share calculations for the three month periods ended March 31, 2010 and 2009 are computed as described below.

Basic Net Income (Loss) Per Share

Numerator—utilizes net income (loss) attributable to Lazard Ltd for the three month periods ended March 31, 2010 and 2009, plus applicable adjustments to such net income (loss) associated with the inclusion of shares of Class A common stock issuable in connection with both the LAM Merger and business acquisitions, as described in Notes 7 and 8, respectively, of Notes to Condensed Consolidated Financial Statements.

Denominator—utilizes the weighted average number of shares of Class A common stock outstanding for the three month periods ended March 31, 2010 and 2009, plus applicable adjustments to such shares associated with shares of Class A common stock issuable in connection with the LAM Merger and business acquisitions.

Diluted Net Income (Loss) Per Share

Numerator—utilizes net income (loss) attributable to Lazard Ltd for the three month periods ended March 31, 2010 and 2009 as in the basic net income (loss) per share calculation described above, plus, to the extent applicable and dilutive, (i) interest expense on convertible debt, (ii) changes in net income (loss) attributable to noncontrolling interests resulting from assumed share issuances in connection with DSUs, RSUs, convertible debt and convertible preferred stock and, on an "as-if-exchanged" basis, amounts applicable to LAZ-MD Holdings exchangeable interests and (iii) income tax related to (i) and (ii) above.

Denominator—utilizes the weighted average number of shares of Class A common stock outstanding for the three month periods ended March 31, 2010 and 2009 as in the basic net income (loss) per share calculation described above, plus, to the extent dilutive, the incremental number of shares of Class A common stock to settle DSU and RSU awards, convertible debt, convertible preferred stock and LAZ-MD Holdings exchangeable interests, using the treasury stock method, the "if converted" method or the "as-if-exchanged" basis, as applicable.

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The calculations of the Company’s basic and diluted net income (loss) per share and weighted average shares outstanding for the three month periods ended March 31, 2010 and 2009 are presented below:

	Three Months Ended March 31,	
	2010	2009
Net income (loss) attributable to Lazard Ltd	$(33,534)	$(53,496)
Add - adjustment associated with Class A common stock issuable relating to the LAM Merger and business acquisitions	(214)	(815)
Net income (loss) attributable to Lazard Ltd - basic	(33,748)	(54,311)
Add - dilutive effect, as applicable, of:		
Adjustments to income relating to interest expense and changes in net income (loss) attributable to noncontrolling interests resulting from assumed share issuances in connection with DSUs, RSUs, convertible debt, convertible preferred stock and exchangeable interests, net of tax	-	-
Net income (loss) attributable to Lazard Ltd - diluted	$(33,748)	$(54,311)
Weighted average number of shares of Class A common stock outstanding	86,826,411	66,949,857
Add - adjustment for shares of Class A common Stock issuable relating to the LAM Merger and business acquisitions	2,909,726	3,194,481
Weighted average number of shares of Class A common stock outstanding - basic	89,736,137	70,144,338
Add - dilutive effect, as applicable, of:		
Weighted average number of incremental shares issuable from DSUs, RSUs, convertible debt, convertible preferred stock and exchangeable interests	-	-
Weighted average number of shares of Class A common stock outstanding - diluted	89,736,137	70,144,338
Net income (loss) attributable to Lazard Ltd per share of Class A common stock:		
Basic	$(0.38)	$(0.77)
Diluted	$(0.38)	$(0.77)

For the three month periods ended March 31, 2010 and 2009, the LAZ-MD Holdings exchangeable interests were antidilutive (and consequently the effect of their conversion into shares of Class A common stock has been excluded from the calculation of diluted net income (loss) per share).

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18. *RELATED PARTIES*

Amounts receivable from, and payable to, related parties as of March 31, 2010 and December 31, 2009 are set forth below:

	March 31, 2010	December 31, 2009
Receivables		
LFCM Holdings	$11,092	$14,212
Other	598	203
Total	$11,690	$14,415
Payables		
LFCM Holdings	$2,877	$17,431
Other	119	19
Total	$2,996	$17,450

LFCM Holdings

LFCM Holdings owns and operates the capital markets business and fund management activities, as well as other specified non-operating assets and liabilities, that were transferred to it by Lazard Group (referred to as the "separated businesses") in May 2005 and is owned by the current and former working members, including certain of Lazard's current and former managing directors (which also include our executive officers) who are also members of LAZ-MD Holdings. In addition to the master separation agreement, which effected the separation and recapitalization that occurred in May 2005, LFCM Holdings entered into certain agreements that addressed various business matters associated with the separation, including agreements related to administrative and support services (the "administrative services agreement"), employee benefits, insurance matters and licensing. In addition, LFCM Holdings and Lazard Group entered into a business alliance agreement. Certain of these agreements are described in more detail in the Company's Form 10-K.

For the three month periods ended March 31, 2010 and 2009, amounts recorded by Lazard Group relating to the administrative services agreement amounted to $546 and $1,457, respectively, and net referral fees for underwriting, private placement, M&A and restructuring transactions under the business alliance agreement amounted to $3,345 and $157, respectively. Amounts relating to the administrative services agreement are reported as reductions to operating expenses. Net referral fees for underwriting transactions under the business alliance agreement are reported in "revenue-other". Net referral fees for private placement, M&A and restructuring transactions under the business alliance agreement are reported in advisory fee revenue.

Receivables from LFCM Holdings and its subsidiaries as of March 31, 2010 and December 31, 2009 primarily include $2,397 and $5,891, respectively, related to administrative and support services and reimbursement of expenses incurred on behalf of LFCM Holdings and $7,318 and $6,202, respectively, related to referral fees for underwriting and private placement transactions. Payables to LFCM Holdings and its subsidiaries at March 31, 2010 and December 31, 2009 relate primarily to referral fees for Financial Advisory transactions of $2,877 and $1,747, respectively, and, at December 31, 2009, obligations pursuant to the tax receivable agreement of $15,684 (see Note 16 of Notes to Condensed Consolidated Financial Statements).

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LAZ-MD Holdings

Lazard Group provides selected administrative and support services to LAZ-MD Holdings through the administrative services agreement as discussed above, with such services generally to be provided until December 31, 2014 unless terminated earlier because of a change in control of either party. Lazard Group charges LAZ-MD Holdings for these services based on Lazard Group's cost allocation methodology and, for the three month periods ended March 31, 2010 and 2009, such charges amounted to $188 for each period.

19. REGULATORY AUTHORITIES

LFNY is a U.S. registered broker-dealer and is subject to the net capital requirements of Rule 15c3-1 under the Securities Exchange Act of 1934 (the "Exchange Act"). Under the basic method permitted by this rule, the minimum required net capital, as defined, is a specified fixed percentage of total aggregate indebtedness recorded in LFNY's Financial and Operational Combined Uniform Single ("FOCUS") report filed with the Financial Industry Regulatory Authority ("FINRA"), or $100, whichever is greater. At March 31, 2010, LFNY's regulatory net capital was $23,158, which exceeded the minimum requirement by $15,394.

Certain U.K. subsidiaries of the Company, including LCL, Lazard Fund Managers Limited and Lazard Asset Management Limited (the "U.K. Subsidiaries") are regulated by the Financial Services Authority. At March 31, 2010, the aggregate regulatory net capital of the U.K. Subsidiaries was $140,884, which exceeded the minimum requirement by $99,476.

CFLF, through which non-corporate finance advisory activities are carried out in France, is subject to regulation by the Commission Bancaire and the Comité des Etablissements de Crédit et des Entreprises d'Investissement for its banking activities conducted through its subsidiary, LFB. In addition, the investment services activities of the Paris group, exercised through LFB and other subsidiaries of CFLF, primarily LFG (asset management), are subject to regulation and supervision by the Autorité des Marchés Financiers. At March 31, 2010, the consolidated regulatory net capital of CFLF was $180,062, which exceeded the minimum requirement set for regulatory capital levels by $81,429.

Certain other U.S. and non-U.S. subsidiaries are subject to various capital adequacy requirements promulgated by various regulatory and exchange authorities in the countries in which they operate. At March 31, 2010, for those subsidiaries with regulatory capital requirements, their aggregate net capital was $76,369, which exceeded the minimum required capital by $54,493.

At March 31, 2010, each of these subsidiaries individually was in compliance with its regulatory capital requirements.

Lazard Ltd is currently subject to supervision by the SEC as a Supervised Investment Bank Holding Company ("SIBHC"). As a SIBHC, Lazard Ltd is subject to group-wide supervision, which requires it to compute allowable capital and risk allowances on a consolidated basis. We believe that Lazard Ltd is the only institution currently subject to supervision by the SEC as a SIBHC. We have held discussions with the SEC and other authorities regarding the scope and nature of Lazard Ltd's reporting and other obligations under the SIBHC program.

On December 11, 2009, the U.S. House of Representatives passed The Wall Street Reform and Consumer Protection Act of 2009 ("H.R. 4173"). H.R. 4173 is currently pending in the U.S. Senate. On March 22, 2010, the

Senate Banking Committee voted to approve and send to the Senate floor its own version of financial regulatory reform, titled the "Restoring American Financial Stability Act of 2010" ("S. 3217"). We are not able to predict what action or changes, if any, will result from the Senate's consideration of S. 3217. We currently are in the process of examining the potential impact of both H.R. 4173 and S. 3217 on us and the SIBHC program, but, given the uncertainty of possible changes to these bills, we are not able to predict the ultimate effect on us and the SIBHC program.

20. SEGMENT INFORMATION

The Company's reportable segments offer different products and services and are managed separately as different levels and types of expertise are required to effectively manage the segments' transactions. Each segment is reviewed to determine the allocation of resources and to assess its performance. The Company's principal operating activities are included in two business segments: Financial Advisory (which includes providing general strategic and transaction-specific advice on M&A and other strategic matters, restructurings, capital structure, capital raising and various other corporate finance matters), and Asset Management (which includes the management of equity and fixed income securities and alternative investment and private equity funds). In addition, the Company records selected other activities in its Corporate segment, including management of cash, certain investments and the commercial banking activities of LFB. The Company also allocates outstanding indebtedness to its Corporate segment.

The Company's segment information for the three month periods ended March 31, 2010 and 2009 is prepared using the following methodology:

- Revenue and expenses directly associated with each segment are included in determining operating income.
- Expenses not directly associated with specific segments are allocated based on the most relevant measures applicable, including headcount, square footage and other factors.
- Segment assets are based on those directly associated with each segment, and include an allocation of certain assets relating to various segments, based on the most relevant measures applicable, including headcount, square footage and other factors.

The Company allocates investment gains and losses, interest income and interest expense among the various segments based on the segment in which the underlying asset or liability is reported.

Each segment's operating expenses include (i) compensation and benefits expenses incurred directly in support of the businesses and (ii) other operating expenses, which include directly incurred expenses for occupancy and equipment, marketing and business development, technology and information services, professional services, fund administration and outsourced services and indirect support costs (including compensation and other operating expenses related thereto) for administrative services. Such administrative services include, but are not limited to, accounting, tax, legal, facilities management and senior management activities.

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Management evaluates segment results based on net revenue and operating income and believes that the following information provides a reasonable representation of each segment's contribution with respect to net revenue, operating income (loss) and total assets:

		Three Months Ended March 31,	
		2010	2009
Financial Advisory	Net Revenue	$ 268,496	$162,977
	Operating Expenses	237,800	177,621
	Operating Income (Loss) (a)	$ 30,696	$ (14,644)
Asset Management	Net Revenue	$ 187,753	$101,523
	Operating Expenses	129,440	90,440
	Operating Income (Loss) (a)	$ 58,313	$ 11,083
Corporate	Net Revenue	$ (18,038)	$ (16,105)
	Operating Expenses	105,452	71,103
	Operating Income (Loss) (a)	$(123,490)	$ (87,208)
Total	Net Revenue	$ 438,211	$248,395
	Operating Expenses	472,692	339,164
	Operating Income (Loss) (a)	$ (34,481)	$ (90,769)

	As of	
	March 31, 2010	December 31, 2009
Total Assets:		
Financial Advisory	$ 713,217	$ 706,785
Asset Management	651,094	702,775
Corporate	1,521,219	1,738,202
Total	$ 2,885,530	$ 3,147,762

(a) Operating income (loss) for the three month periods ended March 31, 2010 and 2009 were significantly impacted by certain special items. Such impact, including the amounts attributable to each of the Company's business segments, are described in the table below:

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	Three Months Ended March 31,	
	2010	2009
Financial Advisory		
Operating income (loss), as reported above	$ 30,696	$(14,644)
Special item:		
Acceleration of amortization expense pertaining to the amendment of Lazard's retirement policy with respect to RSU awards	19,571	-
Operating income (loss), excluding impact of special item	$ 50,267	$(14,644)
Asset Management		
Operating income, as reported above	$ 58,313	$ 11,083
Special item:		
Acceleration of amortization expense pertaining to the amendment of Lazard's retirement policy with respect to RSU awards	2,902	-
Operating income, excluding impact of special item	$ 61,215	$ 11,083
Corporate		
Operating loss, as reported above	$(123,490)	$(87,208)
Special items:		
Restructuring expense	87,108	62,550
Acceleration of amortization expense pertaining to the amendment of Lazard's retirement policy with respect to RSU awards	2,387	-
Operating loss, excluding impact of special items	$ (33,995)	$(24,658)
Consolidated		
Operating loss, as reported above	$ (34,481)	$(90,769)
Special items:		
Restructuring expense	87,108	$ 62,550
Acceleration of amortization expense pertaining to the amendment of Lazard's retirement policy with respect to RSU awards	24,860	-
Operating income (loss), excluding impact of special items	$ 77,487	$(28,219)

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with Lazard Ltd's condensed consolidated financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q (the "Form 10-Q"), as well as Management's Discussion and Analysis of Financial Condition and Results of Operations (the "MD&A") included in our Annual Report on Form 10-K for the year ended December 31, 2009 (the "Form 10-K"). All references to "2010", "2009", "first quarter" or "the period" refer to, as the context requires, the three month periods ended March 31, 2010 and March 31, 2009.

Forward-Looking Statements and Certain Factors that May Affect Our Business

Management has included in Parts I and II of this Form 10-Q, including in its MD&A, statements that are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as "may," "might," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue," and the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. These factors include, but are not limited to, those discussed in our Form 10-K under the caption "Risk Factors," including the following:

- a decline in general economic conditions or the global financial markets,
- losses caused by financial or other problems experienced by third parties,
- losses due to unidentified or unanticipated risks,
- a lack of liquidity, *i.e.*, ready access to funds, for use in our businesses, and
- competitive pressure on our businesses and on our ability to retain our employees.

These risks and uncertainties are not exhaustive. Other sections of the Form 10-K may include additional factors, which could adversely impact our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for our management to predict all risks and uncertainties, nor can management assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. We are under no duty to update any of these forward-looking statements after the date of this Form 10-Q to conform our prior statements to actual results or revised expectations and we do not intend to do so.

Forward-looking statements include, but are not limited to, statements about the:

- business' possible or assumed future results of operations and operating cash flows,
- business' strategies and investment policies,
- business' financing plans and the availability of short-term borrowing,
- business' competitive position,
- future acquisitions, including the consideration to be paid and the timing of consummation,
- potential growth opportunities available to our businesses,
- recruitment and retention of our managing directors and employees,

- target levels of compensation expense,
- business' potential operating performance, achievements, productivity improvements, efficiency and cost reduction efforts,
- likelihood of success and impact of litigation,
- expected tax rates,
- changes in interest and tax rates,
- expectations with respect to the economy, securities markets, the market for mergers, acquisitions and strategic advisory and restructuring activity, the market for asset management activity and other industry trends,
- effects of competition on our business, and
- impact of future legislation and regulation on our business.

The Company is committed to providing timely and accurate information to the investing public, consistent with our legal and regulatory obligations. To that end, the Company uses its websites to convey information about our businesses, including the anticipated release of quarterly financial results, quarterly financial, statistical and business-related information and the posting of updates of assets under management ("AUM") in various mutual funds, hedge funds and other investment products managed by Lazard Asset Management LLC and its subsidiaries ("LAM"). Monthly updates of these funds are posted to the LAM website *(www.lazardnet.com)* on the third business day following the end of each month. Investors can link to Lazard Ltd, Lazard Group and their operating company websites through *http://www.lazard.com*. Our websites and the information contained therein or connected thereto shall not be deemed to be incorporated into this Form 10-Q.

Business Summary

The Company's principal sources of revenue are derived from activities in the following business segments:

- Financial Advisory, which includes providing general strategic and transaction-specific advice on mergers and acquisitions ("M&A") and other strategic matters, restructurings, capital structure, capital raising and various other corporate finance matters, and
- Asset Management, which includes strategies for the management of equity and fixed income securities and alternative investment and private equity funds.

In addition, the Company records selected other activities in its Corporate segment, including management of cash, certain investments and the commercial banking activities of Lazard Group's Paris-based Lazard Frères Banque SA ("LFB"). The Company also allocates outstanding indebtedness to its Corporate segment.

LFB is a registered bank regulated by the Banque de France and its primary operations include asset and liability management for Lazard Group's businesses in France through its money market desk and commercial banking operations, deposit taking and, to a lesser extent, financing activities and custodial oversight over assets of various clients. LFB engages in underwritten offerings of securities in France and we expect that it may expand its scope to include placements elsewhere in Europe.

Lazard also has a long history of making alternative investments with its own capital, usually alongside capital of qualified institutional and individual investors. At the time of Lazard Ltd's equity public offering and as a part of the separation, we transferred to LFCM Holdings LLC ("LFCM Holdings") all of our alternative investment activities, except for Fonds Partenaires Gestion SA ("FPG"), our private equity business in France. Such activities transferred to LFCM Holdings represented the alternative investment activities of Lazard Alternative Investments Holdings LLC ("LAI") and included private equity investments of Corporate Partners II Limited ("CP II") and Lazard Senior Housing Partners LP. CP II was managed by a subsidiary of LAI until February 16, 2009. Effective February 17, 2009, ownership and control of CP II was transferred to the investment professionals who manage CP II. We also transferred to LFCM Holdings certain principal investments by Lazard Group in the funds managed by

the separated businesses, subject to certain options by us to reacquire such investments, while we retained our investment in our French private equity funds. Since 2005, consistent with our obligations to LFCM Holdings, we have engaged in a number of alternative investments and private equity activities. Effective September 30, 2009, the Company sold FPG to a fund management company forming part of a group that manages investment companies and funds, in some of which Lazard could earn carried interests. The managing directors and staff conducting this activity were accordingly transferred to the buyer. The sale of FPG did not have a material impact on our financial condition or results of operations. Operating results of FPG have been included in our consolidated financial statements through the effective date of sale.

We continue to explore and discuss opportunities to expand the scope of our alternative investment and private equity activities in Europe, the U.S. and elsewhere. These opportunities could include internal growth of new funds and direct investments by us, partnerships or strategic relationships, investments with third parties or acquisitions of existing funds or management companies. In that regard, on July 15, 2009, the Company established a private equity business with The Edgewater Funds ("Edgewater"), a Chicago-based private equity firm, through the acquisition of Edgewater's management vehicles. The acquisition was structured as a purchase by Lazard of interests in a holding company that owns interests in the general partner and management company entities of the current Edgewater private equity funds (the "Edgewater Acquisition") (see Note 8 of Notes to Condensed Consolidated Financial Statements). Also, consistent with our obligations to LFCM Holdings, we may explore discrete capital markets opportunities.

The Company's consolidated net revenue was derived from the following segments:

	Three Months Ended March 31,	
	2010	2009
Financial Advisory	61%	66%
Asset Management	43	41
Corporate	(4)	(7)
Total	100%	100%

Business Environment

Economic and market conditions in the U.S. and globally showed signs of recovery during the first quarter of 2010 with the continuation of gains, although modest, to the already robust gains in the global equity markets in 2009, as well as generally healthier credit markets, improved corporate earnings and continued low interest rates. These factors contributed to the improvement in our operating performance in both Financial Advisory and Asset Management during the 2010 first quarter. However, the state of public finances of certain Euro economies, high global unemployment levels, increasing oil prices and the regulatory environment suggest that certain vulnerabilities to the global economy and, in turn, to the overall business environment, remain.

Lazard operates in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for Lazard's management to predict all risks and uncertainties, nor can Lazard assess the impact of all potentially applicable factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. See the section entitled "Risk Factors" in our Form 10-K. Furthermore, net income and revenue in any period may not be indicative of full-year results or the results of any other period and may vary significantly from year to year and quarter to quarter.

Financial Advisory

While global and trans-atlantic completed M&A transactions for the first quarter of 2010 were lower than the corresponding prior year quarter, announced transactions, particularly trans-atlantic transactions, increased. The following table sets forth industry statistics regarding the value of M&A transactions in the periods:

	Three Months Ended March 31,		
	2010	2009	% Incr/(Decr)
	($ in billions)		
Completed M&A Transactions:			
Global	$ 366	$ 497	(26)%
Trans-Atlantic	49	56	(13)%
Announced M&A Transactions:			
Global	544	512	6%
Trans-Atlantic	36	7	414%

Source:Thomson Financial as of April 11, 2010.

We believe that in the current environment we are relatively well positioned as our clients refinance, restructure and position their asset portfolios for growth. While overall M&A industry statistics regarding the number and size of announced transactions increased modestly in the first quarter of 2010 as compared to the 2009 period, we continue to remain cautious with respect to the overall economic environment and its impact on the M&A business. Generally, during periods of unfavorable market or economic conditions, the volume and value of M&A transactions may decrease, thereby reducing the demand for our advisory services and increasing competition among financial services companies seeking such engagements.

Global restructuring activity decreased during the first quarter of 2010 due to a lower level of corporate debt defaults. According to Moody's Investors Service, Inc., in the first quarter of 2010, a total of 16 issuers defaulted as compared to 90 in the corresponding 2009 period.

While we believe that the number and value of corporate defaults may continue to decline throughout the year, we expect that our Restructuring business should remain active over the next several years from the significant level of corporate defaults in 2009, as well as from advising companies during this period of volatility on matters relating to debt and financing restructuring and other on- and off-balance sheet assignments. Our Restructuring assignments normally are executed over a six- to eighteen-month period.

In April 2009, governmental officials in New York announced a new policy banning the use of placement agents by funds seeking investment contributions from the New York State and New York City public pension funds. The use of placement agents has also been prohibited or otherwise restricted with respect to investments by public pension funds in Illinois, Ohio and New Mexico, and similar measures are being considered in other jurisdictions and by the SEC. Our Private Fund Advisory Group, which is part of our Financial Advisory segment, acts as placement agent for investment funds, including investment funds that have historically received capital from certain of these affected public pension funds. We are continuing to evaluate the potential impact of these restrictions on our Private Fund Advisory Group.

Asset Management

As shown in the table below, major global market indices at March 31, 2010 increased modestly as compared to such indices at December 31, 2009 and increased significantly as compared to March 31, 2009.

	Percentage Change March 31, 2010 vs.	
	December 31, 2009	March 31, 2009
MSCI World Index	3%	49%
CAC 40	1%	42%
DAX	3%	51%
FTSE 100	5%	45%
TOPIX 100	8%	30%
MSCI Emerging Market	2%	77%
Dow Jones Industrial Average	4%	43%
NASDAQ	6%	57%
S&P 500	5%	47%

The fees that we receive for providing investment management and advisory services are primarily driven by the level of AUM. Accordingly, since market appreciation (depreciation) and foreign currency volatility impact the level of our AUM, such items will impact the level of revenues we receive from our Asset Management business. A substantial portion of our AUM is invested in equities, and market appreciation reflected in the changes in Lazard's AUM during the period generally corresponded to the changes in global market indices. While our AUM at March 31, 2010 increased modestly versus AUM at December 31, 2009, our average AUM during the first quarter of 2010 increased significantly as compared to our average AUM for the first quarter of 2009, reflecting significant market appreciation for the last nine months of 2009, and, to a lesser extent, the first three months of 2010, as well as net inflows over such twelve month period. Such increased AUM resulted in higher management fee revenues in the 2010 period.

Financial Statement Overview

Net Revenue

The majority of Lazard's Financial Advisory net revenue is earned from the successful completion of M&A transactions, strategic advisory matters, restructuring and capital structure advisory services, capital raising and similar transactions. The main drivers of Financial Advisory net revenue are overall M&A activity, the level of corporate debt defaults and the environment for capital raising activities, particularly in the industries and geographic markets in which Lazard focuses. In some client engagements, often those involving financially distressed companies, revenue is earned in the form of retainers and similar fees that are contractually agreed upon with each client for each assignment and are not necessarily linked to the completion of a transaction. In addition, Lazard also earns fees from providing strategic advice to clients, with such fees not being dependent on a specific transaction, and from public and private securities offerings for referring opportunities to LFCM Holdings for underwriting and distribution of securities. The referral fees received from LFCM Holdings are generally one-half of the revenue recorded by LFCM Holdings in respect of such activities. Significant fluctuations in Financial Advisory net revenue can occur over the course of any given year because a significant portion of such net revenue is earned upon the successful completion of a transaction, restructuring or capital raising activity, the timing of which is uncertain and is not subject to Lazard's control.

Lazard's Asset Management segment principally includes LAM, Lazard Frères Gestion SAS, FPG (through its disposition on September 30, 2009) and, effective July 15, 2009, Edgewater. Asset Management net revenue is derived from fees for investment management and advisory services provided to institutional and private clients. The main driver of Asset Management net revenue is the level of AUM, which is influenced by Lazard's investment performance, its ability to successfully attract and retain assets, the broader performance of the global equity markets and, to a lesser extent, fixed income markets. As a result, fluctuations in financial markets and client asset inflows and outflows have a direct effect on Asset Management net revenue and operating income.

Asset Management fees are generally based on the level of AUM measured as of the end of a quarter or month, and an increase or reduction in AUM at such dates, due to market price fluctuations, currency fluctuations, net client asset flows or otherwise, will result in a corresponding increase or decrease in management fees. The majority of our investment advisory contracts are generally terminable at any time or on notice of 30 days or less. Institutional and individual clients, and firms with which we have strategic alliances, can terminate their relationship with us, reduce the aggregate amount of AUM or shift their funds to other types of accounts with different rate structures for a number of reasons, including investment performance, changes in prevailing interest rates and financial market performance. In addition, as Lazard's AUM includes significant assets that are denominated in currencies other than U.S. dollars, changes in the value of the U.S. dollar relative to foreign currencies will impact the value of Lazard's AUM. Fees vary with the type of assets managed, with higher fees earned on equity assets, alternative investments (such as hedge funds) and private equity investments, and lower fees earned on fixed income and cash management products.

The Company earns performance-based incentive fees on various investment products, including traditional products and alternative investment funds such as hedge funds and private equity funds.

For hedge funds, incentive fees are calculated based on a specified percentage of a fund's net appreciation, in some cases in excess of established benchmarks. The Company records incentive fees on traditional products and hedge funds at the end of the relevant performance measurement period, when potential uncertainties regarding the ultimate realizable amounts have been determined. The performance fee measurement period is generally an annual period (unless an account terminates during the year), and therefore such incentive fees are usually recorded in the fourth quarter of Lazard's fiscal year. These incentive fees received at the end of the measurement period are not subject to reversal or payback. Incentive fees on hedge funds generally are subject to loss carryforward provisions in which losses incurred by the funds in any year are applied against certain future period net appreciation before any incentive fees can be earned.

For private equity funds, incentive fees may be earned in the form of a "carried interest" if profits arising from realized investments exceed a specified threshold. Typically, such carried interest is ultimately calculated on a whole-fund basis and, therefore, clawback of carried interests during the life of the fund can occur. As a result, incentive fees earned on our private equity funds are not recognized until potential uncertainties regarding the ultimate realizable amounts have been determined, including any potential for clawback.

Corporate segment net revenue consists primarily of net interest income, including amounts earned at LFB, and investment gains and losses on the Company's investment portfolio of LAM-managed equity funds and principal investments in equities, debt securities at LFB and alternative investment funds. Interest expense is also included in Corporate net revenue. Corporate net revenue can fluctuate due to changes in the fair value of investments classified as "trading", and with respect to "available-for-sale", when realized, or when a decline is determined to be other than temporary, with respect to "available-for-sale" and "held-to-maturity" investments, as well as due to changes in interest and currency exchange rates and in the levels of cash, investments and indebtedness.

Although Corporate segment net revenue during the 2010 period represented (4)% of Lazard's net revenue, total assets in Corporate represented 53% of Lazard's consolidated total assets as of March 31, 2010, which is attributable to assets associated with LFB, investments in government bonds, LAM-managed funds, other securities and cash.

Operating Expenses

The majority of Lazard's operating expenses relate to compensation and benefits for employees and managing directors. Our compensation and benefits expense includes amortization of the relevant portion of the restricted stock unit awards ("RSUs") under the Lazard Ltd 2005 Equity Incentive Plan ("2005 Plan") and the Lazard Ltd 2008 Incentive Compensation Plan (the "2008 Plan"), with such amortization generally determined on a straight-line basis over the vesting periods and not on the basis of revenue recognition. Compensation expense in any given period is dependent on many factors, including general economic and market conditions, our operating

and financial performance, staffing levels and competitive pay conditions, as well as the mix between current and deferred compensation. Our compensation expense-to-operating revenue ratio for the 2010 and 2009 periods was 60.3% and 74.6%, respectively (with such ratio excluding, in 2010, the compensation charge of approximately $25 million in connection with the accelerated vesting of RSUs related to the Company's change in retirement policy). See Note 13 of Notes to Condensed Consolidated Financial Statements for additional information regarding the Company's incentive plans.

Lazard's operating expenses also include "non-compensation expense", amortization of intangible assets related to business acquisitions and, in the 2010 and 2009 periods, restructuring expense. Non-compensation expense includes costs for occupancy and equipment, marketing and business development, technology and information services, professional services, fund administration and outsourced services, and other expenses. Amortization of intangibles related to business acquisitions related primarily to the July 2009 acquisition of Edgewater. Restructuring expense relates to the certain staff reductions and realignment of personnel in the first quarters of 2010 and 2009, and includes severance and related benefits expense, the acceleration of unrecognized expense pertaining to RSUs previously granted to individuals who were terminated and certain other costs related to these initiatives.

Provision (Benefit) for Income Taxes

Lazard Group primarily operates in the U.S. as a limited liability company that is treated as a partnership for U.S. federal income tax purposes. As a result, Lazard Group's income pertaining to the limited liability company is not subject to U.S. federal income taxes because taxes associated with such income represent obligations of the individual partners. Outside the U.S., Lazard Group operates principally through corporations and is subject to local income taxes. Income taxes (benefits) shown on Lazard's consolidated statements of operations are related to non-U.S. entities and to New York City Unincorporated Business Tax ("UBT") attributable to Lazard's operations apportioned to New York City. The Company's provision (benefit) for income taxes also includes a U.S. income tax provision attributable to Lazard Ltd's ownership interest in Lazard Group's operating income.

Noncontrolling Interests

The Company records a charge (credit) to noncontrolling interests relating to LAZ-MD Holdings' ownership interest in Lazard Group's net income (loss), which averaged 23%, and 38% for the 2010 and 2009 periods, respectively, and amounted to $(10) million and $(32) million, respectively. Also included in noncontrolling interests in our consolidated financial statements are amounts related to Edgewater and various LAM-related general partnership interests ("GPs") held directly by certain of our LAM managing directors.

See Note 12 of Notes to Condensed Consolidated Financial Statements for information regarding Company's noncontrolling interests.

Consolidated Results of Operations

Lazard's consolidated financial statements are presented in U.S. dollars. Many of our non-U.S. subsidiaries have a functional currency (*i.e.*, the currency in which operational activities are primarily conducted) that is other than the U.S. dollar, generally the currency of the country in which the subsidiaries are domiciled. Such subsidiaries' assets and liabilities are translated into U.S. dollars using exchange rates as of the respective balance sheet date while revenue and expenses are translated at average exchange rates during the respective periods based on the daily closing exchange rates. Adjustments that result from translating amounts from a subsidiary's functional currency are reported as a component of stockholders' equity. Foreign currency remeasurement gains and losses on transactions in non-functional currencies are included in the consolidated statements of operations.

During the 2010 and 2009 periods, the Company reported certain charges (the "2010 special items" and the "2009 special item," respectively, and collectively, the "2010 and 2009 special items") that resulted in a significant adverse impact on its operating results. The impact of such special items on the Company's condensed consolidated statements of operations are described in more detail in the table below.

	Three Months Ended March 31,			
	2010			2009
	Restructuring (a)	RSU Amortization Amendment (b)	Total	Restructuring (a)
	($ in thousands)			
Compensation		$24,860	$24,860	
Restructuring	$87,108		87,108	$62,550
Operating Income (Loss)	(87,108)	(24,860)	(111,968)	(62,550)
Income Tax (Benefit)	(5,680)	(1,363)	(7,043)	(6,401)
Noncontrolling Interest (Benefit)	(18,400)	(5,988)	(24,388)	(21,075)
Net Income (Loss) Attributable to Lazard Ltd.	$(63,028)	$(17,509)	$(80,537)	$(35,074)

(a) Restructuring plans announced in the first quarters of 2010 and 2009, respectively.
(b) Additional amortization expense in connection with the accelerated vesting of RSUs related to the change in the Company's retirement policy.

A discussion of the Company's consolidated results of operations for the 2010 and 2009 periods is set forth below, followed by a more detailed discussion of business segment results. For comparability purposes in the discussion that follows, the 2010 and 2009 results are shown in tables below, as applicable, on both an "as reported" U.S. GAAP and "excluding special items" non-U.S. GAAP basis.

	Three Months Ended March 31,					
	2010			2009		
	U.S. GAAP As Reported	Impact of Special Items (a)	Non-U.S. GAAP Excluding Special Items (b)	U.S. GAAP As Reported	Impact of Special Item (a)	Non-U.S. GAAP Excluding Special Item (b)
	($ in thousands)					
Net Revenue	$438,211		$ 438,211	$248,395		$ 248,395
Operating Expenses:						
Compensation and benefits	300,377	$ 24,860	275,517	203,532		203,532
Non-compensation expense	83,437		83,437	72,738		72,738
Amortization of intangible assets related to acquisitions	1,770		1,770	344		344
Restructuring	87,108	87,108	-	62,550	$ 62,550	-
Total operating expenses	472,692	111,968	360,724	339,164	62,550	276,614
Operating Income (Loss)	(34,481)	(111,968)	77,487	(90,769)	(62,550)	(28,219)
Provision (benefit) for income taxes	6,413	(7,043)	13,456	(4,175)	(6,401)	2,226
Net Income (Loss)	(40,894)	(104,925)	64,031	(86,594)	(56,149)	(30,445)
Less – Net Income (Loss) Attributable to Noncontrolling Interests	(7,360)	(24,388)	17,028	(33,098)	(21,075)	(12,023)
Net Income (Loss) Attributable to Lazard Ltd	$ (33,534)	$ (80,537)	$ 47,003	$ (53,496)	$(35,074)	$ (18,422)
Operating Income (Loss), As A % Of Net Revenue	(8)%		18%	(37)%		(11)%

(a) Represents charges related to the previously described special items. See Notes 13, 15 and 20 of Notes to Condensed Consolidated Financial Statements.
(b) A non-U.S. GAAP measure that management believes provides the most meaningful comparison between historical, present and future periods.

The table below describes the components of operating revenue, a non-U.S. GAAP measure used by the Company to manage total compensation and benefits expense to managing directors and employees. Management believes operating revenue provides the most meaningful basis for comparison between present, historical and future periods.

	Three Months Ended March 31,	
	2010	2009
	($ in thousands)	
Operating revenue		
Total revenue	$463,808	$275,852
Add (deduct):		
LFB interest expense (a)	(2,559)	(4,017)
Revenue related to noncontrolling interests (b)	(4,339)	1,070
Operating revenue	$456,910	$272,905

(a) The interest expense incurred by LFB is excluded from total revenue because LFB is a commercial bank and we consider its interest expense to be a cost directly related to the conduct of its business.
(b) Revenue related to the consolidation of noncontrolling interests is excluded from operating revenue because the Company has no economic interest in such amount. Further, such results are offset by a charge or credit to noncontrolling interests.

Certain key ratios, statistics and headcount information for the 2010 and 2009 periods are set forth below:

	Three Months Ended March 31,	
	2010	2009
As a % of Net Revenue, By Revenue Category:		
Investment banking and other advisory fees	62%	65%
Money management fees	40	40
Interest income	1	3
Other	3	3
Interest expense	(6)	(11)
Net Revenue	100%	100%

	As of March 31,	
	2010	2009
Headcount:		
Managing Directors:		
Financial Advisory	145	154
Asset Management	64	56
Corporate	9	8
Other Employees:		
Business segment professionals	975	968
All other professionals and support staff	1,099	1,121
Total	2,292	2,307

Operating Results

The Company's quarterly revenue and profits can fluctuate materially depending on the number, size and timing of completed transactions on which it advised, as well as seasonality and other factors. Accordingly, the revenue and profits in any particular quarter may not be indicative of future results. Lazard management believes that annual results are the most meaningful basis for comparison among present, historical and future periods. As reflected in the table of consolidated results of operations above, charges related to the 2010 and 2009 special items had a significant impact on the Company's reported operating results. Lazard management believes that comparisons between periods are most meaningful after excluding the impact of such items.

Three Months Ended March 31, 2010 versus March 31, 2009

The Company reported a net loss attributable to Lazard Ltd of $34 million, as compared to a net loss of approximately $54 million in the 2009 period. The Company's results in both periods were adversely affected by the 2010 and the 2009 special items, which served to increase the net loss attributable to Lazard Ltd in the 2010 and 2009 periods by $81 million and $35 million, respectively. Excluding the after-tax impact of the 2010 and 2009 special items in each year, net income attributable to Lazard Ltd in the 2010 period was $47 million, an increase of $65 million, as compared to the 2009 period. The changes in the Company's operating results during the periods are described below.

Net revenue increased $190 million, or 76%, as compared to the 2009 period, with operating revenue increasing $184 million, or 67%. Fees from investment banking and other advisory activities increased $108 million, or 67%, reflecting increases in all advisory activities as a $50 million, or 52%, increase in M&A and Strategic Advisory revenue, was accompanied by a $40 million, or 65%, increase in Restructuring revenue, and a $15 million, or 272%, increase in Capital Markets and Other Advisory revenue. Money management fees, including incentive fees, increased $78 million, or 79%, due to a $46 billion, or 54%, increase in average AUM for the 2010 period, primarily as the result of market appreciation experienced most significantly in the last nine months of 2009, and, to a lesser extent, the first three months of 2010, and net inflows during such periods, as well as higher incentive fees earned in the 2010 period. Interest income decreased $2 million, or 32%, due primarily to a lower interest rate environment and lower receivables from banks. Other revenue increased $4 million, or 54%, principally due to increased investment income. Interest expense decreased $2 million, or 7%, due to the lower interest rate environment and reduced levels of LFB's customer deposits.

Compensation and benefits expense for the 2010 period, including the 2010 special item of $25 million, increased $97 million, or 48%. When excluding the 2010 special item, compensation and benefits expense increased $72 million, or 35%, reflecting increases in the provision for discretionary bonuses relating to the increase in operating revenue. Compensation and benefits expense, excluding the 2010 special item, was 60.3% and 74.6% of operating revenue for the 2010 and 2009 periods, respectively.

Non-compensation expense increased $11 million, or 15%. Factors contributing to the increase were increased spending on travel and other business development activities, and increased fund administration expenses related to the increased level of business activity and AUM. The ratio of non-compensation expense to operating revenue was 18.3% as compared to 26.7% of operating revenue for the 2009 period.

Amortization of intangible assets increased $1 million principally due to the Edgewater acquisition in July 2009.

In the first quarter of 2010 and 2009, the Company announced plans to reduce certain staff and realign personnel. As a result, the 2010 and 2009 special items include restructuring charges of $87 million and $63 million, respectively, in connection with severance and benefit payments, the acceleration of unrecognized expense pertaining to RSUs previously granted to individuals who were terminated and certain other costs related to the restructuring initiatives.

Operating loss for the 2010 period was approximately $35 million, as compared to an operating loss of $91 million in the prior year period (with such amounts including the impact of the 2010 and 2009 special items) and, as a percentage of net revenue, was (8)% as compared to (37)% in the 2009 period. Excluding the impact of the 2010 and 2009 special items in each period, operating income was approximately $78 million, an increase of $106 million, as compared to an operating loss of $28 million in 2009, and, as a percentage of net revenue, was 18%, as compared to (11)%, respectively.

The provision for income taxes was $6 million, an increase of $10 million, as compared to a tax benefit of $4 million in the 2009 period. When excluding the tax benefits of $7 million and $6 million relating to the 2010 and 2009 special items, respectively, the income tax provision increased $11 million, principally due to increases in operating income in 2010.

Net loss attributable to noncontrolling interests decreased $26 million, as compared to the 2009 period. When excluding the impact of the 2010 and 2009 special items, net income attributable to noncontrolling interests increased $29 million, with such increase principally reflecting the increase in Lazard Group's net income. During the 2010 and 2009 periods, LAZ-MD Holdings ownership interests averaged 23% and 38%, respectively.

Business Segments

The following is a discussion of net revenue and operating income for the Company's business segments - Financial Advisory, Asset Management and Corporate. Each segment's operating expenses include (i) compensation and benefits expenses that are incurred directly in support of the segment and (ii) other operating expenses, which include directly incurred expenses for occupancy and equipment, marketing and business development, technology and information services, professional services, fund administration and outsourcing, and indirect support costs (including compensation and benefits expense and other operating expenses related thereto) for administrative services. Such administrative services include, but are not limited to, accounting, tax, legal, facilities management and senior management activities. Such support costs are allocated to the relevant segments based on various statistical drivers such as, among other items, headcount, square footage and transactional volume. As reflected in the tables below, each segment's operating results are presented, as applicable, on an "as reported" and "excluding special items" basis (see Note 20 of Notes to Condensed Consolidated Financial Statements).

Financial Advisory

The following table summarizes the operating results of the Financial Advisory segment:

	Three Months Ended March 31,			
	2010			2009
	U.S. GAAP As Reported	Impact of Special Item (a)	Non-U.S. GAAP Excluding Special Item (b)	U.S. GAAP As Reported
	($ in thousands)			
M&A and Strategic Advisory	$146,921		$146,921	$96,475
Restructuring	100,823		100,823	60,929
Capital Markets and Other Advisory	20,752		20,752	5,573
Net Revenue	268,496		268,496	162,977
Operating Expenses (c)	237,800	$19,571	218,229	177,621
Operating Income (Loss)	$30,696	$(19,571)	$50,267	$(14,644)
Operating Income (Loss), As A Percentage Of Net Revenue	11%		19%	(9)%

	As of March 31,	
	2010	2009
Headcount (d):		
Managing Directors	145	154
Other Employees:		
Business segment professionals	671	660
All other professionals and support staff	215	228
Total	1,031	1,042

(a) Represents the portion of the 2010 special item attributable to the Financial Advisory segment (see Note 20 of Notes to Condensed Consolidated Financial Statements).
(b) A non-U.S. GAAP measure that management believes provides the most meaningful comparison between historical, present and future periods.
(c) Includes indirect support costs (including compensation and benefits expense and other operating expenses related thereto).
(d) Excludes headcount related to indirect support functions, with such headcount being included in the Corporate segment.

Net revenue trends in Financial Advisory for M&A and Strategic Advisory and Restructuring are generally correlated to the volume of completed industry-wide M&A transactions and restructurings occurring subsequent to corporate debt defaults, respectively. However, deviations from this relationship can occur in any given year for a number of reasons. For instance, our results can diverge from industry-wide activity where there are material variances from the level of industry-wide M&A activity in a particular market where Lazard has significant market share, or regarding the relative number of our advisory engagements with respect to larger-sized transactions, and where we are involved in significant non-public assignments. Certain Lazard client statistics and global industry statistics are set forth below:

	Three Months Ended March 31,	
	2010	2009
Lazard Statistics:		
Number of Clients:		
Total	243	223
With Fees Greater than $1 million	58	38
Percentage of Total Financial Advisory Revenue from Top 10 Clients	37%	33%
Number of M&A Transactions Completed Greater than $1 billion (a)	3	8

(a) Source: Thomson Financial as of April 11, 2010.

The geographical distribution of Financial Advisory net revenue is set forth below in percentage terms. The offices that generate Financial Advisory net revenue are located in the U.S., Europe (principally in the U.K., France, Italy, Spain and Germany) and the rest of the world (principally in Australia).

	Three Months Ended March 31,	
	2010	2009
United States	54%	53%
Europe	44	44
Rest of World	2	3
Total	100%	100%

The Company's managing directors and many of its professionals have significant experience, and many of them are able to use this experience to advise on M&A, strategic advisory matters and restructuring transactions,

depending on clients' needs. This flexibility allows Lazard to better match its professionals with the counter-cyclical business cycles of mergers and acquisitions and restructurings. While Lazard measures revenue by practice area, Lazard does not separately measure the costs or profitability of M&A services as compared to restructuring services. Accordingly, Lazard measures performance in its Financial Advisory segment based on overall segment net revenue and operating income margins.

Financial Advisory Results of Operations

Financial Advisory's quarterly revenue and profits can fluctuate materially depending on the number, size and timing of completed transactions on which it advised, as well as seasonality and other factors. Accordingly, the revenue and profits in any particular quarter or period may not be indicative of future results. Lazard management believes that annual results are the most meaningful basis for comparison among present, historical and further periods. As reflected in the table of operating results of the Financial Advisory segment above, the portion of the 2010 special item attributable to the Financial Advisory segment had a significant impact on the segment's reported operating results for the 2010 period. Lazard management believes that comparisons between periods are most meaningful after excluding the impact of such item.

Three Months Ended March 31, 2010 versus March 31, 2009

Financial Advisory net revenue increased approximately $106 million, or 65%, as compared to the 2009 period, reflecting increases in M&A and Strategic Advisory revenue of $50 million, or 52%, Restructuring revenue of $40 million, or 65%, and Capital Markets and Other Advisory net revenue of $15 million, or 272%.

The increase in M&A and Strategic Advisory revenue was principally due to an increase in completed transactions in which we were engaged, higher average fees per M&A and Strategic Advisory assignment, and an increased number of engagements generating fee revenues greater than $1 million. Our major clients, which in the aggregate represented a significant portion of our M&A and Strategic Advisory revenue for the first quarter of 2010, included BI-Invest GP, Carilion Labs, Cazenove Group, FGX International, Kraft Foods, Lincoln Financial, Marken Group, NII Holdings, Premium Financing Specialists and Sensor Technologies.

Restructuring revenue is derived from various activities, including bankruptcy assignments, global debt and financing restructurings, distressed asset sales and advice on complex on- and off-balance sheet assignments, such as retiree health care obligations. The increase in Restructuring revenue in the first quarter of 2010 was principally driven by an increase in success fees, with such increase more than offsetting a decline in retainer fees earned. The decline in retainer fees is related to a lower number of active deals in the first quarter of 2010 versus that in the 2009 period, consistent with the industry trend previously described. Notable assignments completed in the first quarter of 2010 included JSC Alliance Bank, Evraz Group, Highstreet, R.H. Donnelly and Tropicana Entertainment.

The increase in Capital Markets and Other Advisory net revenue reflected increases in the value and the number of fund closings by our Private Fund Advisory Group, Registered Direct Offerings and private placements by our Capital Markets Group. Transactions in the first quarter of 2010 included Abenix, Amonix, Capstone Turbine, GP Investimentos, Gores III and Sterling Group III.

Operating expenses increased $60 million, or 34%, as compared to the 2009 period. Excluding the impact of the portion of the 2010 special item attributable to the Financial Advisory segment, operating expenses increased $41 million, or 23%. Contributing to the increase was a higher provision for discretionary bonuses related to the increase in operating revenue, and higher costs related to travel and other business development expenses, including recruiting and technology expenses.

Financial Advisory operating income was $31 million, an increase of $45 million, as compared to the 2009 period, and represented 11% of segment net revenues in the 2010 period. Excluding the impact of the portion of the 2010 special item attributable to the Financial Advisory segment, operating income in the 2010 period increased $65 million, and represented 19% of segment net revenues, as compared to (9)% in the 2009 period.

Asset Management

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

	As of	
	March 31, 2010	December 31, 2009
	($ in millions)	
AUM:		
International Equities	$ 31,601	$ 32,268
Global Equities	63,327	58,332
U.S. Equities	17,707	16,003
Total Equities	112,635	106,603
European and International Fixed Income	12,672	13,763
Global Fixed Income	1,694	1,794
U.S. Fixed Income	2,707	2,499
Total Fixed Income	17,073	18,056
Alternative Investments	4,297	3,936
Private Equity	896	839
Cash Management	71	109
Total AUM	$ 134,972	$ 129,543

Average AUM for the 2010 and 2009 periods is set forth below. Average AUM is based on an average of quarterly ending balances for the respective periods.

	Three Months Ended March 31,	
	2010	2009
	($ in millions)	
Average AUM	$132,256	$86,097

Total AUM at March 31, 2010 increased $5 billion, or 4%, as compared to that at December 31, 2009. Average AUM for the period was 54% higher than the average AUM for the 2009 period, which was principally the result of market appreciation (which was generally consistent with the industry as a whole) for the last nine months of 2009 and, to a lesser extent, the first three months of 2010, and net inflows occurring over such twelve month period. International, Global and U.S. equities represented 23%, 47% and 13% of total AUM at March 31, 2010, respectively, versus 25%, 45% and 12% of total AUM at December 31, 2009, respectively.

As of March 31, 2010 and December 31, 2009, approximately 89% of our AUM was managed on behalf of institutional clients, including corporations, labor unions, public pension funds, insurance companies and banks, and through sub-advisory relationships, mutual fund sponsors, broker-dealers and registered advisors and, as of both such dates, 11% of our AUM was managed on behalf of individual client relationships, which are principally with family offices and high-net worth individuals.

As of March 31, 2010, AUM denominated in foreign currencies represented approximately 43% of our total AUM, as compared to 45% at December 31, 2009. Foreign denominated AUM declines in value with the strengthening of the U.S. dollar and increases in value as the U.S. dollar weakens.

The following is a summary of changes in AUM for the 2010 and 2009 periods.

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
	($ in millions)	
AUM - Beginning of Period	$129,543	$91,109
Net Flows(a)	2,967	(2,447)
Market and Foreign Exchange Appreciation (Depreciation)	2,462	(7,578)
AUM - End of Period	$134,972	$81,084

(a) Includes inflows of $9,006 and $3,547 and outflows of $6,039 and $5,994 for the 2010 and 2009 periods, respectively.

Inflows in the first quarter of 2010 were in a broad range of products, with emphasis on Emerging Markets and Global Thematic Equity products, due to increased investments in existing accounts as well as new accounts gained. Outflows in the period occurred most significantly in European Fixed Income and European and U.K. Equity products.

As of April 23, 2010, AUM was $138.2 billion, a $3.2 billion increase since March 31, 2010. The change in AUM was due to market appreciation of $2.0 billion and net inflows of $1.2 billion. Market appreciation was approximately 1% of AUM since March 31, 2010, which was generally consistent with the increase in global market indices during that period.

The following table summarizes the operating results of the Asset Management segment.

	Three Months Ended March 31,			
	2010			2009
	U.S. GAAP As Reported	Impact of Special Item (a)	Non-U.S. GAAP Excluding Special Item (b)	U.S. GAAP As Reported
	($ in thousands)			
Revenue:				
Management Fees	$ 161,796		$ 161,796	$ 93,500
Incentive Fees	13,787		13,787	5,435
Other Income	7,888		7,888	3,658
Sub-total	183,471		183,471	102,593
Noncontrolling Interest Revenue	4,282		4,282	(1,070)
Net Revenue	187,753		187,753	101,523
Operating Expenses (c)	129,440	$ 2,902	126,538	90,440
Operating Income (Loss)	$ 58,313	$ (2,902)	$ 61,215	$ 11,083
Operating Income, As A Percentage of Net Revenue	31%		33%	11%

	As of March 31,	
	2010	2009
Headcount(d):		
Managing Directors	64	56
Other Employees:		
Business segment professionals	294	300
All other professionals and support staff functions	276	275
Total	634	631

(a) Represents the portion of the 2010 special item attributable to the Asset Management segment (see Note 20 of Notes to Condensed Consolidated Financial Statements).
(b) A non-U.S. GAAP measure that management believes provides the most meaningful comparison between historical, present and future periods.
(c) Includes indirect support costs (including compensation and benefits expense and other operating expenses related thereto).
(d) Excludes headcount related to indirect support functions, with such headcount being included in the Corporate segment.

The geographical distribution of Asset Management net revenue is set forth below in percentage terms:

	Three Months Ended March 31,	
	2010	2009
United States	54%	51%
Europe	35	37
Rest of World	11	12
Total	100%	100%

Asset Management Results of Operations

Asset Management's quarterly revenue and profits in any particular quarter or period may not be indicative of future results. Lazard management believes that annual results are the most meaningful basis for comparison among present, historical and future periods. As reflected in the table of operating results of the Asset Management segment above, the portion of the 2010 special item attributable to the Asset Management segment had a significant impact on the segment's reported operating results for the 2010 period. Lazard management believes that comparisons between periods are most meaningful after excluding the impact of such item.

Three Months Ended March 31, 2010 versus March 31, 2009

Asset Management net revenue increased $86 million, or 85%, as compared to the 2009 period. Management fees increased $68 million, or 73%, as compared to 2009, driven by a 54% increase in average AUM. This increase was due largely to the increase in equity market indices, net inflows, and the impact of a change in the mix of investment products. Incentive fees increased $8 million, or 154%, as compared to the 2009 period, relating to traditional long-only investment strategies. Other revenue increased $10 million, as compared to the 2009 period, principally due to losses in 2009 which did not recur in 2010, and increased commission income in the 2010 period.

Operating expenses increased $39 million, or 43%, as compared to the 2009 period. When excluding the 2010 special item, operating expenses increased $36 million, or 40%, principally due to a higher provision for

discretionary bonuses and profit pools related to the increase in operating revenue, as well as higher fees for outsourced services related to higher AUM and an increase in the amortization of intangible assets relating to the Edgewater acquisition.

Asset Management operating income was $58 million, an increase of $47 million, as compared to $11 million in the 2009 period, and represented 31% of segment net revenue. When excluding the impact of the 2010 special item, operating income increased $50 million, and represented 33% of segment net revenue as compared to 11% for the 2009 period.

Corporate

The following table summarizes the results of the Corporate segment:

	Three Months Ended March 31,					
	2010			2009		
	U.S. GAAP As Reported	Impact of Special Items (a)	Non-U.S. GAAP Excluding Special Items (b)	U.S. GAAP As Reported	Impact of Special Item (a)	Non-U.S. GAAP Excluding Special Item (b)
	($ in thousands)					
Interest Income	$ 4,480		$ 4,480	$ 5,764		$ 5,764
Interest Expense	(24,700)		(24,700)	(26,587)		(26,587)
Net Interest Income (Expense)	(20,220)		(20,220)	(20,823)		(20,823)
Other Revenue	2,182		2,182	4,718		4,718
Net Revenue (Expense)	(18,038)		(18,038)	(16,105)		(16,105)
Operating Expenses	105,452	$ 89,495	15,957	71,103	$ 62,550	8,553
Operating Income (Loss)	$(123,490)	$(89,495)	$ (33,995)	$ (87,208)	$(62,550)	$ (24,658)

	As of March 31,	
	2010	2009
Headcount (c):		
Managing Directors	9	8
Other Employees:		
Business segment professionals	10	8
All other professionals and support staff	608	618
Total	627	634

(a) Represents the portion of the 2010 and 2009 special items attributable to the Corporate segment (see Note 20 of Notes to Condensed Consolidated Financial Statements).
(b) A non-U.S. GAAP measure that management believes provides the most meaningful comparison between historical, present and future periods.
(c) Includes headcount related to support functions.

Corporate Results of Operations

As reflected in the table of operating results of the Corporate segment above, the 2010 and 2009 special items had a significant impact on the segment's reported operating results in such periods. Lazard management believes that comparisons between periods are most meaningful after excluding the impact of such items.

Three Months Ended March 31, 2010 versus March 31, 2009

Net interest expense was unchanged as compared to the 2009 period. Other revenue declined $3 million, or 54%, compared to the 2009 period, principally due to lower investment income.

Operating expenses increased $34 million, $27 million of which related to the net impact of the 2010 and 2009 special items attributable to the Corporate segment. When excluding the impact of the 2010 and 2009 special items, operating expenses increased $7 million, principally relating to a higher provision for discretionary bonuses.

Cash Flows

The Company's cash flows are influenced by the timing of the receipt of Financial Advisory and Asset Management fees, the timing of distributions to shareholders and payments of incentive compensation to managing directors and employees. M&A, Strategic Advisory and Asset Management fees are generally collected within 60 days of billing, while restructuring fee collections may extend beyond 60 days, particularly those that involve bankruptcies with court-ordered holdbacks. Fees from our private fund advisory activities are generally collected over a four-year period from billing and typically include an interest component.

Lazard Group traditionally pays a significant portion of its incentive compensation during the first four months of each calendar year with respect to the prior year's results.

Summary of Cash Flows:

	Three Months Ended March 31,	
	2010	**2009**
	($ in millions)	
Cash Provided By (Used In):		
Operating activities:		
Net income (loss)	$ (40.9)	$ (86.6)
Noncash charges (a)	160.9	97.3
Other operating activities (b)	(350.8)	(31.1)
Net cash provided (used) by operating activities	(230.8)	(20.4)
Investing activities (c)	77.0	(6.2)
Financing activities (d)	(47.7)	(51.0)
Effect of exchange rate changes	(11.7)	(5.5)
Net Decrease in Cash and Cash Equivalents	(213.2)	(83.1)
Cash and Cash Equivalents:		
Beginning of Period	917.3	909.7
End of Period	$ 704.1	$ 826.6

(a) Consists of the following:

Depreciation and amortization of property	$ 5.2	$ 5.7
Amortization of deferred expenses, stock units and interest rate hedge	153.9	91.6
Amortization of intangible assets related to business acquisitions	1.8	0.3
Gain on extinguishment of debt	-	(0.3)
	$ 160.9	$ 97.3

(b) Includes net changes in operating assets and liabilities relating to increases and decreases between periods in both the "deposits and other payables" and "receivables-net" captions on the statements of cash flows and

relates primarily to LFB. Included within the "receivables-net" caption on the statements of cash flows are amounts related to LFB's short-term deposits in the inter-bank market and with the Banque de France, which represent substantially all of the separately identified amount recorded as "receivables-net: banks" on the Company's statements of financial condition. The level of these deposits may be driven by the level of LFB customer and bank-related interest-bearing time and demand deposits (which can fluctuate significantly on a daily basis) and by changes in asset allocation.

(c) Principally relates to purchases and proceeds from sales and maturities of "available-for-sale" and "held-to maturity" securities, and, in the 2010 period, the disposition of our equity method investment in Sapphire (see Note 4 of Notes to Condensed Consolidated Financial Statements).

(d) Primarily includes distributions to noncontrolling interest holders, settlements of vested RSUs, Class A common stock dividends, repurchases of shares of Class A common stock and activity related to borrowings.

Liquidity and Capital Resources

The Company's liquidity and capital resources are derived from operating activities, financing agreements and equity offerings.

Operating Activities

Net revenue, operating income (loss) and cash receipts fluctuate significantly between quarters. In the case of Financial Advisory, fee receipts are principally dependent upon the successful completion of client transactions, the occurrence and timing of which is irregular and not subject to Lazard's control. In the case of Asset Management, incentive fees earned on AUM are generally not earned until the end of the applicable measurement period, which is generally the fourth quarter of Lazard's fiscal year, with the respective receivable collected in the first quarter of the following year.

Liquidity is significantly impacted by incentive compensation payments, a significant portion of which historically have been made during the first four months of the year. As a consequence, cash on hand generally declines in the beginning of the year and gradually builds over the remainder of the year. We also pay certain tax advances during the year on behalf of our managing directors, which serve to reduce their respective incentive compensation payments. We expect this seasonal pattern of cash flow to continue.

Lazard's consolidated financial statements are presented in U.S. dollars. Many of Lazard's non-U.S. subsidiaries have a functional currency (*i.e.*, the currency in which operational activities are primarily conducted) that is other than the U.S. dollar, generally the currency of the country in which such subsidiaries are domiciled. Such subsidiaries' assets and liabilities are translated into U.S. dollars at the respective balance sheet date exchange rates, while revenue and expenses are translated at average exchange rates during the year based on the daily closing exchange rates. Adjustments that result from translating amounts from a subsidiary's functional currency are reported as a component of members'/stockholders' equity. Foreign currency remeasurement gains and losses on transactions in non-functional currencies are included on the consolidated statements of operations.

We regularly monitor our liquidity position, including cash levels, credit lines, principal investment commitments, interest and principal payments on debt, capital expenditures and matters relating to liquidity and to compliance with regulatory net capital requirements. At March 31, 2010, Lazard had $932 million of cash and liquid securities, including $147 million of U.S. government debt and agencies securities and $80 million of investments in marketable equity securities and public and private asset management funds. We maintain lines of credit in excess of anticipated liquidity requirements. As of March 31, 2010, Lazard had approximately $258 million in unused lines of credit available to it, including a $150 million senior revolving credit facility with a group of lenders that matures in May 2010 (the "Credit Facility") (see "—Financing" below) and an aggregate of $86 million of unused lines of credit available to LFB and Edgewater. In addition, LFB has access to the Eurosystem Covered Bond Purchase Program of the Banque de France.

On April 29, 2010, Lazard Group entered into a $150 million, three-year revolving credit facility (the "2010 Credit Facility") pursuant to an agreement with the banks parties thereto and Citibank, N.A., as administrative agent. The 2010 Credit Facility replaces the prior Credit Facility, which was terminated as a condition to effectiveness of the 2010 Credit Facility.

The 2010 Credit Facility contains customary terms and conditions substantially similar to the prior Credit Facility. Such terms and conditions include limitations on consolidations, mergers, indebtedness and certain payments. Lazard Group's obligations under the 2010 Credit Facility may be accelerated upon customary events of default, including non-payment of principal or interest, breaches of covenants, cross-defaults to other material debt, a change in control and specified bankruptcy events.

The 2010 Credit Facility includes financial covenants that require that Lazard Group not permit (i) its maximum consolidated leverage ratio (as defined in the 2010 Credit Facility) to be greater than 4.00 to 1.00 or (ii) its minimum consolidated interest coverage ratio (as defined in the 2010 Credit Facility) to be less than 3.00 to 1.00.

Financing

Over the past several years, Lazard has entered into several financing agreements designed to strengthen both its capital base and liquidity. Each of these agreements is discussed in more detail in our consolidated financial statements and related notes included elsewhere in this Form 10-Q and in our Form 10-K. The table below sets forth our corporate indebtedness as of March 31, 2010 and December 31, 2009.

	Maturity Date	As of March 31, 2010	As of December 31, 2009	Increase (Decrease)
		($ in millions)		
Senior Debt:				
7.125%	2015	$ 538.5	$ 538.5	$ -
6.85%	2017	548.4	548.4	-
Subordinated Debt:				
3.25%(a)	2016	150.0	150.0	-
Total Senior and Subordinated Debt		$1,236.9	$ 1,236.9	$ -

(a) Convertible into shares of Class A common stock at an effective conversion price of $57 per share. One third in principal amount became convertible on and after July 1, 2008, an additional one third in principal amount became convertible on and after July 1, 2009, and a final one third in principal amount will become convertible on and after July 1, 2010, with no principal amounts convertible after June 30, 2011.

Lazard's annual cash flow generated from operations historically has been sufficient to enable it to meet its annual obligations. Lazard has not drawn on its Credit Facility since June 30, 2006. We believe that our cash flows from operating activities, along with the use of our credit lines as needed, should be sufficient for us to fund our current obligations for the next 12 months and beyond.

As long as the lenders' commitments remain in effect, any loan pursuant to the Credit Facility remains outstanding and unpaid or any other amount is owing to the lending bank group, the Credit Facility includes financial condition covenants that require that Lazard Group not permit (i) its Consolidated Leverage Ratio (as defined in the Credit Facility) for the 12-month period ending on the last day of any fiscal quarter to be greater than 4.00 to 1.00 or (ii) its Consolidated Interest Coverage Ratio (as defined in the Credit Facility) for the 12-month period ending on the last day of any fiscal quarter to be less than 3.00 to 1.00. For the 12-month period ended March 31, 2010 Lazard Group was in compliance with such ratios, with its Consolidated Leverage Ratio being 2.11 to 1.00 and its Consolidated Interest Coverage Ratio being 6.93 to 1.00. In any event, no amounts were outstanding under the Credit Facility as of March 31, 2010.

In addition, the Credit Facility, indenture and supplemental indentures relating to Lazard Group's senior notes, as well as its $150 Million Subordinated Convertible Note, contain certain other covenants (none of which relate to financial condition), events of default and other customary provisions. At March 31, 2010, the Company was in compliance with all of these provisions. We may, to the extent required and subject to restrictions contained in our financing arrangements, use other financing sources, which may cause us to be subject to additional restrictions or covenants.

Lazard Group's senior debt is currently rated BBB– (stable outlook) by both Standard & Poor's and Fitch Ratings and Bal by Moody's Investors Service. On February 3, 2010, Moody's announced that they had placed the ratings of Lazard Group on review for possible downgrade.

See Note 10 of Notes to Condensed Consolidated Financial Statements for additional information regarding senior and subordinated debt.

Stockholders' Equity

At March 31, 2010, total stockholders' equity was $569 million as compared to $523 million at December 31, 2009, including $171 million and $168 million of noncontrolling interests on the respective dates. The increase in stockholders' equity of $46 million in the three month period ended March 31, 2010 was principally due to (i) amortization of RSUs and deferred stock units ("DSUs") amounting to $151 million, partially offset by (i) a net loss of $41 million, (ii) $32 million for withholding taxes related to the delivery of Class A common stock in connection with the settlement of vested RSUs, (iii) decreases in AOCI (including noncontrolling interests' portion thereof) of $19 million, and (iv) Class A common stock dividends of $11 million. The decreases in AOCI described above are due primarily to (i) net negative foreign currency translation adjustments of $27 million, partially offset by net mark-ups and adjustments for items reclassified to earnings of $7 million related to securities designated as "available-for-sale".

On January 27, 2010, the Board of Directors of Lazard Ltd authorized, on a cumulative basis, a share repurchase program permitting the repurchase of up to $200 million in aggregate cost of its Class A common stock and Lazard Group common membership interests through December 31, 2011 (see Note 12 of Notes to Condensed Consolidated Financial Statements for information regarding the share repurchase program). During the three month period ended March 31, 2010 (other than shares withheld to cover estimated income taxes under the Company's compensation plans) the Company repurchased 25,650 shares of Class A common stock, at an aggregate cost of $1 million. Accordingly, at March 31, 2010, $199 million of the share purchase authorization remained available for future repurchases.

Regulatory Capital

We actively monitor our regulatory capital base. Our principal subsidiaries are subject to regulatory requirements in their respective jurisdictions to ensure their general financial soundness and liquidity, which require, among other things, that we comply with certain minimum capital requirements, record-keeping, reporting procedures, relationships with customers, experience and training requirements for employees and certain other requirements and procedures. These regulatory requirements may restrict the flow of funds to affiliates. See Note 19 of Notes to Condensed Consolidated Financial Statements for further information. These regulations differ in the U.S., the U.K., France and other countries in which we operate. Our capital structure is designed to provide each of our subsidiaries with capital and liquidity consistent with its business and regulatory requirements. For a discussion of regulations relating to us, see "Item 1-Business—Regulation" included in the Form 10-K.

Contractual Obligations

The following table sets forth information relating to Lazard's contractual obligations as of March 31, 2010:

	Contractual Obligations - Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
			($ in thousands)		
Senior and Subordinated Debt (including interest) (a)	$ 1,761,277	$ 80,805	$ 161,610	$161,610	$ 1,357,252
Operating Leases (exclusive of $94,546 of sublease income)	402,777	65,835	100,308	58,098	178,536
LAM Merger Cash Consideration (b)	90,348		90,348		
Capital Leases (including interest)	28,884	3,517	6,447	5,346	13,574
Private Equity Funding Commitments (c)	9,113	8,837	276		
Total (d)	$ 2,292,399	$ 158,994	$ 358,989	$225,054	$1,549,362

(a) See Note 10 of Notes to Condensed Consolidated Financial Statements.
(b) See Note 7 of Notes to Condensed Consolidated Financial Statements.
(c) See Note 11 of Notes to Condensed Consolidated Financial Statements.
(d) The table above excludes contingent obligations and any possible payments for uncertain tax positions given the inability to estimate the timing of the latter payments. See Notes 11, 13, 14 and 16 of Notes to Condensed Consolidated Financial Statements regarding information in connection with commitments, incentive plans, employee benefit plans and income taxes.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our consolidated financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in conformity with accounting principles generally accepted in the United States of America. The preparation of Lazard's consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, Lazard evaluates its estimates, including those related to revenue recognition, compensation liabilities, income taxes, investing activities and goodwill. Lazard bases these estimates on historical experience and various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Revenue Recognition

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

- there is persuasive evidence of an arrangement with a client,
- the agreed-upon services have been provided,
- fees are fixed or determinable, and
- collection is probable.

The Company earns performance-based incentive fees on various investment products, including traditional products and alternative investment funds such as hedge funds and private equity funds.

For hedge funds, incentive fees are calculated based on a specified percentage of a fund's net appreciation, in some cases in excess of established benchmarks. The Company records incentive fees on traditional products

and hedge funds at the end of the relevant performance measurement period, when potential uncertainties regarding the ultimate realizable amounts have been determined. The performance fee measurement period is generally an annual period (unless an account terminates during the year), and therefore such incentive fees are usually recorded in the fourth quarter of Lazard's fiscal year. These incentive fees received at the end of the measurement period are not subject to reversal or payback. Incentive fees on hedge funds generally are subject to loss carryforward provisions in which losses incurred by the funds in any year are applied against certain future period net appreciation before any incentive fees can be earned.

For private equity funds, incentive fees may be earned in the form of a "carried interest" if profits arising from realized investments exceed a specified threshold. Typically, such carried interest is ultimately calculated on a whole-fund basis and, therefore, clawback of carried interests during the life of the fund can occur. As a result, incentive fees earned on our private equity funds are not recognized until potential uncertainties regarding the ultimate realizable amounts have been determined, including any potential for clawback.

If, in Lazard's judgment, collection of a fee is not probable, Lazard will not recognize revenue until the uncertainty is removed. We maintain an allowance for doubtful accounts to provide coverage for estimated losses from our fee and customer receivables. We determine the adequacy of the allowance by estimating the probability of loss based on management's analysis of the client's creditworthiness and specifically reserve against exposures where we determine the receivables are impaired, which may include situations where a fee is in dispute.

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

At March 31, 2010 and December 31, 2009, the Company had receivables past due of approximately $20 and $14 million, respectively, and its allowance for doubtful accounts was $17 and $12 million, respectively.

Income Taxes

As part of the process of preparing its consolidated financial statements, Lazard is required to estimate its income taxes in each of the jurisdictions in which it operates. This process requires Lazard to estimate its actual current tax liability and to assess temporary differences resulting from differing book versus tax treatment of items, such as deferred revenue, compensation and benefits expense, unrealized gains or losses on investments and depreciation. These temporary differences result in deferred tax assets and liabilities, which are included within Lazard's consolidated statements of financial condition. Significant management judgment is required in determining Lazard's provision for income taxes, its deferred tax assets and liabilities and any valuation allowance recorded against its net deferred tax assets. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized and, when necessary, valuation allowances are established. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible. Management considers the level of historical taxable income, scheduled reversals of deferred taxes, projected future taxable income and tax planning strategies that can be implemented by the Company in making this assessment. If actual results differ from these estimates or Lazard adjusts these estimates in future periods, Lazard may need to adjust its valuation allowance, which could materially impact

Lazard's consolidated financial position and results of operations. Furthermore, management applies the more likely than not criteria prior to the recognition of a financial statement benefit of a tax position taken or expected to be taken in a tax return with respect to uncertainties in income taxes.

Tax contingencies can involve complex issues and may require an extended period of time to resolve. Changes in the geographic mix or estimated level of annual pre-tax income can affect Lazard's overall effective tax rate. Significant management judgment is required in determining Lazard's provision for income taxes, its deferred tax assets and liabilities and any valuation allowance recorded against its net deferred tax assets. Furthermore, Lazard's interpretation of complex tax laws may impact its recognition and measurement of current and deferred income taxes.

Investments

Investments consist principally of debt securities, equities, interests in LAM alternative asset management funds and other private equity investments.

These investments are carried at either fair value on the consolidated statements of financial condition, with any increases or decreases in fair value reflected (i) in earnings, to the extent held by our broker-dealer subsidiaries or when designated as "trading" securities within our non-broker-dealer subsidiaries, and (ii) in AOCI, to the extent designated as "available-for-sale" securities until such time they are realized and reclassified to earnings, or, if designated as "held-to-maturity" securities, amortized cost on the consolidated statements of financial condition. Any declines in the fair value of "available-for-sale" and "held-to-maturity" securities that are determined to be other than temporary are charged to earnings.

Gains and losses on investment positions held, which arise from sales or changes in the fair value of the investments, are not predictable and can cause periodic fluctuations in net income or AOCI and therefore subject Lazard to market and credit risk.

At March 31, 2010, net investments (representing total investments, net of securities sold, not yet purchased of $3 million), totaled $720 million, or 25% of total assets. Included in this amount is $423 million of debt securities, representing 59% of net investments that primarily consist of fixed and floating rate European corporate bonds, U.S. Government and agencies and UK and French government debt securities, all of which subject Lazard to market risk. Approximately 48%, 20%, 11%, 12% and 9% of such debt securities are invested in the government, financial, consumer, industrial and other sectors, respectively. At March 31, 2010, approximately 89% of the corporate bonds held investment grade ratings, and approximately $8 million of pre-tax unrealized losses are included in AOCI related to such portfolio.

Also included in the $720 million of net investments were $77 million, or 11%, of investments in equities (net of securities sold, not yet purchased) all of which subject the Company to market risk. We employ hedging strategies to reduce the market risk and, in turn, the volatility to earnings. Approximately 59% of such amount represents the Company's investment in marketable equity securities to seed asset management products and was invested 26%, 24%, 12% and 38% in the consumer, financial, industrial and other sectors, respectively. Asset Management fund investments represent the remaining 41% of total equities. The Company's asset management fund investments are diversified and may incorporate particular strategies; however, there are no investments in funds with single sector specific strategies.

In addition to the equity securities above, at March 31, 2010 Lazard held $52 million, or 7%, of net investments in LAM alternative asset management funds principally representing GP interests in LAM-managed hedge funds, which subject Lazard to market risk. The fair value of such interests reflects the pro rata value of the ownership of the underlying securities in the funds. Such funds are broadly diversified and may incorporate particular strategies; however, there are no investments in funds with a single sector specific strategy.

Private equity investments owned by Lazard of $102 million represent approximately 14% of net investments and 4% of total assets at March 31, 2010 and are comprised of investments in private equity funds and direct private equity interests that are generally not subject to short-term market fluctuation, but may subject Lazard to market/credit risk. Private equity investments primarily include (i) a mezzanine fund, which invests in mezzanine debt of a diversified selection of small- to mid-cap European companies (the “mezzanine fund”); (ii) CP II, a private equity fund targeting significant noncontrolling investments in established public and private companies; and (iii) Lazard Senior Housing Partners LP, which acquires companies and assets in the senior housing, extended-stay hotel and shopping center sectors.

The remaining $66 million, or 9%, of net investments at March 31, 2010 represents investments (i) accounted for under the equity method of accounting and (ii) private equity and general partnership interests that are consolidated but not owned by Lazard, and therefore do not subject the Company to market or credit risk. The applicable noncontrolling interests are presented within “stockholders’ equity” on the consolidated statements of financial condition.

At December 31, 2009, net investments (net of securities sold, not yet purchased of $5 million), totaled $803 million, or 25% of total assets. Included in this amount is $461 million of debt securities, representing 57% of net investments that primarily consist of fixed and floating rate European corporate bonds, U.S. Government and agencies and French government debt securities, all of which subject Lazard to market risk. Approximately 45%, 21%, 14%, 12% and 8% of such debt securities are invested in the government, financial, consumer, industrial and other sectors, respectively. At December 31, 2009, approximately 85% of the corporate bonds held investment grade ratings, and approximately $19 million of pre-tax unrealized losses are included in AOCI related to such portfolio.

Also included in the $803 million of net investments were $77 million, or 10%, of investments in equities (net of securities sold, not yet purchased) all of which subject the Company to market risk. Approximately 60% of such amount represents the Company’s investment in marketable equity securities to seed asset management products and was invested 27%, 25%, 10% and 38% in the consumer, financial, industrial and other sectors, respectively. Asset Management fund investments represent the remaining 40% of total equities. The Company’s asset management fund investments are diversified and may incorporate particular strategies; however, there are no investments in funds with single sector specific strategies.

In addition to the equity securities above, at December 31, 2009 Lazard held $50 million, or 6%, of net investments in LAM alternative asset management funds principally representing GP interests in LAM-managed hedge funds, which subject Lazard to market risk. The fair value of such interests reflects the pro rata value of the ownership of the underlying securities in the funds. Such funds are broadly diversified and may incorporate particular strategies; however, there are no investments in funds with a single sector specific strategy.

Private equity investments owned by Lazard of $103 million represent approximately 13% of net investments and 3% of total assets at December 31, 2009 and are comprised of investments in private equity funds and direct private equity interests that are generally not subject to short-term market fluctuation, but may subject Lazard to market/credit risk. Private equity investments primarily include (i) the mezzanine fund; (ii) CP II; and (iii) Lazard Senior Housing Partners LP.

The remaining $112 million, or 14%, of net investments at December 31, 2009 represents investments (i) accounted for under the equity method of accounting and (ii) private equity and general partnership interests that are consolidated but not owned by Lazard, and therefore do not subject the Company to market or credit risk. The applicable noncontrolling interests are presented within “stockholders’ equity” on the consolidated statements of financial condition.

The decrease in the net investments at March 31, 2010 compared to December 31, 2009 of $82 million relates to the disposition of the Company’s investment in Sapphire Industrials Corp. in January 2010 (see Note 4 of Notes to Condensed Consolidated Financial Statements) and sales and maturities in the corporate bond portfolio.

On January 1, 2008, the Company adopted the required fair value measurements accounting guidance issued by the FASB, which, among other things, defines fair value, establishes a framework for measuring fair value and enhances disclosure requirements about fair value measurements with respect to its financial assets and financial liabilities. Pursuant to such guidance, Lazard categorizes its investments and certain other assets and liabilities recorded at fair value into a three-level fair value hierarchy as follows:

Level 1. Assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that Lazard has the ability to access.

Level 2. Assets and liabilities whose values are based on quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in non-active markets or inputs other than quoted prices that are directly observable or derived principally from or corroborated by market data.

Level 3. Assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability. Items included in Level 3 include securities or other financial assets whose volume and level of activity have significantly decreased when compared with normal market activity and there is no longer sufficient frequency or volume to provide pricing information on an ongoing basis.

Principally all of the Company's investments in corporate bonds are considered Level 2 investments with such fair value based on observable data, principally broker quotes as provided by external pricing services. All other debt securities at fair value are considered Level 1 investments with such fair value based on unadjusted quoted prices in active markets.

The fair value of our equities is principally classified as Level 1 or Level 2 as follows: marketable equity securities are classified as Level 1 and are valued based on the last trade price on the primary exchange for that security; public asset management funds are classified as Level 1 and are valued based on the reported closing price for the fund; and investments in private asset management funds are classified as Level 2 and are primarily valued based on information provided by fund managers and secondarily, from external pricing services to the extent managed by LAM.

The fair value of our interests in LAM alternative asset management funds is classified as Level 2 and is based on information provided by external pricing services.

The fair value of our private equity investments is classified as Level 3 and is based on financial statements provided by fund managers, appraisals and internal valuations.

Where information reported is based on broker quotes, the Company generally obtains one quote/price per instrument. In some cases, quotes related to corporate bonds obtained through external pricing services represent the average of several broker quotes.

Where information reported is based on data received from fund managers or from external pricing services, the Company reviews such information to ascertain at which level within the fair value hierarchy to classify the investment.

For additional information regarding risks associated with our investments, see "Risk Management—Market and Credit Risks."

See Notes 4 and 5 of Notes to Condensed Consolidated Financial Statements for additional information regarding investments and certain other assets and liabilities measured at fair value, including the levels of fair value within which such measurements of fair value fall.

Assets Under Management

AUM managed by LAM and LFG, which represents substantially all of the Company's total AUM, principally consists of debt and equity instruments whose value is readily available based on quoted prices on a recognized exchange or by a broker. Accordingly, significant estimates and judgments are generally not involved in the calculation of the value of our AUM.

Goodwill

In accordance with current accounting guidance, goodwill has an indefinite life and is tested for impairment annually or more frequently if circumstances indicate impairment may have occurred. In this process, Lazard makes estimates and assumptions in order to determine the fair value of its assets and liabilities and to project future earnings using various valuation techniques. Lazard's assumptions and estimates are used in projecting future earnings as part of the valuation, and actual results could differ from those estimates. See Note 9 of Notes to Condensed Consolidated Financial Statements for additional information regarding goodwill.

Consolidation of VIEs

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

- Voting Interest Entities. Voting interest entities are entities in which (i) the total equity investment at risk is sufficient to enable the entity to finance itself independently and (ii) the equity holders have the obligation to absorb losses, the right to receive residual returns and the right to make decisions about the entity's activities. Lazard is required to consolidate a voting interest entity that it maintains an ownership interest in if it holds a majority of the voting interest in such entity.
- Variable Interest Entities. VIEs are entities that lack one or more of the characteristics of a voting interest entity. If Lazard has a variable interest, or a combination of variable interests, in a VIE, it is required to analyze whether it needs to consolidate such VIE.

Lazard is involved with various entities in the normal course of business that are VIEs and holds variable interests in such VIEs. Transactions associated with these entities primarily include investment management, real estate and private equity investments. Those VIEs for which Lazard was determined to be the primary beneficiary were consolidated in accordance with current accounting guidance. Those VIEs included company-sponsored venture capital investment vehicles established in connection with Lazard's compensation plans. In connection with the separation, Lazard Group transferred its general partnership interests in those VIEs to a subsidiary of LFCM Holdings. Lazard Group has determined that it is no longer the primary beneficiary with respect to those VIEs and, as a result, the Company no longer consolidates such VIEs.

Risk Management

The Company encounters risk in the normal course of business and therefore we have designed risk management processes to help manage and monitor such risks considering both the nature of our business and our operating model. The Company is subject to varying degrees of credit, market, operational and liquidity risks (see "—Liquidity and Capital Resources") and monitors these risks at both an entity and on a consolidated basis. Management within each of Lazard's operating locations are principally responsible for managing the risks within its respective businesses on a day-to-day basis.

Market and Credit Risks

Lazard is subject to credit and market risks and therefore has established procedures to assess such risks, as well as specific interest rate and currency risk, and has established limits related to various positions. Market and/or credit risks related to investments are discussed under "—Investments" above.

Lazard enters into interest rate swaps and foreign currency exchange contracts to hedge exposures to interest rates and currency exchange rates and uses equity swap contracts to hedge a portion of its market exposure with respect to certain equity investments.

At March 31, 2010 and December 31, 2009, derivative contracts related primarily to interest rate swaps, equity and foreign currency exchange rate contracts, and are recorded at fair value. Derivative assets amounted to $1 million at both March 31, 2010 and December 31, 2009, with derivative liabilities amounting to $18 million and $17 million at such respective dates.

With respect to LFB's operations, LFB engages in commercial banking activities that primarily include investing in securities, deposit taking and, to a lesser degree, lending. In addition, LFB may take open foreign exchange positions with a view to profit, but does not sell foreign exchange options in this context, and enters into interest rate swaps, forward foreign exchange contracts and other derivative contracts to hedge exposures to interest rate and currency fluctuations.

The primary market risks associated with LFB's securities portfolio, foreign currency exchange hedging and lending activities are sensitivity to changes in the general level of credit spreads and interest rate and foreign exchange risk. The risk management strategies that we employ use various risk sensitivity metrics to measure such risks and to examine behavior under significant adverse market conditions, such as those we are currently experiencing. The following sensitivity metrics provide the resultant effects on the Company's operating income for the period ended March 31, 2010:

- LFB's credit spread risk, as measured by a 100+/– basis point change in credit spreads totaled $(9) million and $10 million, respectively.
- LFB's interest rate risk as measured by a 100+/– basis point change in interest rates totaled $65 thousand.
- Foreign currency risk associated with LFB's open positions, in the aggregate, as measured by a 200+/– basis point change against the U.S. dollar, totaled approximately $27 thousand.

LFB fully secures its collateralized financing transactions with fixed income securities.

Risks Related to Receivables

We maintain an allowance for doubtful accounts to provide coverage for probable losses from our fee and customer receivables. We determine the adequacy of the allowance by estimating the probability of loss based on management's analysis of the client's creditworthiness and specifically reserve against exposures where we determine the receivables are impaired. At March 31, 2010, total receivables amounted to $727 million, net of an allowance for doubtful accounts of $17 million. As of that date, financial advisory fees and asset management fees, inter-bank deposits, customer and related party receivables comprised 60%, 23%, 15% and 2% of total receivables, respectively. At December 31, 2009, total receivables amounted to $669 million, net of an allowance for doubtful accounts of $12 million. As of that date, financial advisory fees and asset management fees, inter-bank deposits, customer and related party receivables comprised 65%, 22%, 11% and 2% of total receivables, respectively. See also "—Revenue Recognition" above and Note 3 of Notes to Condensed Consolidated Financial Statements for additional information regarding receivables.

Receivables from banks represent those related to LFB's short-term deposits in the inter-bank market and with the Banque de France. The level of these deposits may be driven by the level of LFB customer and bank-related interest-bearing time and demand deposits (which can fluctuate significantly on a daily basis) and by changes in asset allocation. Historically the risk of loss associated with such deposits is extremely low. The Company closely monitors the creditworthiness of counterparties to minimize its exposure to loss in adverse market conditions. Based on its review of its receivables from banks at March 31, 2010 and December 31, 2009, LFB has determined that an allowance for doubtful accounts related to such receivables from banks was not required.

Credit Concentration

To reduce the exposure to concentrations of credit from banking activities within LFB, the Company has established limits for corporate counterparties and monitors the exposure against such limits. At March 31, 2010, LFB had no exposure to an individual counterparty that exceeded $31 million (with such amount being fully collateralized), excluding deposits with inter-bank counterparties.

With respect to activities outside LFB, as of March 31, 2010, the Company's largest individual counterparty exposure was a Financial Advisory-related fee receivable of $28 million.

Risks Related to Short-Term Investments and Corporate Indebtedness

A significant portion of the Company's liabilities has fixed interest rates, while its cash and short-term investments generally have floating interest rates. Based on account balances as of March 31, 2010, Lazard estimates that operating income relating to cash and short-term investments and corporate indebtedness would change by approximately $7 million, on an annual basis, in the event interest rates were to increase or decrease by 1%.

As of March 31, 2010, the Company's cash and cash equivalents totaled $704 million. Approximately 33% of this was invested in short-term interest earning accounts at a number of leading banks throughout the world, or short-term certificates of deposit from such banks. The remaining cash and cash equivalents were invested in highly liquid institutional money market funds, a significant majority of which were invested solely in U.S. government or agency securities, or in institutional money market funds that have announced that they are participating in the U.S. Treasury Department's Temporary Guarantee Program for Money Market Funds. On a regular basis, management reviews and updates its list of approved depositor banks as well as deposit and investment thresholds.

Operational Risks

Operational risk is inherent in all our business and may, for example, manifest itself in the form of errors, breaches in the system of internal controls, business interruptions, fraud or legal actions due to operating deficiencies or noncompliance. The Company maintains a framework including policies and a system of internal controls designed to monitor and manage operational risk and provide management with timely and accurate information. Management within each of the operating companies is primarily responsible for its operational risk programs. The Company has in place business continuity and disaster recovery programs that manage its capabilities to provide services in the case of a disruption. We purchase insurance programs designed to protect the Company against accidental loss and losses, which may significantly affect our financial objectives, personnel, property, or our ability to continue to meet our responsibilities to our various stakeholder groups.

Recent Accounting Developments

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Risk Management

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

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Item 4. Controls and Procedures

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

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

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company's businesses, as well as the financial services industry generally, are subject to extensive regulation throughout the world. The Company is involved from time to time in a number of judicial, regulatory and arbitration proceedings and inquiries concerning matters arising in connection with the conduct of our businesses, including proceedings initiated by former employees alleging wrongful termination. The Company reviews such matters on a case-by-case basis and establishes any required reserves if a loss is probable and the amount can be reasonably estimated. Management believes, based on currently available information, that the results of such matters, in the aggregate, will not have a material adverse effect on the Company's financial condition but might be material to the Company's operating results or cash flows for any particular period, depending upon the operating results for such period.

Item 1A. Risk Factors

There were no material changes from the risk factors previously disclosed in the Company's Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

As described in Note 12 of Notes to Condensed Consolidated Financial Statements, on March 4, 2010, Lazard Ltd issued 37,129 shares of Class A common stock in reliance on Section 4(2) of the Securities Act of 1933 in connection with the exchange of 37,129 common membership interests of Lazard Group held by certain members of LAZ-MD Holdings as provided for in the Master Separation Agreement, dated as of May 10, 2005, by and among Lazard Ltd, Lazard Group, LAZ-MD Holdings and LFCM Holdings and other related documents.

Issuer Repurchases of Equity Securities

The following table sets forth information regarding Lazard's purchases of its Class A common stock on a monthly basis during the first quarter of 2010. Share repurchases are recorded on a trade date basis.

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
January 1, 2010 – January 31, 2010	713	$37.50	-	$200.0 million
February 1, 2010 – February 28, 2010	10,149	$37.87	-	$200.0 million
March 1, 2010 – March 31, 2010	908,382	$36.12	25,650	$199.0 million
Total	919,244	$36.14	25,650	

(1) On January 27, 2010, the Board of Directors of Lazard Ltd authorized, on a cumulative basis, the repurchase of up to $200 million in aggregate cost of Lazard Ltd Class A common stock and Lazard Group common membership interests through December 31, 2011. The share repurchase program will be used primarily to offset a portion of the shares to be issued under Lazard Ltd's 2005 Plan and 2008 Plan. Purchases under the share repurchase program may be made in the open market or through privately negotiated transactions. In addition, under the terms of the 2005 Plan and the 2008 Plan, upon the vesting of RSUs, shares of Class A common stock may be withheld by the Company to cover estimated income taxes. During the three month period ended March 31, 2010, the Company withheld 893,594 shares to cover estimated taxes upon the vesting of 5,767,912 RSUs.

(2) Amounts shown herein include repurchases of both Class A common stock and Lazard Group common membership interests. During the three month period ended March 31, 2010, the amounts shown include the March 2010 repurchase of 25,650 shares of Class A common stock in the aggregate amount of approximately $1.0 million, and exclude the shares of Class A common stock withheld by the Company to cover estimated income taxes as described above.

Item 3. Defaults Upon Senior Securities

None.

Item 4. [Reserved]

Item 5. Other Information

Submission of Matters to a Vote of Security Holders

On April 27, 2010, Lazard Ltd held its Annual General Meeting of Shareholders at which the shareholders voted upon (i) the election of Laurent Mignon, Gary W. Parr and Hal S. Scott, to the Board of Directors as Class II directors, each for a three-year term, (ii) amendments to our Bye-laws to eliminate certain procedures affecting the ability of the Board of Directors to remove our Chairman and Chief Executive Officer and provide that, under certain circumstances, our lead director, if any, may preside over meetings of our shareholders and of our Board of Directors and (iii) the ratification of the appointment of Deloitte & Touche LLP as Lazard's independent registered public accounting firm for 2010 and authorization of Lazard's Board of Directors, acting by its Audit Committee, to set their remuneration.

The shareholders elected all three directors, approved the amendments to our Bye-laws and approved the ratification of the appointment of Deloitte & Touche LLP as Lazard's independent registered public accounting firm for 2010. On each matter voted upon, the Class A common stock and Class B common stock voted together as a single class. The number of votes cast for, against or withheld and the number of abstentions or broker non-votes with respect to each matter voted upon, as applicable, is set forth below.

		For	Withheld	Abstain	Broker Non-Votes
1.	Election of Directors:				
	Laurent Mignon	66,642,446	25,980,339	*	10,084,039
	Gary W. Parr	87,829,154	4,793,631	*	10,084,039
	Hal S. Scott	73,420,612	19,202,173	*	10,084,039

		For	Against	Abstain	Broker Non-Votes
2.	Approve amendments to our Bye-laws to eliminate certain procedures affecting the ability of the Board of Directors to remove our Chairman and Chief Executive Officer and provide that, under certain circumstances, our lead director, if any, may preside over meetings of our shareholders and of our Board of Directors	102,594,288	62,012	50,524	*

		For	Against	Abstain	Broker Non-Votes
3.	Ratification of the appointment of Deloitte & Touche LLP as Lazard's independent registered public accounting firm for 2010 and authorization of Lazard's Board of Directors, acting by its Audit Committee, to set their remuneration.	101,806,079	770,125	130,620	*

* Not applicable

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New Credit Facility

On April 29, 2010, Lazard Group entered into a new $150 million, three-year revolving credit facility pursuant to an agreement with the banks parties thereto and Citibank, N.A., as administrative agent. For a description of the 2010 Credit Facility see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Financing". The summary of the 2010 Credit Facility is qualified in its entirety by reference to the Credit Agreement dated as of April 29, 2010 among Lazard Group LLC, the banks parties thereto and Citibank N.A., as Administrative Agent, which is attached as Exhibit 10.54 to this Form 10-Q.

Amendments to Bye-laws and Lazard Group Operating Agreement

On April 27, 2010, Lazard Ltd held its Annual General Meeting of Shareholders at which the shareholders voted to approve the proposed amendments to our Bye-laws to (i) eliminate certain procedures affecting the ability of the Board of Directors of Lazard Ltd to remove our Chairman and Chief Executive Officer or otherwise reduce or limit his or her power and authority; (ii) provide that, under certain circumstances, our lead director, if any, may preside over meetings of our shareholders and our Board of Directors and (iii) make certain other technical amendments. This summary of the amendments to our Bye-laws is qualified in its entirety by reference to the Second Amendment to the Amended and Restated Bye-laws of Lazard Ltd, which is attached as Exhibit 3.5 to this Form 10-Q.

In addition, on April 27, 2010, the Lazard Group Operating Agreement dated as of May 10, 2005, as amended, was also amended to eliminate certain procedures affecting the ability of the Board of Directors of Lazard Group to remove its Chairman and Chief Executive Officer or otherwise reduce or limit his or her power and authority. This summary of the amendment to the Lazard Group Operating Agreement is qualified in its entirety by reference to Amendment No. 3 to the Operating Agreement of Lazard Group LLC, which is attached as Exhibit 10.6 to this Form 10-Q.

Item 6. Exhibits

2.1	Master Separation Agreement, dated as of May 10, 2005, by and among the Registrant, Lazard Group LLC, LAZ-MD Holdings LLC and LFCM Holdings LLC (incorporated by reference to Exhibit 2.1 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on June 16, 2005).
2.2	Amendment No. 1, dated as of November 6, 2006, to the Master Separation Agreement, dated as of May 10, 2005, by and among the Registrant, Lazard Group LLC and LAZ-MD Holdings LLC (incorporated by reference to Exhibit 2.2 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on November 7, 2006).
2.3	Second Amendment dated as of May 7, 2008, to the Master Separation Agreement dated as of May 10, 2005, as amended, by and among Lazard Ltd, Lazard Group LLC and LAZ-MD Holdings LLC (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on May 8, 2008).
2.4	Class B-1 and Class C Members Transaction Agreement (incorporated by reference to Exhibit 2.2 to the Registrant's Registration Statement (File No. 333-121407) on Form S-1 filed on December 17, 2004).
3.1	Certificate of Incorporation and Memorandum of Association of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement (File No. 333-121407) on Form S-1/A filed on March 21, 2005).
3.2	Certificate of Incorporation in Change of Name of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement (File No. 333-121407) on Form S-1/A filed on March 21, 2005).
3.3	Amended and Restated Bye-Laws of Lazard Ltd (incorporated by reference to Exhibit 3.3 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on June 16, 2005).
3.4	First Amendment to Amended and Restated Bye-Laws of Lazard Ltd (incorporated by reference to Exhibit 3.4 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on May 9, 2008).
3.5	Second Amendment to the Amended and Restated Bye-Laws of Lazard Ltd.
4.1	Form of Specimen Certificate for Class A common stock (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement (File No. 333-121407) on Form S-1/A filed on April 11, 2005).
4.2	Indenture, dated as of May 10, 2005, by and between Lazard Group LLC and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.1 to Lazard Group LLC's Registration Statement (File No. 333-126751) on Form S-4 filed on July 21, 2005).
4.3	Amended and Restated Third Supplemental Indenture, dated as of May 15, 2008, by and among Lazard Group LLC and The Bank of New York, as trustee (and incorporated by reference to Exhibit 4.1 to the Registrants' Current Report on Form 8-K (Commission File No. 333-126751) filed on May 16, 2008).
4.4	Fourth Supplemental Indenture, dated as of June 21, 2007, between Lazard Group LLC and The Bank of New York, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on June 22, 2007).
4.5	Form of Senior Note (included in Exhibit 4.3).
10.1	Amended and Restated Stockholders' Agreement, dated as of November 6, 2006, by and among LAZ-MD Holdings LLC, the Registrant and certain members of LAZ-MD Holdings LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on November 7, 2006).

10.2	First Amendment, dated as of May 7, 2008, to the Amended and Restated Stockholders' Agreement dated as of November 6, 2006, between LAZ-MD Holdings LLC and Lazard Ltd. (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on May 9, 2008).
10.3	Operating Agreement of Lazard Group LLC, dated as of May 10, 2005 (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on June 16, 2005).
10.4	Amendment No. 1 to the Operating Agreement of Lazard Group LLC, dated as of December 19, 2005 (incorporated by reference to Exhibit 3.01 to Lazard Group LLC's Current Report on Form 8-K (File No. 333-126751) filed on December 19, 2005).
10.5	Amendment No. 2, dated as of May 7, 2008, to the Operating Agreement of Lazard Group LLC, dated as of May 10, 2005 (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on May 8, 2008).
10.6	Amendment No. 3, dated as of April 27, 2010, to the Operating Agreement of Lazard Group LLC, dated as of May 10, 2005.
10.7	Tax Receivable Agreement, dated as of May 10, 2005, by and among Ltd Sub A, Ltd Sub B and LFCM Holdings LLC (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on June 16, 2005).
10.8	Employee Benefits Agreement, dated as of May 10, 2005, by and among the Registrant, Lazard Group LLC, LAZ-MD Holdings LLC and LFCM Holdings LLC (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on June 16, 2005).
10.9	Insurance Matters Agreement, dated as of May 10, 2005, by and between Lazard Group LLC and LFCM Holdings LLC (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on June 16, 2005).
10.10	License Agreement, dated as of May 10, 2005, by and among Lazard Strategic Coordination Company, LLC, Lazard Frères & Co. LLC, Lazard Frères S.A.S., Lazard & Co. Holdings Limited and LFCM Holdings LLC (incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on June 16, 2005).
10.11	Administrative Services Agreement, dated as of May 10, 2005, by and among LAZ-MD Holdings LLC, LFCM Holdings LLC and Lazard Group LLC (incorporated by reference to Exhibit 10.7 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on June 16, 2005).
10.12	Business Alliance Agreement, dated as of May 10, 2005, by and between Lazard Group LLC and LFCM Holdings LLC (incorporated by reference to Exhibit 10.8 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on June 16, 2005).
10.13	Amendment and Consent, dated February 9, 2009, to the Business Alliance Agreement, dated as of May 10, 2005, by and between Lazard Group LLC and LFCM Holdings LLC (incorporated by reference to Exhibit 10.12 to Registrant's Annual Report (File No. 001-32492) on Form 10-K filed on March 2, 2009).
10.14	Amended and Restated Operating Agreement of Lazard Strategic Coordination Company LLC, dated as of January 1, 2002 (incorporated by reference to Exhibit 10.16 to the Registrant's Registration Statement (File No. 333-121407) on Form S-1/A filed on February 11, 2005).
10.15	Lease, dated as of January 27, 1994, by and between Rockefeller Center Properties and Lazard Frères & Co. LLC (incorporated by reference to Exhibit 10.19 to the Registrant's Registration Statement (File No. 333-121407) on Form S-1/A filed on February 11, 2005).
10.16	Lease with an Option to Purchase, dated as of July 11, 1990, by and between Sicomibail and Finabail and SCI du 121 Boulevard Hausmann (English translation) (incorporated by reference to Exhibit 10.20 to the Registrant's Registration Statement (File No. 333-121407) on Form S-1/A filed on February 11, 2005).

10.17	Occupational Lease, dated as of August 9, 2002, by and among Burford (Stratton) Nominee 1 Limited, Burford (Stratton) Nominee 2 Limited, Burford (Stratton) Limited, Lazard & Co., Limited and Lazard LLC (incorporated by reference to Exhibit 10.21 to the Registrant's Registration Statement (File No. 333-121407) on Form S-1/A filed on February 11, 2005).
10.18*	2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.21 to the Registrant's Registration Statement (File No. 333-121407) on Form S-1/A filed on May 2, 2005).
10.19*	Lazard Ltd's 2008 Incentive Compensation Plan (incorporated by reference to Annex B to the Registrant's Definitive Proxy Statement on Schedule 14A (File No. 001-32492) filed on March 24, 2008).
10.20*	2005 Bonus Plan (incorporated by reference to Exhibit 10.23 to the Registrant's Registration Statement (File No. 333-121407) on Form S-1/A filed on March 21, 2005).
10.21*	Amended and Restated Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of January 29, 2008, by and among Lazard Ltd, Lazard Group LLC and Bruce Wasserstein (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report (File No. 001-32492) on Form 8-K filed on February 1, 2008).
10.22*	Agreement Relating to Reorganization of Lazard, dated as of May 10, 2005, by and among Lazard LLC and Bruce Wasserstein (incorporated by reference to Exhibit 10.24 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on June 16, 2005).
10.23*	Amended and Restated Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of May 7, 2008, by and among the Registrant, Lazard Group LLC and Steven J. Golub (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report (File No. 001-32492) on Form 8-K filed on May 8, 2008).
10.24*	Amendment No. 1, dated as of February 26, 2009, to the Amended and Restated Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of May 7, 2008, by and among Lazard Ltd, Lazard Group LLC and Steven J. Golub (incorporated by reference to Exhibit 10.23 to Registrant's Annual Report (File No. 001-32492) on Form 10-K filed on March 2, 2009).
10.25*	Form of Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of May 4, 2005, applicable to, and related Schedule I for, each of Michael J. Castellano, Scott D. Hoffman and Charles G. Ward III (incorporated by reference to Exhibit 10.26 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on June 16, 2005).
10.26*	Form of First Amendment, dated as of May 7, 2008, to Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of May 4, 2005, for each of Michael J. Castellano, Scott D. Hoffman and Charles G. Ward, III (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on May 8, 2008).
10.27*	Second Amendment, dated as of February 26, 2009, to the Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of May 4, 2005 (as amended from time to time), for Michael J. Castellano (incorporated by reference to Exhibit 10.26 to Registrant's Annual Report (File No. 001-32492) on Form 10-K filed on March 2, 2009).
10.28*	Form of Agreements Relating to Retention and Noncompetition and Other Covenants (incorporated by reference to Exhibit 10.27 to the Registrant's Registration Statement (File No. 333-121407) on Form S-1/A filed on April 11, 2005).
10.29*	Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of October 4, 2004, by and between Lazard Group LLC and Alexander F. Stern (incorporated by reference to Exhibit 10.28 to Registrant's Annual Report (File No. 001-32492) on Form 10-K filed on March 2, 2009).
10.30*	First Amendment, dated as of March 23, 2010, to the Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of October 4, 2004, with Alexander F. Stern (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on March 23, 2010).

10.31*	Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of March 18, 2005, by and between Lazard Group LLC and Kenneth M. Jacobs (incorporated by reference to Exhibit 10.29 to the Registrant's Annual Report on Form 10-K (File No. 001-32492) filed on March 1, 2010).
10.32*	First Amendment, dated as of March 23, 2010, to the Agreement Relating to Retention and Noncompetition and Other Covenants, dated as of March 18, 2005, with Kenneth M. Jacobs (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-32492) field on March 23, 2010) .
10.33*	Amended and Restated Letter Agreement, effective as of January 1, 2004, between Vernon E. Jordan, Jr. and Lazard Frères & Co. LLC (incorporated by reference to Exhibit 10.28 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on June 16, 2005).
10.34*	Acknowledgement Letter, dated as of November 6, 2006 from Lazard Group LLC to certain managing directors of Lazard Group LLC modifying the terms of the retention agreements of persons party to the Amended and Restated Stockholders' Agreement, dated as of November 6, 2006 (incorporated by reference to Exhibit 10.23 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on November 7, 2006).
10.35	Letter Agreement, dated as of March 15, 2005, from IXIS Corporate and Investment Bank to Lazard LLC and Lazard Ltd (incorporated by reference to Exhibit 10.27 to the Registrant's Registration Statement (File No. 333-121407) on Form S-1/A filed on March 21, 2005).
10.36	Registration Rights Agreement, dated as of May 10, 2005, by and among Lazard Group Finance LLC, the Registrant, Lazard Group LLC and IXIS Corporate and Investment Bank (incorporated by reference to Exhibit 10.30 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on June 16, 2005).
10.37	Letter Agreement, dated as of May 10, 2005, with Bruce Wasserstein family trusts (incorporated by reference to Exhibit 10.31 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on June 16, 2005).
10.38	Senior Revolving Credit Agreement, dated as of May 10, 2005, among Lazard Group LLC, the Banks from time to time parties thereto, Citibank, N.A., The Bank of New York, New York Branch, JP Morgan Chase Bank, N.A. and JP Morgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.32 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on June 16, 2005).
10.39	First Amendment, dated as of March 28, 2006, to the Senior Revolving Credit Agreement, dated as of May 10, 2005, among Lazard Group LLC, the Banks from time to time parties thereto, Citibank, N.A., The Bank of New York, New York Branch, JP Morgan Chase Bank, N.A. and JP Morgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.34 to Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on May 11, 2006).
10.40	Second Amendment, dated as of May 17, 2006, to the Senior Revolving Credit Agreement, dated as of May 10, 2005, among Lazard Group LLC, the Banks from time to time parties thereto, Citibank, N.A., The Bank of New York, New York Branch, JP Morgan Chase Bank, N.A. and JP Morgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8- K (File No. 001-32492) filed on May 17, 2006).
10.41	Third Amendment, dated as of June 18, 2007, to the Senior Revolving Credit Agreement, dated as of May 10, 2005, among Lazard Group LLC, the Banks from time to time parties thereto, Citibank, N.A., The Bank of New York, New York Branch, JP Morgan Chase Bank, N.A. and JP Morgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on June 22, 2007).
10.42*	Description of Non-Executive Director Compensation (incorporated by reference to Exhibit 10.33 to the Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q for the quarter ended June 30, 2005).

10.43*	Form of Award Letter for Annual Grant of Deferred Stock Units to Non-Executive Directors (incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on September 8, 2005).
10.44*	Form of Agreement evidencing a grant of Restricted Stock Units to Executive Officers under the Lazard Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on January 26, 2006).
10.45*	Form of Agreement evidencing a grant of Restricted Stock Units to Executive Officers under the 2008 Incentive Compensation Plan (incorporated by reference to Exhibit 10.41 to Registrant's Annual Report (File No. 001-32492) on Form 10-K filed on March 2, 2009).
10.46*	Form of Agreement evidencing a grant of Deferred Cash Award to Executive Officers under the 2008 Incentive Compensation Plan (incorporated by reference to Exhibit 10.42 to Registrant's Annual Report (File No. 001-32492) on Form 10-K filed on March 2, 2009).
10.47	Termination Agreement, dated as of March 31, 2006, by and among Banca Intesa S.p.A., Lazard Group LLC and Lazard & Co. S.r.l. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on April 4, 2006).
10.48	Amended and Restated $150 Million Subordinated Convertible Promissory Note due 2018, issued by Lazard Funding LLC to Banca Intesa S.p.A. (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on May 17, 2006).
10.49	Amended and Restated Guaranty of Lazard Group LLC to Banca Intesa S.p.A., dated as of May 15, 2006 (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on May 17, 2006).
10.50*	Directors' Fee Deferral Unit Plan (incorporated by reference to Exhibit 10.39 to Registrant's Quarterly Report (File No. 001-32492) on Form 10-Q filed on May 11, 2006).
10.51*	First Amended Form of Agreement evidencing a grant of Restricted Stock Units to Executive Officers under the Lazard 2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.43 to Registrant's Annual Report (File No. 001-32492) on Form 10-K filed on March 1, 2007).
10.52	Agreement and Plan of Merger, dated as of August 14, 2008, by and among Lazard Ltd, LAZ Sub I, Lazard Asset Management LLC and Lazard Asset Management Limited (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K (File No. 001-32492) filed on August 15, 2008).
10.53*	Letter Agreement regarding employment dated as of April 21, 2010 between Lazard Group LLC and Gary W. Parr.
10.54	Senior Revolving Credit Agreement, dated as of April 29, 2010, among Lazard Group LLC, the Banks from time to time parties thereto, and Citibank, N.A., as Administrative Agent.
10.55*	Form of Agreement evidencing a grant of Restricted Stock under the 2008 Incentive Compensation Plan.
12.1	Computation of Ratio of Earnings to Fixed Charges.
31.1	Rule 13a-14(a) Certification of Kenneth M. Jacobs.
31.2	Rule 13a-14(a) Certification of Michael J. Castellano.
32.1	Section 1350 Certification for Kenneth M. Jacobs.
32.2	Section 1350 Certification for Michael J. Castellano.

* Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: April 30, 2010

LAZARD LTD

By: /s/ Kenneth M. Jacobs
Name: Kenneth M. Jacobs
Title: Chairman and Chief Executive Officer

By: /s/ Michael J. Castellano
Name: Michael J. Castellano
Title: Chief Financial Officer

Exhibit 3.5

SECOND AMENDMENT
TO
AMENDED AND RESTATED BYE-LAWS
OF
LAZARD LTD

This Second Amendment (this “Second Amendment”) to the Amended and Restated Bye-Laws of Lazard Ltd, an exempted company registered in Bermuda, adopted as of May 10, 2005 and amended on May 6, 2008 (the “Bye-Laws”), shall be effective as of April 27, 2010.

The Bye-Laws are hereby amended as follows:

1. Section 16.05 of the Bye-Laws is hereby amended by (i) deleting Section 16.05 in its entirety and (ii) inserting the following in place thereof:

“The chairman of the Board (the “Chairman”) of the Company shall preside as chairman at every general meeting of the Company or of any class of Shareholders. If there is no such Chairman, or if at any meeting the Chairman is not present or is unwilling to act as chairman, then the lead director (such person that may be designated as the lead director by the Board from time to time, the “lead director”), if any, shall preside as chairman at any such meeting. If there is no such Chairman or lead director, or if at any meeting the Chairman or lead director is not present or is unwilling to act as chairman, then the Directors present shall appoint one of those Directors who is willing to act as chairman of the meeting or, if only one Director is present, he or she shall preside as chairman, if willing to act. If none of the Directors present is willing to act as chairman, then the Director or Directors present may appoint any Officer who is present and willing to act as chairman of the meeting. In default of any such appointment, the persons present and entitled to vote shall elect any Officer who is present and willing to act as chairman or, if no Officer is present or if none of the Officers present is willing to act as chairman, one of their number to be chairman.”

2. Section 23.03 of the Bye-Laws is hereby amended by (i) deleting Section 23.03 in its entirety and (ii) inserting the following in place thereof:

“The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to any Director or Officer or any committee, consisting of such person or persons (whether Directors or not) as it thinks fit. The Board may make any such delegation on such terms and conditions with such restrictions as it thinks fit and either collaterally with, or to the exclusion of, its own powers and may from time to time revoke or vary such delegation, but no person dealing in good faith and without notice of such revocation or variation shall be affected by any revocation or variation. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the Board. The power to delegate to a committee extends to all the powers, authorities and discretions of the Board generally, and shall not be limited by the fact that in certain provisions of these Bye-Laws, but not in others, express reference is made to a committee or to particular powers, authorities or discretions being exercised by the Board or by a committee of the Board.

Without limiting the foregoing, the Board (i) may designate an Executive Committee (which shall consist of two or more Directors) to exercise, subject to applicable law, all of the powers of the Board between meetings of the Board and (ii) shall designate an Audit Committee, a Compensation Committee and a Nominating and Governance Committee, with each such committee to consist solely of Directors and to have such powers, authorities and discretions as the Board shall delegate to them.”

3. Section 24.03 of the Bye-Laws is hereby amended by deleting the provisio in the penultimate sentence in its entirety.

4. Section 24.08 of the Bye-Laws is hereby amended by (i) deleting Section 24.08 in its entirety and (ii) inserting the following in place thereof:

"The Chairman shall preside as chairman at every meeting of the Board, other than executive sessions of the non-management members of the Board. If there is no such Chairman, if the meeting is an executive session of the non-management members of the Board or if at any meeting the Chairman is not present or is unwilling to act as chairman at the meeting, then the lead director, if any, shall preside as chairman at any such meeting of the Board. If there is no such Chairman or lead director, or if at any meeting the Chairman or lead director is not present or is unwilling to act as chairman at the meeting, then the Directors present may choose one of their number to be chairman of the meeting."

5. Section 24.09 of the Bye-Laws is hereby amended by deleting the last sentence in its entirety.

6. Section 24.10 of the Bye-Laws is hereby amended by deleting the last sentence in its entirety.

7. Section 25.01 of the Bye-Laws is hereby amended by (i) deleting Section 25.01 in its entirety and (ii) inserting the following in place thereof:

"The Company shall have a Chairman and a deputy chairman, as the Board may from time to time determine, who shall be Directors and shall be elected by the Board; provided, that the role of deputy chairman shall not constitute an executive office of the Company. A person appointed to any such office shall vacate that office if that person ceases to be a Director."

8. Section 25.02 of the Bye-Laws is hereby amended by (i) deleting the first sentence in its entirety and (ii) inserting the following in place thereof:

"The Board may from time to time appoint one or more of its body to also hold any executive office with the Company for such period and on such terms as the Board may determine and may revoke or terminate any such appointment."

9. Section 25.05 of the Bye-Laws is hereby amended by (i) deleting the first sentence in its entirety and (ii) inserting the following in place thereof:

"Any person elected or appointed pursuant to this Article 25 shall hold office for such period and on such terms as the Board may determine, and the Board may revoke or vary any such appointment at any time for any reason."

Except as expressly set forth above, this Second Amendment shall not amend, impair or otherwise affect the Bye-Laws, which shall continue in full force and effect.

Exhibit 10.6

AMENDMENT NO. 3

TO

THE OPERATING AGREEMENT

OF

LAZARD GROUP LLC

This AMENDMENT NO. 3 (this "Amendment") to the Operating Agreement of Lazard Group LLC, a Delaware limited liability company, dated as of May 10, 2005, as amended by Amendment No. 1 dated as of December 19, 2005 and by Amendment No. 2 dated as of May 7, 2008 (such agreement, as so amended, the "Operating Agreement"), is entered into as of April 27, 2010.

WHEREAS, the Lazard Board (such term and all other capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Operating Agreement), each Managing Member, the Lazard Ltd Board and the Lazard Ltd Nominating Committee desire to amend the Operating Agreement as set forth in this Amendment.

NOW, THEREFORE, it is hereby agreed as follows:

1. AMENDMENTS.

(a) Section 1.01 of the Operating Agreement is hereby amended by (i) deleting the definition of "Lazard Ltd Board" and (ii) inserting the following in place thereof:

""Lazard Ltd Board" means the Board of Directors of Lazard Ltd."

(b) Section 3.02(d) of the Operating Agreement is hereby amended by deleting the last sentence in its entirety.

(c) Section 3.02(f) of the Operating Agreement is hereby amended by deleting the proviso in its entirety.

(d) Section 3.02(h) of the Operating Agreement is hereby amended by deleting the last sentence its entirety.

(e) Section 3.02(i) of the Operating Agreement is hereby amended by deleting the last sentence its entirety.

(f) Section 3.03(b) of the Operating Agreement is hereby amended by (i) deleting the first sentence its entirety and (ii) inserting the following in place thereof:

> "Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified or until his or her death or until he or she shall resign or retire, but any officer may be removed from office with or without cause at any time by the Lazard Board or, except in the case of an officer or agent elected by the Lazard Board, by the Chairman of the Board or Chief Executive Officer."

(g) Section 3.03(n) of the Operating Agreement is hereby amended by (i) deleting the first sentence its entirety and (ii) inserting the following in place thereof:

> "Any officer elected, or agent appointed, by the Lazard Board may be removed by the affirmative vote of a majority of the Lazard Board then in office with or without cause."

2. BINDING EFFECT. This Amendment shall be binding upon, and shall inure to the benefit of, all parties to the Operating Agreement and their respective successors and assigns.

3. EXECUTION IN COUNTERPARTS. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

4. INVALIDITY OF PROVISIONS. If any provision of this Amendment is declared or found to be illegal, unenforceable or void, in whole or in part, then the parties shall be relieved of all obligations arising under such provision, but only to extent that it is illegal, unenforceable or void, it being the intent and agreement of the parties that this Amendment shall be deemed amended by modifying such provision to the extent necessary to make it legal and enforceable while preserving its intent or, if that is not possible, by substituting therefor another provision that is legal and enforceable and achieves the same objectives, and the validity or enforceability of any other provision hereof shall not be affected thereby.

5. AGREEMENT IN EFFECT; EFFECTIVENESS. Except as hereby amended, the Operating Agreement shall remain in full force and effect. This Amendment shall be effective as of the date first written above.

6. GOVERNING LAW. This Amendment shall be governed by, and interpreted in accordance with, the laws of the State of Delaware, all rights and remedies being governed by such laws without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, the undersigned, acting pursuant to the power of attorney provided for by Section 10.10 of the Operating Agreement and the resolutions of (i) the Lazard Board adopted on February 23, 2010, (ii) each Managing Member adopted on April 27, 2010, (iii) the Lazard Ltd Nominating Committee adopted on February 22, 2010 and (iv) the Lazard Ltd Board adopted on February 23, 2010, has duly executed this Amendment on behalf of all Members as of the date first written above.

by

/s/ Scott D. Hoffman

Name: Scott D. Hoffman

Title: General Counsel

Exhibit 10.53

April 21, 2010

Mr. Gary W. Parr
Lazard Freres & Co. LLC
30 Rockefeller Plaza
New York, NY 10020

Dear Mr. Parr:

This letter will confirm our understanding regarding certain terms that will be applicable to your continued employment with Lazard Frères & Co. LLC ("Lazard").

Reference is hereby made to the letter agreement, dated as of September 3, 2008, between you and Lazard Group LLC regarding your employment with Lazard and which set forth your right to guaranteed annual compensation of no less than $10,000,000 for each of 2009 through 2012 (the "Prior Agreement"), subject to the terms of the Prior Agreement. The parties desire to amend and restate the Prior Agreement to reduce the portion of the guaranteed annual compensation that is payable to you as base salary for 2010, 2011 and 2012. Therefore, you and Lazard hereby agree that the Prior Agreement is amended and restated in its entirety to read as follows:

1. **Guarantee:** For the remaining portion of calendar year 2010 and for each of calendar years 2011 and 2012, as long as you remain employed by Lazard at the end of the relevant year or have been terminated without Cause (as defined in Annex 1), you will receive:

A. With effect as of the date hereof, an annual base salary at a rate of no less than $750,000, which will be payable in accordance with Lazard's normal practices, and

B. A payment of no less than $10,000,000 less amounts paid to you in the relevant year as salary (each of such amounts, the "Annual Payment").

The cash portion of the Annual Payment, together with amounts paid in the relevant year as salary, shall equal the greater of (a) $5,000,000 and (b) the Agreed Percentage (as defined in Annex 1) with respect to the relevant year. The remaining portion of the Annual Payment shall be granted in stock units of Lazard Ltd Class A Common Stock (upon the execution of an award agreement in substantially the same form as that executed by the Deputy Chairmen). The stock units shall be granted on the Agreed Terms with respect to the relevant year. The cash portion of the Annual Payment (less salary) shall be fully vested following the end of the relevant year and payable during the following year in three equal installments on each of the dates that the three distributions are paid to other similarly situated Lazard Managing Directors, currently on or about February 1, March 1 and March 15.

2. **Credit of Other Amounts.** Notwithstanding anything to the contrary contained in this letter agreement, you and we agree that 50% of the amounts, if any, received by you in connection with any Lazard-affiliated financial institutions fund shall be credited to the amounts otherwise payable to you under Paragraph 1 of this letter agreement. Lazard agrees that any such crediting will be effected in compliance with Section 409A of the Internal Revenue Code, as amended (the "Code"), and will not be effected to the extent it would result in the imposition of tax under that Section.

3. **Title; Status as "At Will" Employee:** During your continued employment with Lazard, you shall serve as Vice Chairman of Lazard, with responsibilities materially commensurate with those of the Deputy Chairmen. Subject to Paragraph 1 hereof, at all times, you will be treated as an "at will" employee who can be terminated or who can resign (subject to satisfaction of any applicable notice provisions) at any time for any reason or no reason at all. For the avoidance of doubt, on any termination of your employment by Lazard without Cause, all financial obligations of Lazard to you will vest as provided herein.

4. **Additional Obligations of Lazard:** In addition to the other obligations provided for in this letter, Lazard agrees to the provisions of Annex 2.

5. **Award Agreements:** We agree that the interest you currently own in Fox Pitt Kelton shall not be considered to be in violation of, or give rise to a violation of, any non-competition covenant contained in any restricted stock unit agreement or other award agreement between you, on one the hand, and Lazard, Lazard Ltd or any of their affiliates, on the other hand, whether entered into on, prior to or after the date of this letter (collectively, the "Award Agreements"). We also agree that any activities by Fox Pitt Kelton that do not involve any direct or indirect rendering of services by you shall not be considered to be in violation of, or give rise to a violation of, any nonsolicitation, no-hire or similar covenants contained in any Award Agreement. For the avoidance of doubt, this Paragraph 5 will supersede the provisions of any Award Agreement that is currently outstanding or that may be entered into on or after the date of this letter, unless such contemporaneous or later Award Agreement specifically references this letter. Except to the limited extent provided above, the Award Agreements shall remain in full force and effect.

6. **Governing Law; Arbitration:** This agreement and any claim related directly or indirectly to this agreement (including any claim concerning advice provided pursuant to this agreement) shall be governed and construed in accordance with the laws of the State of New York (without giving regard to the conflicts of law provisions thereof). All disputes, controversies and claims arising out of or relating to this agreement or any breach or termination or alleged breach or termination of this agreement shall be

governed by the dispute resolution provisions of the Award Agreement governing the restricted stock units most recently granted to you prior to the date of this Agreement. This letter agreement and the other outstanding Award Agreements represent our entire agreement with respect to your continued employment.

7. **Code Section 409A:** It is the intention of you and Lazard that the payments to which you could become entitled under this agreement comply with or are exempt from the definition of "nonqualified deferred compensation" under section 409A of the Code. Lazard agrees to administer this letter in a manner consistent with the foregoing statement of intent (including administering any change in your salary to comply with Section 409A). In this regard, notwithstanding anything in this agreement to the contrary, all cash amounts that become payable under this agreement on account of your termination of employment shall be paid no later than March 15 of the year following the year in which the date of termination occurred. Within the time period permitted by the applicable Treasury Regulations, in the event you and Lazard determine that the terms of this agreement do not comply with Section 409A, you and Lazard will negotiate reasonably and in good faith to amend the terms of this agreement such that it complies (in a manner that attempts to minimize the economic impact of such amendment to you and Lazard).

Please confirm your acceptance of the foregoing by executing the enclosed copy of this letter, upon which it shall become a binding agreement between us.

Very truly yours,

LAZARD GROUP LLC

By: /s/ Scott D. Hoffman
Scott D. Hoffman
Managing Director and
General Counsel

AGREED TO AND ACCEPTED:

/s/ Gary W. Parr
Gary W. Parr

Date: April 21, 2010

Annex 1

Certain Defined Terms

Agreed Percentage

"*Agreed Percentage*" means, for any year, (1) the percentage of the average cash portion of the annual total compensation that was paid with respect to the relevant year to the Deputy Chairmen who have not reached retirement age (or to the extent such percentage is not fixed before the beginning of such year in a manner that complies with Section 409A of the Code, the immediately preceding year) or (2) such other percentage as you and Lazard may agree in compliance with Section 409A of the Code.

Agreed Terms

"*Agreed Terms*" means, for any year, (1) substantially the same payment, vesting and other terms as applied to the Deputy Chairmen with respect to the prior year (or to the extent such terms are not fixed before the beginning of such year in a manner that complies with Section 409A of the Code, the immediately preceding year) or (2) such other terms as you and Lazard may agree to in compliance with Section 409A of the Code.

Cause

"*Cause*" means: (i) your conviction, or a guilty or *nolo contendere* plea (or the equivalent in a non-United States jurisdiction) by you to, a felony (or the equivalent in a non-United States jurisdiction), or of any other crime that legally prohibits you from working for Lazard or its affiliates; (ii) breach by you of a regulatory rule that materially adversely affects your ability to perform your duties; (iii) willful and deliberate failure on your part (A) to perform your employment duties in any material respect or (B) to follow specific reasonable directions received from Lazard or its Affiliates or to comply with the written policies of Lazard or its Affiliates in any material respect, in each case following written notice to you of such failure and, if such failure is curable, your failing to cure such failure within a reasonable time (but in no event less than thirty days); or (iv) a breach of a Covenant (as defined in the relevant Award Agreement) that is (individually or combined with other such breaches) demonstrably and materially injurious to the Lazard or any of its affiliates.

For purposes of this provision, no act or failure to act, on your part, shall be considered "willful" unless it is done, or omitted to be done, by you in bad faith or without reasonable belief that your action or omission was in the best interests of Lazard. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board of Directors of Lazard Ltd (the "Board") or upon the instructions of the Board or based upon the advice of counsel for Lazard shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of Lazard.

In addition, any requirement that your principal place of employment be relocated to a location that increases your commute by more than thirty miles from the commute to your principal place of employment for Lazard in New York, NY shall be treated as a termination without Cause for all purposes under the letter agreement and under any Award Agreement).

Annex 2

Additional Obligations of Lazard

Section 1. Certain Additional Payments by Lazard.

(a) Anything in the letter agreement to the contrary notwithstanding, in the event it shall be determined that any payment, benefit or distribution by Lazard Ltd or its affiliates to or for your benefit (whether paid or payable or distributed or distributable pursuant to the terms of the letter agreement or otherwise, but determined without regard to any additional payments required under this Section 1) (a "*Payment*") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by you with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "*Excise Tax*"), then you shall be entitled to receive an additional payment (a "*Gross-Up Payment*") in an amount such that after payment by you of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, but excluding any income taxes and penalties imposed pursuant to Section 409A of the Code, you retain an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Lazard's obligation to make Gross-Up Payments under this Section 1 shall not be conditioned upon your termination of employment.

(b) Subject to the provisions of Section 1(c), all determinations required to be made under this Section 1, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Deloitte & Touche LLP or such other nationally recognized certified public accounting firm reasonably acceptable to Lazard as may be designated by you (the "*Accounting Firm*"), which shall provide detailed supporting calculations both to Lazard and to you within 15 business days of the receipt of notice from you that there has been a Payment, or such earlier time as is requested by Lazard. All fees and expenses of the Accounting Firm shall be borne solely by Lazard. Any determination by the Accounting Firm shall be binding upon you and Lazard and its affiliates. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by Lazard should have been made ("*Underpayment*"), consistent with the calculations required to be made hereunder. In the event that Lazard exhausts its remedies pursuant to Section 1(c) and you thereafter are required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by Lazard to or for your benefit.

(c) You shall notify Lazard in writing of any claim by the Internal Revenue Service that, if successful, would require the payment of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after you are informed in writing of such claim, and shall apprise Lazard of the nature of such claim and the date on which such claim is requested to be paid. You shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to Lazard (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If Lazard notifies you in writing prior to the expiration of such period that it desires to contest such claim, you shall:

(i) give Lazard any information reasonably requested by Lazard relating to such claim,

(ii) take such action in connection with contesting such claim as Lazard shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by Lazard,

(iii) cooperate with Lazard in good faith in order to effectively contest such claim, and

(iv) permit Lazard to participate in any proceedings relating to such claim;

provided, however, that Lazard shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest, and shall indemnify and hold you harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 1(c), Lazard shall control all proceedings taken in connection with such contest, and, at its sole discretion, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the applicable taxing authority in respect of such claim and may, at its sole discretion, either pay the tax claimed to the appropriate taxing authority on your behalf and direct you to sue for a refund or contest the claim in any permissible manner, and you agree to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as Lazard shall determine; provided, however, that, if Lazard pays such claim and directs you to sue for a refund, Lazard shall indemnify and hold you harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties) imposed with respect to such payment or with respect to any imputed income with respect to such payment; and further provided, that any extension of the statute of limitations relating to payment of taxes for your taxable year with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, Lazard's control of the contest shall be limited to issues with respect to which the Gross-Up Payment would be payable hereunder, and you shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after your receipt of a Gross-Up Payment or payment by Lazard of an amount on your behalf pursuant to Section 1(c), you become entitled to receive any refund with respect to the Excise Tax to which such Gross-Up Payment relates or with respect to such claim, you shall (subject to Lazard's complying with the requirements of Section 1(c), if applicable) promptly pay to Lazard the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after payment by Lazard of an amount on your behalf pursuant to Section 1(c), a determination is made that you shall not be entitled to any refund with respect to such claim and Lazard does not notify you in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then the amount previously paid shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(e) Any Gross-Up Payment, as determined pursuant to this Section 1, shall be paid by Lazard to you within five days of the receipt of the Accounting Firm's determination; provided that, the Gross-Up Payment shall in all events be paid no later than the end of your taxable year next following your taxable year in which the Excise Tax (and any income or other related taxes or interest or penalties thereon) on a Payment are remitted to the Internal Revenue Service or any other applicable taxing authority or, in the case of amounts relating to a claim described in Section 1(c) that does not result in the remittance of any federal, state, local and foreign income, excise, social security and other taxes, the calendar year in which the claim is finally settled or otherwise resolved. Notwithstanding any other provision of this Section 1, Lazard may, in its sole discretion, withhold and pay over to the Internal Revenue Service or any other applicable taxing authority, for your benefit, all or any portion of any Gross-Up Payment, and you hereby consent to such withholding.

Section 2. Non-Disparagement

Lazard agrees that it and its affiliates shall not at any time, and Lazard Ltd shall instruct its directors and executive officers not to, make any comments or statements to the press, employees of Lazard or its affiliates, any individual or entity with whom the Company has a business relationship or any other person, if such comment or statement is disparaging to you or your reputation, except for truthful statement as may be required by law.

Exhibit 10.54

EXECUTION COPY

$150,000,000

CREDIT AGREEMENT

among

LAZARD GROUP LLC,
as Borrower,

The Several Banks from Time to Time Parties Hereto,

and

CITIBANK, N.A.,
as Administrative Agent

Dated as of April 29, 2010

CITIGROUP GLOBAL MARKETS INC.,
as Lead Arranger

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Exhibit B-2 - Form of Opinion of General Counsel to the Company
Exhibit B-3 - Form of Opinion of Wilmer Cutler Pickering Hale and Dorr LLP
Exhibit C - Form of Assignment and Assumption
Exhibit D - Form of Compliance Certificate
Exhibit E - Form of U.S. Tax Compliance Certificate

CREDIT AGREEMENT, dated as of April 29, 2010, among LAZARD GROUP LLC, a Delaware limited liability company (the "Company"), the several Banks, financial institutions, or other entities from time to time parties hereto, and CITIBANK, N.A., a national banking association ("Citibank"), as administrative agent for the Banks hereunder (in such capacity, the "Administrative Agent").

W I T N E S S E T H :

WHEREAS, the Company has applied to the Banks for loans in an aggregate principal amount at any one time outstanding not in excess of $150,000,000; and

WHEREAS, the Banks are willing to make the loans to the Company upon the terms and subject to the conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the following terms have the following meanings:

"Act": the Securities and Exchange Act of 1934, as amended from time to time.

"Adjustment Date": as defined in the Pricing Grid.

"Administrative Agent": Citibank, N.A., in its capacity as administrative agent for the Banks hereunder, and its successors in such capacity.

"Affiliate": any Person (other than a Subsidiary) which, directly or indirectly, is in control of, is controlled by, or is under common control with, the Company. For purposes of this definition, a Person shall be deemed to be "controlled by" the Company if the Company possesses, directly or indirectly, power to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Agreement": this Credit Agreement, as amended, supplemented or modified from time to time.

"Applicable Margin": the Applicable Margin will be determined in accordance with the Pricing Grid.

"Assignee": as defined in Section 12.7.

"Assignment and Assumption": an agreement substantially in the form of Exhibit C.

"Available Commitment": as to each Bank, at a particular time, an amount equal to the difference between (a) the amount of such Bank's Commitment and (b) the aggregate outstanding principal amount of Loans made by such Bank (after giving effect to any simultaneous repayment of Loans at such time); collectively, as to the Banks, the "Available Commitments".

"Banks": Citibank, State Street Bank and Trust Company and The Bank of New York Mellon, as parties to this Agreement, and permitted assignees pursuant to subsection 12.7 (individually, a "Bank").

"Benefited Bank": as defined in Section 12.8.

"Board of Directors": as to any Person, the board of directors or managers, as applicable, of such Person (or, if such Person is a partnership, the board of directors or other governing body of the general partner of such Person) or any duly authorized committee thereof.

"Board of Governors": the Board of Governors of the Federal Reserve System, or any successor entity to the functions of the Board of Governors of the Federal Reserve System.

"Borrowing Date": any Business Day on which the Banks make Loans hereunder, as specified in a notice pursuant to Section 2.6 or Section 2.7.

"Broker-Dealer Indebtedness": Indebtedness of the Subsidiaries of the Company which are registered broker-dealers.

"Business Day": a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close; provided, that when such term is used to describe a day on which a borrowing, payment or interest rate determination is to be made in respect of a Eurodollar Loan, or the first day or last day of an Interest Period in respect of a Eurodollar Loan, a Business Day must also be a day on which commercial banks are open for dealings in U.S. Dollar deposits in London.

"Capital Lease Obligations": as to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"Capital Stock": any and all shares and interests (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing but excluding any profit participation interests and the equity units of Lazard Asset Management LLC issued pursuant to the Lazard Asset Management LLC Limited Liability Company Agreement.

"Cash Equivalents": (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition; (b) certificates of deposit, time deposits, eurodollar time deposits or overnight bank deposits having maturities of six months or less from the date of acquisition issued by any Bank or by any commercial bank organized under the laws of the United States or any state thereof having combined capital and surplus of not less than $500,000,000; (c) commercial paper of an issuer rated at least A-1 by S&P or P-1 by Moody's, or carrying an equivalent rating by a nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of commercial paper issuers generally, and maturing within six months from the date of acquisition; (d) repurchase obligations of any Bank or of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than 30 days, with respect to securities issued or fully guaranteed or insured by the United States government; (e) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P or A by Moody's; (f) securities with maturities of six months or less from the date of acquisition backed by standby letters of credit issued by any Bank or any commercial bank satisfying the requirements of clause (b) of this definition; (g) money market mutual or similar funds that invest exclusively in assets satisfying the requirements of clauses (a) through (f) of this definition; or (h) money market funds that (i) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, as amended, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least $5,000,000,000.

"Change in Control": (a) the acquisition by any individual or group (other than the Managing Directors, LAZ-MD Holdings, or, in the case of the Company, Holdings or its controlled affiliates) of beneficial ownership of more than 35% of either (i) the then-outstanding shares of Holdings Capital Stock, assuming the full exchange of all of the then-outstanding Exchangeable Interests for shares of Holdings Capital Stock in accordance with the Master Separation Agreement, (ii) the then-outstanding shares of Company Capital Stock or (iii) the combined voting power of the then-outstanding voting securities of the Company (if applicable) or Holdings entitled to vote generally in the election of directors (other than, for the purposes of this clause (a), any acquisition that would otherwise be a Change in Control under this clause (a) pursuant to which the Company and Holdings become Subsidiaries of another person (such person, the "Parent Company") and such Parent Company shall not have an individual or group having beneficial ownership of more than 35% of the Capital Stock of the Parent Company generally entitled to elect the directors of the Parent Company), (b) failure of Continuing Directors to constitute a majority of the Board of Directors of Holdings, (c) failure of the

Managing Directors to hold, directly or indirectly, Holdings Capital Stock or securities convertible or exchangeable into Holdings Capital Stock (including, without limitation, Exchangeable Interests, restricted stock, restricted stock units or other issuances under Holdings' equity incentive plan) constituting at least 7.5% (on an as exchanged basis) of the amount of Holdings Capital Stock outstanding as of the Effective Date (or, in the case of the formation of any Parent Company, references to Holdings Capital Stock in this clause (c) shall refer to the Capital Stock of the Parent Company generally entitled to elect the directors of the Parent Company (with such percentage to be based upon the shares of such Capital Stock received by holders of Holdings Capital Stock received pursuant to the formation of such Parent Company)) or (d) failure of Holdings to beneficially own or be entitled to exercise, directly or indirectly, the right (whether by contract, limited liability company agreement, bylaws, agreement or otherwise) to elect a majority of the Board of Directors of the Company.

"Code": the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and the rulings issued thereunder.

"Commitment": as to each Bank, its obligation to make Loans to the Company in an aggregate principal amount not to exceed the amount set forth opposite such Bank's name on Schedule 1.1A; collectively, as to the Banks, the "Commitments".

"Commitment Fee Rate": the Commitment Fee Rate will be determined in accordance with the Pricing Grid.

"Commitment Percentage": as to each Bank, the percentage of the amount of the aggregate Commitments constituted by the amount of such Bank's Commitment.

"Commitment Period": on any date of determination thereof, the period from and including the Effective Date to but not including the earlier to occur of (a) the Maturity Date or (b) such other date as the Commitments shall terminate as provided herein.

"Common Interest": as defined in the operating agreement of the Company or any other Capital Stock of the Company which shall replace the Common Interest.

"Commonly Controlled Entity": an entity, whether or not incorporated, which is under common control with the Company within the meaning of Section 4001 of ERISA or is part of a group that includes the Company and that is treated as a single employer under Section 414(b) or (c) of the Code.

"Communications": as defined in Section 12.2.

"Company Capital Stock": the Common Interests of the Company.

"Consolidated Adjusted EBITDA": for any period, an amount determined for the Company and its Subsidiaries on a consolidated basis equal to (a) the sum, without duplication, of the amounts for such period of (i) Consolidated Net Income, (ii) Consolidated Interest Expense, (iii) provisions for taxes based on income plus tax distributions in accordance with the Company's operating agreement (computed on a cash

basis), (iv) total depreciation expense, (v) total amortization expense, (vi) other non-cash expenses, fees, charges, reserves or losses reducing Consolidated Net Income, including provisions for minority interests to the extent exceeding cash distributions to the related minority interest holders (excluding any such non-cash item otherwise included in this clause (vi) to the extent that such item represents an accrual or reserve for potential cash items in any future period or amortization of a prepaid cash item that was paid in a prior period (other than severance or restructuring related expenses or charges, which shall be added back); minus (b) non-cash items increasing Consolidated Net Income for such period (excluding any such non-cash items to the extent it represents the reversal of an accrual or reserve for potential cash item in any prior period).

"Consolidated Interest Coverage Ratio": for any period, the ratio of (a) Consolidated Adjusted EBITDA for such period to (b) Consolidated Interest Expense for such period.

"Consolidated Interest Expense": for any period, total cash interest expense (including that attributable to Capital Lease Obligations, but excluding debt issuance costs and similar charges and any amortization thereof) of the Company and its Subsidiaries for such period with respect to all outstanding Indebtedness of the Company and its Subsidiaries (including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing); less (i) interest income on marketable securities, and (ii) in the case of Broker-Dealer Indebtedness and the Indebtedness of Lazard Frères Banque, interest income related to such Indebtedness. Consolidated Interest Expense shall not include the portion of the payments due under the terms of "mandatory" convertible or "mandatory" exchangeable securities (it being understood that such exchangeable securities refers to securities exchangeable into equity) representing contract adjustment payments (including interest accretion on the contract adjustment payment related liability) or the interest accruals under the Paris Profit Sharing Plan.

"Consolidated Leverage Ratio": as at the last day of any fiscal quarter, the ratio of (a) Consolidated Total Debt on such day to (b) Consolidated Adjusted EBITDA for the period of four consecutive fiscal quarters then ended.

"Consolidated Net Income": for any period, the net income (or loss) of the Company and its Subsidiaries on a consolidated basis for such period taken as a single accounting period determined in conformity with GAAP; provided, that there shall be excluded (a) any net after-tax extraordinary or nonrecurring or unusual gains, losses, expenses or charges, including without limitation those attributable to business dispositions, asset dispositions (other than in the ordinary course of business), discontinued operations and the early extinguishment of indebtedness, (b) any fees, expenses or charges related to any offering of equity interests or debt of any kind or related to any acquisition or merger or similar transaction (whether or not successful), including any fees, expenses, charges or change in control payments related to such transaction, (c) the impact of any cumulative change in accounting principles during the applicable period, (d) any non-cash impairment charge or asset write off resulting from the application of SFAS 142 and 144, and the amortization of intangibles arising pursuant

to SFAS 141 and (e) any non-cash expenses realized or resulting from employee benefit plans or post-employment benefit plans, grants of restricted stock, restricted stock units, stock appreciation rights, stock options or other rights, or one-time non-cash compensation charges (including any cash expenditure for the acquisition of equity interests of Holdings to be so granted to the extent that Holdings or any of its subsidiaries contributes to or otherwise invests in the equity of the Company a corresponding amount of cash). In addition, Consolidated Net Income shall be reduced by an amount equal to the tax distributions (computed on a cash basis) in accordance with the Company's operating agreement.

"Consolidated Total Debt": at any date, the aggregate principal amount of all Indebtedness of the Company and its Subsidiaries at such date, determined on a consolidated basis in accordance with GAAP; provided that, without duplication, "Consolidated Total Debt" shall not include (a) the Indebtedness of Lazard Frères Banque or any Broker-Dealer Indebtedness (other than Broker-Dealer Indebtedness that is included in the calculation used to determine the capital requirements of any of the Company's Subsidiaries) or (b) up to $200,000,000 aggregate principal amount of Indebtedness in respect of (i) the Intesa Notes and (ii) any Indebtedness of equal or junior ranking to the Intesa Notes.

"Continuing Directors": the directors constituting Holdings' Board of Directors at the close of business on the Effective Date, and each other director, if, in each case, such other director's nomination for election to the Board of Directors of Holdings is recommended or approved by at least a majority of the then Continuing Directors.

"Contractual Obligation": as to any Person, any provision of any security issued by such Person or of any agreement, instrument or undertaking to which such Person is a party or by which it or any of its property is bound.

"Credit Documents": any of this Agreement or the Notes and all other certificates, documents, instruments or agreements executed and delivered by the Company for the benefit of the Administrative Agent and the Banks in connection herewith.

"Default": any of the events specified in Section 9, whether or not any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Defaulting Lender": means any Bank, as determined by the Administrative Agent, that has (a) failed to fund any portion of its Loans within three (3) Business Days of the date required to be funded by it hereunder, (b) notified the Company, the Administrative Agent, or any Bank in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement or under other agreements in which it commits to extend credit, (c) failed, within three (3) Business Days after request by the Administrative Agent, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Loans, (d) otherwise failed to pay over to the Administrative Agent or any other Bank any other amount required to be paid by it hereunder within three (3) Business Days of

the date when due, unless the subject of a good faith dispute, or (e) (i) become or is insolvent or has a parent company that has become or is insolvent or (ii) become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment or has a parent company that has become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment.

"Designated Asset Sale": the sale, transfer or other disposition of any Capital Stock of any Designated Subsidiary, or issuance of any Capital Stock of any Designated Subsidiary, in each case to a Person other than the Company or a Wholly Owned Subsidiary of the Company.

"Designated Subsidiary": each of Lazard Frères & Co. LLC, Lazard Asset Management LLC, Lazard & Co., Limited and Lazard Frères SAS and each of their respective successors.

"Disposition Amount": as defined in Section 2.18.

"Effective Date": the date on which all the conditions set forth in Section 5.1 are satisfied.

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA, as in effect at the Effective Date and any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

"Eurocurrency Reserve Requirements": for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the maximum rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board or other Governmental Authority having jurisdiction with respect thereto) dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board of Governors) maintained by a member bank of the Federal Reserve System.

"Eurodollar Base Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, the rate per annum determined on the basis of the rate for deposits in Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on the Reuters Screen LIBOR01 Page as of 11:00 A.M., London time, two (2) Business Days prior to the beginning of such Interest Period. In the event that such rate does not appear on the Reuters Screen LIBOR01 Page (or otherwise on such screen), the "Eurodollar Base Rate" shall be determined by reference to such other comparable publicly available service for displaying eurodollar rates as may

be selected by the Administrative Agent or, in the absence of such availability, by reference to the rate at which the Administrative Agent is offered Dollar deposits at or about 11:00 A.M., New York City time, two (2) Business Days prior to the beginning of such Interest Period in the interbank eurodollar market where its eurodollar and foreign currency and exchange operations are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein.

"Eurodollar Loans": Loans the rate of interest applicable to which is based upon the Eurodollar Rate.

"Eurodollar Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, a rate per annum determined for such day in accordance with the following formula (rounded upward to the nearest $^{1}/_{100^{th}}$ of 1%):

$$\frac{\text{Eurodollar Base Rate}}{\text{1.00 - Eurocurrency Reserve Requirements}}$$

"Event of Default": any of the events specified in Section 9, provided that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Exchange": the New York Stock Exchange, Inc.

"Exchangeable Interest": a Class II Interest of LAZ-MD Holdings (or, if applicable, the Common Interest of the Company issued in exchange therefor) that, upon full exchange in accordance with the Master Separation Agreement, is entitled to receive share(s) of Holdings Capital Stock as set forth in the Master Separation Agreement.

"Existing Credit Agreement": the Senior Revolving Credit Agreement dated as of May 10, 2005, as amended, among the Company, the banks from time to time parties hereto, and JPMorgan Chase Bank, N.A., as administrative agent.

"Fair Market Value": with respect to any asset or property, the price that would be negotiated in an arm's-length transaction between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction.

"Fed Rate": with respect to (a) the first day in each period during which a Fed Rate Loan is outstanding, the rate per annum which is the average of the rates on the offered side of the Federal funds market quoted by three interbank Federal funds brokers selected by the Administrative Agent at approximately the time the Company requests such Fed Rate Loan, for dollar deposits in immediately available funds, for a period and in an amount, comparable to the principal amount of such Fed Rate Loan, and (b) for each day in such period thereafter, the rate per annum which is the average of the rates on the offered side of the Federal funds market quoted by three interbank Federal funds brokers selected by the Administrative Agent at approximately 1:00 p.m., New York City

time, on such date for dollar deposits in immediately available funds, for a period and in an amount comparable to the principal amount of such Fed Rate Loan; in the case of both clauses (a) and (b) above, as determined by the Administrative Agent and rounded upwards, if necessary, to the nearest 1/100 of 1%.

"Fed Rate Loans": Loans the rate of interest applicable to which is based upon the Fed Rate.

"Fee Letter": the Fee Letter dated as of March 29, 2010 among the Lead Arranger, the Administrative Agent and the Company.

"FOCUS Report": a Financial and Operational Combined Uniform Single Report required to be filed on a quarterly basis with the SEC and the NASD or the Exchange, as applicable, or any report which is required in lieu of such report, or any equivalent reporting statement required by the applicable regulatory agency for any Designated Subsidiary.

"Foreign Plan": each employee benefit plan (within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA) that is not subject to U.S. law and is maintained or contributed to (or within the past five years has been maintained or contributed to) by the Company, any of its Significant Subsidiaries or any Commonly Controlled Entity.

"GAAP": generally accepted accounting principles in the United States.

"Governmental Authority": any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guarantee Obligation": as to any Person (the "guaranteeing person"), any obligation, including a reimbursement, counterindemnity or similar obligation, of the guaranteeing Person that guarantees or in effect guarantees, or which is given to induce the creation of a separate obligation by another Person (including any bank under any letter of credit) that guarantees or in effect guarantees, any Indebtedness (the "primary obligations") of any other third Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of the guaranteeing person, whether or not contingent, (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (d) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include assurances given in the ordinary course of business for the payment of obligations of customers or suppliers of the Company or any Subsidiary, customary indemnifications, representations and

warranties made in connection with purchases, sales or leasing of property or assets or issuances of securities, endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (1) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (2) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Company in good faith.

"Holdings": Lazard Ltd.

"Holdings Capital Stock": the Class A common stock, par value $.01 per share, of Holdings.

"Indebtedness": of any Person at any date, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than current trade payables incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Capital Lease Obligations of such Person, (f) all obligations of such Person, contingent or otherwise, as an account party or applicant under or in respect of acceptances, letters of credit, surety bonds or similar arrangements, (g) all "mandatory" convertible or exchangeable indebtedness of such Person and all "mandatory" redeemable preferred Capital Stock of such Person, (h) the amount then outstanding under any Receivables Financing, (i) all Guarantee Obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (h) above, and (j) all obligations of the kind referred to in clauses (a) through (i) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is directly liable therefor as a result of such Person's ownership interest in such entity, except to the extent the terms of such Indebtedness expressly provide that such Person is not liable therefor. Notwithstanding anything to the contrary herein, Indebtedness shall exclude 80% of "mandatory" convertible or exchangeable Indebtedness prior to the remarketing period for such Indebtedness. After the remarketing period, Indebtedness shall include (x) the principal amount of any remarketed Indebtedness relating to "mandatory" convertible or exchangeable Indebtedness less (y) any Cash and Cash Equivalents of the Company and its Subsidiaries to the extent such Cash and Cash Equivalents are greater than $50,000,000.

"Insolvency": with respect to any Multiemployer Plan, the condition that such plan is insolvent within the meaning of Section 4245 of ERISA.

"Insolvent": pertaining to a condition of Insolvency.

"Installment Notes": Indebtedness issued by the Company or any Subsidiary to facilitate the deferral by clients of capital gains which result from securities transactions.

"Interest Payment Date": (a) as to any Fed Rate Loan, the last day of each March, June, September and December while such Loan is outstanding and (b) as to any Eurodollar Loan having an Interest Period of three months or less, the last day of such Interest Period, and (c) as to any Eurodollar Loan having an Interest Period longer than three months each day which is three months, or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period.

"Interest Period": with respect to any Eurodollar Loan:

(1) initially, the period commencing on the Borrowing Date or date of conversion pursuant to Section 2.7, as the case may be, with respect to such Eurodollar Loan and ending one, two, three or six (or, if available to all relevant Banks, nine or twelve) months thereafter, as selected by the Company in its notice of borrowing pursuant to Section 2.6 or notice of conversion pursuant to Section 2.7, as the case may be, given with respect thereto; and

(2) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one, two, three or six (or, if available to all relevant Banks, nine or twelve) months thereafter, as selected by the Company by irrevocable notice to the Administrative Agent not less than three (3) Business Days prior to the last day of the then current Interest Period with respect thereto;

provided that the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period pertaining to a Eurodollar Loan would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) any Interest Period that would otherwise extend beyond the Maturity Date shall end on the Maturity Date; and

(iii) any Interest Period pertaining to a Eurodollar Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month.

"Intesa Notes": that certain subordinated convertible promissory note, dated March 26, 2003 and amended and restated as of May 15, 2006, in the principal amount of $150,000,000, issued by Lazard Funding Limited LLC in favor of Banca Intesa S.p.A.

"Intesa Strategic Alliance": that certain strategic alliance entered into between the Company and Banca Intesa S.p.A. in September 2002, pursuant to which Banca Intesa S.p.A. acquired a 40% interest in Lazard & Co. S.r.l.

"Investment": any advance, loan, extension of credit (by way of guaranty or otherwise) or capital contribution to, or purchase of any Capital Stock, bonds, notes debentures or other debt securities of, or any assets constituting a business unit of, or any other investment in, any Person.

"LAZ-MD Holdings": LAZ-MD Holdings LLC, a Delaware limited liability company.

"Lead Arranger": Citigroup Global Markets Inc.

"LFNY": Lazard Frères & Co. LLC, a New York limited liability company.

"Lien": any mortgage, pledge, hypothecation, assignment by way of security, deposit arrangement by way of security, encumbrance, attachment lien (statutory or other), or other security agreement or arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, or any financing lease having substantially the same economic effect as any of the foregoing.

"Loan": each loan made to the Company pursuant to Section 2.1.

"Loans": the collective reference to the Loans.

"London Lease Commitment": as to the Company, its liability for certain operating lease commitments related to its office facilities in London with no assured substantive future use or benefit to the Company.

"Long Term Indebtedness": at any date of determination, Indebtedness (including Capital Lease Obligations) of the Company maturing after twelve months from such date.

"Long Term Investments": Investments of the Company other than those Investments which are listed on a national exchange and for which there is an active quoted price.

"Managing Directors": the collective reference to each of the managing directors of Holdings, the Company, LFCM Holdings LLC or any of their respective controlled affiliates who holds, directly or indirectly, an equity interest of Holdings or securities

convertible or exchangeable into equity interests of Holdings (including without limitation Exchangeable Interests, restricted stock, restricted stock units or other issuances under Holdings' equity incentive plan) and each trust, estate planning vehicle or other entity that holds or shall be transferred any such interest for tax or estate planning purposes.

"Margin Stock": as defined in Regulation U of the Board of Governors as in effect from time to time.

"Master Separation Agreement": means the Master Separation Agreement, dated as of May 10, 2005, by and among Holdings, LAZ-MD Holdings, the Company and LFCM Holdings LLC, as amended from time to time.

"Material Adverse Effect": a material adverse effect on (a) the business, property, financial condition or results of operations of the Company and its Subsidiaries taken as a whole or (b) the ability of the Company to perform its obligations under this Agreement or the Notes.

"Maturity Date": the date which is the third anniversary of the Effective Date.

"Members' Equity": ownership equity of the Company represented by common members' interests.

"Minority Interests": the collective reference to any capital contributions made by a third party to the Company and any profit participation interests and the equity units of Lazard Asset Management LLC issued pursuant to the Lazard Asset Management LLC Limited Liability Company Agreement.

"Moody's": Moody's Investors Service, Inc.

"Multiemployer Plan": a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"NASD": the National Association of Securities Dealers, Inc., or any other self-regulatory body which succeeds to the functions of the National Association of Securities Dealers, Inc.

"Net Capital": as defined in Rule 15c3-1, including the appendices thereto, as promulgated by the SEC under the Act (17 CFR 240.15c3-1), as such rule may be amended from time to time, or any rule or regulation of the SEC which replaces Rule 15c3-1.

"Net Proceeds": in the case of cash proceeds received (a) in connection with any Designated Asset Sale constituting a sale, transfer or other disposition of Capital Stock, the proceeds thereof in the form of cash and Cash Equivalents (including any such proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but only as

and when received), net of the sum of (i) attorneys' fees, accountants' fees, investment banking fees and other customary fees and expenses actually incurred in connection therewith, (ii) taxes paid or reasonably estimated to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), (iii) the amount of all payments required to be made by the Company and the applicable Subsidiary to repay Indebtedness secured by assets transferred in connection with such sale, transfer or disposition, and (iv) the amount of any payments that the Company estimates in good faith will be required to be made in respect of contingent liabilities directly attributable to such event and set forth in a notice delivered to the Administrative Agent (provided that the Company will evaluate in good faith not less often than quarterly any estimate resulting in a reduction of Net Proceeds under this clause (iv) and will promptly notify the Administrative Agent if the estimated amount of such payments in respect of any contingent liability shall be reduced, and the Company and any such Subsidiary shall be deemed to have received Net Cash Proceeds equal to the amount of any such reduction), and (b) in connection with any issuance of any Capital Stock constituting a Designated Asset Sale, the cash proceeds received from such issuance, net of attorneys' fees, investment banking fees, accountants' fees, underwriting discounts, taxes paid or reasonably estimated to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements) and commissions and other customary fees and expenses actually incurred therewith.

In the case of non-cash proceeds received in connection with any Designated Asset Sale, the Net Proceeds shall be deemed to be the book value of the portion of the property giving rise thereto as reflected in the financial statements most recently delivered pursuant to Section 6.1 or, if not reflected therein, as reflected in the financial statements of the relevant entity, in each case as demonstrated in reasonable detail and certified to the Administrative Agent by a Responsible Officer.

"Non-Excluded Taxes": as defined in Section 2.17(a).

"Non-U.S. Lender": as defined in Section 2.17(d).

"Note": as defined in Section 2.2; collectively, the "Notes".

"Obligations": the unpaid principal of and interest on (including interest accruing after the maturity of the Loans and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Company, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans and all other monetary obligations and liabilities of the Company to the Administrative Agent or to any Bank, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under or in connection with, this Agreement, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including all fees, charges and disbursements of counsel to the Administrative Agent or to any Bank that are required to be paid by the Company pursuant hereto) or otherwise.

“Other Taxes”: any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

“Paris House”: the business operations of the Company headquartered in Paris.

“Paris Lease”: the sale and lease-back of the real properties located at 121 Boulevard Haussmann, 75008, Paris, 119 Boulevard Haussmann, 75008, Paris, and 10 Avenue Percier, 75008, Paris.

“Paris Profit Sharing Plan”: that certain Accord de participation de groupe initially dated March 21, 1996 among Lazard Frères SAS and its employees, Lazard Frères Gestion SAS and its employees, Maison Lazard SAS, Lazard Frères Banque and its employees and Fonds Partenaires Gestion and its employees.

“Participant”: as defined in Section 12.7.

“PBGC”: the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA (or any successor).

“Permitted Receivables Financings”: any Receivables Financing of a Receivables Subsidiary that meets the following conditions:

(a) senior management or the Board of Directors of the Company shall have determined in good faith that such Permitted Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Company and the Receivables Subsidiary;

(b) all sales of accounts receivable and related assets to the Receivables Subsidiary (or valid capital contributions made to the Receivables Subsidiary) are made at Fair Market Value (as determined in good faith by senior management or the Board of Directors of the Company; and

(c) the financing terms, covenants, termination events and other provisions thereof shall be market terms (as determined in good faith by senior management or the Board of Directors of the Company).

“Permitted Refinancing Indebtedness”: any Indebtedness issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund (collectively, to “Refinance”), the Indebtedness being Refinanced (or previous refinancings thereof constituting Permitted Refinancing Indebtedness); provided that (a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so Refinanced (plus unpaid accrued interest and premium thereon and underwriting discounts, fees, commissions and expenses), (b) the average life to maturity of such Permitted Refinancing Indebtedness is greater than or equal to the remaining

average life to maturity of the Indebtedness being Refinanced, (c) if the Indebtedness being Refinanced is subordinated in right of payment to the Obligations under this Agreement, such Permitted Refinancing Indebtedness shall be subordinated in right of payment to such Obligations on terms at least as favorable to the Banks as those contained in the documentation governing the Indebtedness being Refinanced and (d) no Permitted Refinancing Indebtedness shall have different obligors, or greater guarantees or security, than the Indebtedness being Refinanced, unless the incurrence of such Indebtedness, guarantees or security is permitted by a separate provision of this Agreement.

"Person": an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Plan": any employee benefit plan (as defined in Section (3)(3) of ERISA) and in respect of which the Company, any Subsidiary thereof or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4062 or 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Platform": as defined in Section 12.2.

"Pricing Grid": the table set forth below.

	Applicable Margin		
Ratings	**Eurodollar Loans**	**Federal Funds Rate Loans**	**Commitment Fee**
^{3} BBB or Baa2	275 bps	175 bps	45 bps
^{3} BBB- or Baa3	300 bps	200 bps	55 bps
^{3} BB+ or Ba1	325 bps	225 bps	65 bps
< BB+ or Ba1	350 bps	250 bps	75 bps

For the purposes of the Pricing Grid, the Company shall provide prompt written notice to the Administrative Agent of any change in any Rating by either Moody's or S&P (or, if applicable, such other rating agency determined in accordance with the definition of "Ratings"). The Applicable Margin and the Commitment Fee Rate resulting from changes in the Ratings shall be effective on the date (the "Adjustment Date") that is three (3) Business Days after the date of such change and shall remain in effect until the next change to be effected pursuant to this paragraph. In the event that Ratings established by Moody's and S&P are split, the Pricing Grid will be based on the higher rating.

"Prohibited Transaction": has the meaning assigned to such term in Section 406 of ERISA and Section 4975(f)(3) of the Code.

"Ratings": a rating of the Company's senior unsecured non-credit enhanced indebtedness for borrowed money assigned by S&P or Moody's; provided that in each case if the Company shall have no senior unsecured non-credit enhanced indebtedness for borrowed money, the Company's corporate credit rating shall be used; provided, further that if at any time Moody's or S&P, or both, shall not maintain a rating for the Company's senior unsecured non-credit enhanced indebtedness for borrowed money, or shall not maintain a corporate credit rating for the Company, as the case may be, the Required Lenders and the Company may agree to determine the ratings using the corresponding ratings level of one or more Nationally Recognized Statistical Rating Organizations (as defined in Rule 436 under the Securities Act of 1933).

"Receivables Financing": any transaction or series of transactions that may be entered into by the Company or any of its Subsidiaries pursuant to which the Company or any of its Subsidiaries may (a) sell, convey or otherwise transfer to a Receivables Subsidiary or (b) grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Company or any of its Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving accounts receivable.

"Receivables Subsidiary": means a Wholly Owned Subsidiary of the Company (or another Person formed for the purposes of engaging in a Permitted Receivables Financing with the Company in which the Company or any Subsidiary of the Company makes an investment and to which the Company or any Subsidiary of the Company transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Company and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Chief Financial Officer of the Company (as provided below) as a Receivables Subsidiary and:

(a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Company or any other Subsidiary of the Company, (ii) is recourse to or obligates the Company or any other Subsidiary of the Company in any way (except for standard representations, warranties, covenants and indemnities made in connection with such facilities) or (iii) subjects any property or asset of the Company or any other Subsidiary of the Company, directly or indirectly, contingently or otherwise, to the satisfaction thereof;

(b) with which neither the Company nor any other Subsidiary of the Company has any material contract, agreement, arrangement or understanding other than on terms which the Company reasonably believes to be, on the whole, no less favorable to the Company or such Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company; and

(c) to which neither the Company nor any other Subsidiary of the Company has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Chief Financial Officer of the Company shall be evidenced to the Administrative Agent by delivery to the Administrative Agent a certified copy of the resolution of the Board of Directors of the Company giving effect to such designation and a certificate of a Responsible Officer certifying that such designation complied with the foregoing conditions.

"Register": as defined in Section 12.7.

"Regulation U": Regulation U of the Board as in effect from time to time.

"Reorganization": with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

"Reportable Event": any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty day notice period is waived under subsections .27, .28, .29, .30, .31, .32, .34 or .35 of PBGC Reg. § 4043.

"Required Lenders": at any time, the holders of more than 50% of (a) the sum of the Commitments then in effect or, if the Commitments have terminated, (b) the sum of the aggregate unpaid principal amount of the Loans then outstanding; provided that at any time when there are two or more non-affiliated Banks party hereto, in no event shall the Required Lenders consist of fewer than two non-affiliated Banks.

"Requirement of Law": as to any Person, the certificate of incorporation and by-laws or partnership agreement or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer": the chief executive officer, president or chief financial officer of the Company, but in any event, with respect to financial matters, the chief financial officer of the Company.

"Restricted Payments": as defined in Section 7.8.

"S&P": Standard & Poor's Ratings Services.

"SEC": the Securities and Exchange Commission, or such other regulatory body which succeeds to the functions of the Securities and Exchange Commission.

"SEC Filings": as to the Company, any public filings that the Company or Lazard Ltd has made on form 10K, 10Q or 8K pursuant to the U.S. federal securities statutes, rules or regulations prior to the Effective Date.

"Senior Note Indentures": the Indenture dated as of May 10, 2005, as supplemented by the First and Second Supplemental Indentures dated as of May 10, 2005 the Amended and Restated Third Supplemental Indenture dated as of May 15, 2008 and the Fourth Supplemental Indenture dated as of June 21, 2007, together with all instruments and other agreements entered into by the Company in connection therewith.

"Senior Notes": the senior notes of the Company, in the principal amount outstanding of $1,150,000,000, issued pursuant to the Senior Note Indentures.

"Significant Subsidiary": any Subsidiary that would be a "Significant Subsidiary" of the Company within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC as in effect on the date hereof, but excluding Lazard Group Finance LLC and Lazard Funding Limited LLC.

"Single Employer Plan": any Plan (other than a Multiemployer plan) that is covered by Section 412 of the Code or Section 302 or Title IV of ERISA and is maintained or contributed to by the Company or any Commonly Controlled Entity.

"Specified Non-Recourse Indebtedness": at any time, Indebtedness of the Company or any Subsidiary secured by real property, leasehold improvements and equipment of the Company or any Subsidiary to the extent that the terms of such Indebtedness provide that at such time recourse for repayment thereof and payment of any other obligation in respect thereof is only to such assets and is not a general obligation of the Company or any of its Subsidiaries (notwithstanding that such terms provide that such Indebtedness may become Specified Recourse Indebtedness upon the occurrence of certain events after such time).

"Specified Recourse Indebtedness": at any time, Indebtedness of the Company or any Subsidiary secured by real property, leasehold improvements and equipment of the Company or any Subsidiary to the extent that the terms of such Indebtedness provide that at such time recourse for repayment thereof and payment of any other obligation in respect thereof is a general obligation of the Company or any of its Subsidiaries.

"Street Loans": short term borrowings made by the Company for the purpose of purchasing or carrying securities for the Company, or for customers of the Company.

"Subordinated Indebtedness": Indebtedness of the Company that is subordinated in right of payment to the Obligations, provided that, to the extent incurred after the Effective Date, such Indebtedness has (a) no maturity, amortization, mandatory redemption or repurchase option or sinking fund payment prior to the date that is six months after the Maturity Date (other than customary provisions for application of asset sale proceeds or following a change of control) and (b) customary subordination provisions as shall be reasonably satisfactory to the Administrative Agent and the Required Lenders.

"Subsidiary": as to any Person, (a) a corporation, limited liability company or other similar business entity of which shares of stock or other equity interests having ordinary voting power (other than stock or other equity interests having such power only

by reason of the happening of a contingency) to elect a majority of the Board of Directors or other managers of such corporation or entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person or (b) any partnership of which such Person and/or one or more Subsidiaries of such Person has, directly or indirectly, more than 50% of the interest in profits and losses. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Company.

"Swap Agreement": any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions.

"Trade Debt": of a Person, at a particular date, (i) indebtedness of such Person resulting from free credit balances and similar payables, day loans, Installment Notes, Street Loans, and other liabilities and obligations incurred in the ordinary course of business of such Person both as principal and as agent as an investment banker, futures commission merchant, broker dealer or financial services institution; and (ii) other short term indebtedness of such Person incurred in the ordinary course of its business not material individually or in the aggregate to such Person.

"Type": as to any Loan, its nature as a Fed Rate Loan or a Eurodollar Loan.

"USA PATRIOT Act": the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended from time to time.

"Wholly Owned Subsidiary": of any Person, a Subsidiary of such Person 95% of the outstanding Capital Stock or other ownership interests of which shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person.

"Working Capital": as reflected on the balance sheet of the Company at any date of determination, the Members' Equity and any other Capital Stock of the Company plus, without duplication, the sum of (a) "mandatory" convertible or exchangeable indebtedness, (b) Long Term Indebtedness, (c) Subordinated Indebtedness, (d) Minority Interests, (e) reserves for the London Lease Commitment, (f) other liabilities related to retiree medical and pension liabilities and deferred compensation relating to the Company's statutory profit sharing plan in its Paris House, (g) deferred income related to the Intesa Strategic Alliance or similar arrangements that may be entered into in the future, (h) deferred income tax liabilities, (i) valuations attributable to any Swap Agreement and (j) issuances of preferred stock after the Effective Date to the extent not included in Members' Equity (provided that there shall be excluded from each of clauses (a) through (j) any obligations maturing within twelve months of such date), less, without duplication, the sum of (i) Long Term Investments, (ii) intangibles (including, but not limited to, goodwill), (iii) deferred financing costs, (iv) property, plant, equipment and

leasehold improvements, (v) amounts related to deferred income tax assets, (vi) any assets related to bonuses, pension and other post-retirement benefit obligations, (vii) valuations attributable to any Swap Agreement, (viii) any advances or prepayments and (ix) any assets that will not convert into cash within twelve months of such date (provided that the deductions in clauses (i) through (ix) shall be reduced by any reserves or accumulated amortization or accumulated depreciation for such items).

1.2 Other Definitional Provisions. (a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the Notes or any certificate or other document made or delivered pursuant hereto.

(b) As used herein and in the Notes, unless otherwise specified, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with GAAP as in effect from time to time; provided that, if the Company notifies the Administrative Agent that the Company wishes to amend any provision hereof, including, without limitation, any covenant in Article VI, to eliminate the effect of any change in GAAP (or the application thereof) adopted after the Effective Date on the operation of such provision (or if the Administrative Agent notifies the Company that the Required Lenders wish to amend any such provision for such purpose), then the Company's compliance with such provision shall be determined on the basis of GAAP in effect and applied immediately before the relevant change in GAAP (or the application thereof) became effective, until either such notice is withdrawn or such provision is amended in a manner satisfactory to the Company and the Required Lenders.

(c) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (iv) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (v) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 2. AMOUNT AND TERMS OF LOAN COMMITMENTS

2.1 Loans. (a) Subject to the terms and conditions hereof, each Bank severally agrees to make revolving credit loans (individually, a "Loan"; collectively, the "Loans") to the Company from time to time during the Commitment Period in an aggregate principal amount at

any one time outstanding not to exceed the amount of such Bank's Commitment, as such amount may be reduced as provided herein. During the Commitment Period, the Company may use the Commitments by borrowing, prepaying the Loans in whole or in part subject to subsection 2.9, and reborrowing, all in accordance with the terms and conditions hereof.

(b) The Loans may from time to time be (i) Eurodollar Loans, (ii) Fed Rate Loans or (iii) a combination thereof, as determined by the Company and notified to the Administrative Agent in accordance with Sections 2.6 and 2.7, provided that no Loan shall be continued as or converted into a Eurodollar Loan after the day that is one month prior to the Maturity Date.

2.2 Notes. Each Bank may request that the Loans made by such Bank pursuant hereto shall be evidenced by a promissory note of the Company, substantially in the form of Exhibit A hereto, with appropriate insertions as to date and principal amount (individually a "Note"; collectively, the "Notes"), payable to the order of such Bank and evidencing the obligation of the Company to pay the aggregate unpaid principal amount of all Loans made by such Bank hereunder, with interest thereon as prescribed in Section 2.3. Each Bank is hereby authorized to record the date and amount of each Loan made by such Bank, and the date and amount of each payment or prepayment of principal thereof on the schedule annexed to and constituting a part of its Note, and any such recordation shall constitute prima facie evidence of the accuracy of the information so recorded; provided, however, that any error or omission in making any such recordation shall not affect the obligations of the Company hereunder or under any Note. Each Note shall (x) be stated to mature on the last day of the Commitment Period and (y) bear interest on the unpaid principal amount thereof from time to time outstanding at the rates set forth in Section 2.3.

2.3 Interest Rates and Interest Payment Dates. (a) Each Eurodollar Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Eurodollar Rate determined for such day plus the Applicable Margin.

(b) Each Fed Rate Loan shall bear interest for each day at a rate per annum equal to the Fed Rate determined for such day plus the Applicable Margin.

(c) Interest shall be payable in arrears on each Interest Payment Date, provided that interest accruing pursuant to paragraph (d) of this Section shall be payable from time to time on demand.

(d) (i) If all or a portion of the principal amount of any Loan shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), then such overdue principal amount shall bear interest at a rate per annum which is 2% above the rate which would otherwise be applicable pursuant to Section 2.3(a) or 2.3(b), as the case may be, and (ii) if all or a portion of any interest payable on any Loan or any commitment fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum which is 2% above the rate then applicable to Fed Rate Loans, in each case, with respect to clauses (i) and (ii) above, from the date of such non-payment until such amount is paid in full (as well after as before judgment).

2.4 Fees. (a) The Company agrees to pay to the Administrative Agent for the account of each Bank a commitment fee computed at the Commitment Fee Rate on the average daily amount of the undrawn Commitment of such Bank during the period for which payment is made, the accrued and unpaid portion of such fee to be payable in arrears on the last day of March, June, September and December of each year (commencing on the first such date to occur after the Effective Date) and on the Maturity Date. The Administrative Agent shall promptly distribute to each Bank its pro rata share of each payment of such fees.

(b) The Company agrees to pay to the Administrative Agent the fees in the amounts and on the date as set forth in the Fee Letter and to perform any other obligations contained therein.

2.5 Computation of Interest and Fees. (a) Interest and fees shall be computed on the basis of (i) a 360 day year for actual days elapsed for Eurodollar Loans and (ii) a 365 day or 366 day, as the case may be, year for actual days elapsed for Fed Rate Loans and for fees under this Agreement. The Administrative Agent shall as soon as practicable notify the Company and the Banks of each determination of a Eurodollar Rate or of a Fed Rate. Any change in the interest rate on a Loan resulting from a change in the Fed Rate shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Company and the Banks of such effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Company and the Banks in the absence of manifest error. The Administrative Agent shall, at the request of the Company, deliver to the Company a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to Section 2.3(a) or 2.3(b), as the case may be.

2.6 Procedure for Borrowing. The Company may borrow Loans under the Commitments during the Commitment Period on any Business Day, provided that the Company shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 3:00 P.M., New York City time, (a) three (3) Business Days prior to the requested Borrowing Date, if all or any part of the requested Loans are to be initially Eurodollar Loans or (b) one (1) Business Day prior to the requested Borrowing Date, otherwise), specifying (i) the amount to be borrowed, (ii) the requested Borrowing Date, (iii) whether the borrowing is to be of Eurodollar Loans, Fed Rate Loans or a combination thereof and (iv) if the borrowing is to be entirely or partly of Eurodollar Loans, the amount of such Type of Loan and the length of the initial Interest Periods therefor. Each borrowing of Loans pursuant to the Commitments shall be in an aggregate principal amount equal to the lesser of (i) $5,000,000 or a whole multiple thereof, and (ii) the Available Commitments. Upon receipt of any such notice, the Administrative Agent shall promptly notify each Bank thereof. Each Bank will make available to the Company at the office of the Administrative Agent specified in Section 12.2, prior to 12:00 noon (New York City time) on the requested Borrowing Date, or as soon as practicable thereafter, an amount in immediately available funds equal to the amount of the Loan to be made by such Bank.

2.7 Conversion and Continuation Options. (a) The Company may elect from time to time to convert Eurodollar Loans to Fed Rate Loans, by giving the Administrative Agent at least two (2) Business Days' prior irrevocable notice of such election. The Company may elect from time to time to convert Fed Rate Loans to Eurodollar Loans by giving the Administrative Agent at least three (3) Business Days' prior irrevocable notice of such election. Any such notice of conversion to Eurodollar Loans shall specify the length of the initial Interest Period or Interest Periods therefor. Upon receipt of any such notice the Administrative Agent shall promptly notify each Bank thereof. All or any part of outstanding Eurodollar Loans and Fed Rate Loans may be converted as provided herein, provided that (i) no Loan may be converted into a Eurodollar Loan when any Event of Default has occurred and is continuing and the Administrative Agent has or the Banks have determined and notified the Company that such a conversion is not appropriate and (ii) no Loan may be converted into a Eurodollar Loan after the date that is one month prior to the Maturity Date.

(b) Any Eurodollar Loans may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Company giving notice to the Administrative Agent, in accordance with the applicable provisions of the term "Interest Period" set forth in Section 1.1, of the length of the next Interest Period to be applicable to such Loans, provided that no Eurodollar Loan may be continued as such (i) when any Event of Default has occurred and is continuing and the Administrative Agent has or the Banks have determined and notified the Company that such a continuation is not appropriate or (ii) after the date that is one month prior to the Maturity Date and provided, further, that if the Company shall fail to give such notice or if such continuation is not permitted such Loans shall be automatically converted to Fed Rate Loans on the last day of such then expiring Interest Period.

2.8 Termination or Reduction of Commitments. The Company shall have the right, upon not less than three (3) Business Days' notice to the Banks, to terminate the Commitments or, from time to time, reduce the amount of the Commitments; provided that, subject to the proviso in Section 2.9(a), (a) any such reduction shall be accompanied by prepayment of the Loans to the extent, if any, that the amount of the Loans then outstanding exceeds the amount of the Commitments as then reduced, (b) any such termination of the Commitments shall be accompanied by prepayment in full of the Loans then outstanding, together with accrued interest thereon to the date of such prepayment, and the payment of any unpaid commitment fee then accrued hereunder and other amounts, if any, payable by the Company hereunder and (c) for any such prepayment, the Company shall reasonably promptly pay the costs arising therefrom pursuant to Section 2.12. Any such reduction shall be in an amount of $5,000,000, or greater integral multiple of $5,000,000, and shall reduce permanently the amount of the Commitments then in effect.

2.9 Optional Prepayments of Loans. (a) The Company may, at any time, on the last day of any Interest Period with respect thereto, in the case of Eurodollar Loans (or on any other day if the Company reasonably promptly pays the costs arising therefrom pursuant to Section 2.12), and from time to time, in the case of Fed Rate Loans, and upon three (3) Business Days' irrevocable notice, in the case of Eurodollar Loans, and upon one (1) Business Day's notice, in case of Fed Rate Loans, to the Administrative Agent, prepay the Loans on the date specified in such notice, in whole or in part, with accrued interest to the date of such prepayment on the amount prepaid; provided, however, that each partial prepayment of Loans shall be in a principal amount of $5,000,000 or a larger integral multiple of $1,000,000.

(b) Upon receipt of a notice of prepayment of Loans pursuant to Section 2.9(a), the Administrative Agent shall promptly notify each Bank of the contents thereof and of such Bank's ratable share of such prepayment.

2.10 Pro Rata Treatment and Payments. (a) Each borrowing of Loans by the Company from the Banks, each payment (including each prepayment) by the Company on account of principal of and interest on the Loans and any reduction of the Commitments of the Banks hereunder shall be made pro rata according to the respective Commitment Percentages of the Banks. All payments (including prepayments) to be made by the Company in respect of the Loans on account of principal, interest and fees shall be made without set-off or counterclaim and shall be made directly to the office of the Administrative Agent specified in Section 12.2, in lawful money of the United States of America and in immediately available funds. The Administrative Agent shall distribute such payments to the Banks entitled thereto promptly upon receipt in like funds as received by the Administrative Agent. If any payment hereunder becomes due and payable on a day other than a Business Day, the due date for such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension.

(b) Each Bank shall apply the amount of each payment (including each prepayment) made by the Company on account of principal of the Loans to the payment of the then outstanding principal amounts of Loans, in such amounts and in such order as the Company shall direct by notice to the Administrative Agent (or, in the case of a prepayment pursuant to Section 2.9, as the Company shall direct in its notice of prepayment), provided that if the Company shall fail to give any such notice, each Bank shall apply the amount received to the payment of the then outstanding Loans pro rata according to the respective outstanding principal amounts of such Loans.

2.11 Non-Receipt of Funds by the Administrative Agent. (a) Unless the Administrative Agent shall have been notified by the Company prior to the date on which any payment in respect of a Loan is due from it hereunder (which notice shall be effective upon receipt) that the Company does not intend to make such payment, the Administrative Agent may assume that the Company has made such payment when due and the Administrative Agent may in reliance upon such assumption (but shall not be required to) make available to each Bank on such payment date an amount equal to the portion of such assumed payment to which such Bank is entitled hereunder, and if the Company has not in fact made such payment to the Administrative Agent, such Bank shall, on demand, repay to the Administrative Agent the amount made available to such Bank together with interest thereon in respect of each day during the period commencing on the date such amount was made available to such Bank and ending on (but excluding) the date such Bank repays such amount to the Administrative Agent, at a rate per annum equal to the Administrative Agent's cost of obtaining overnight funds in the federal funds market in New York on each such day.

(b) A certificate of the Administrative Agent submitted to any Bank with respect to any amount owing under the foregoing paragraph (a) shall be prima facie evidence of the facts stated therein.

2.12 Indemnity. The Company agrees to indemnify each Bank and to hold each Bank harmless from any loss or expense which such Bank may sustain or incur as a consequence of (a) default by the Company in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Company has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by the Company in making any prepayment of or conversion from a Eurodollar Loan after the Company has given a notice thereof in accordance with the provisions of Section 2.9 or (c) the making of a prepayment or conversion of Eurodollar Loans on a day which is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest which would have accrued on the amount so prepaid, or not so borrowed, prepaid, converted or continued, for the period from the date of such prepayment or of such failure to borrow, prepay, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable Eurodollar Rate (excluding the Applicable Margin) over (ii) the amount of interest (as reasonably determined by such Bank) which would have accrued to such Bank on such amount by redeploying such amount in respect of deposits in the eurodollar market for a comparable period. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.13 Capital Adequacy. In the event that any of the Banks shall have determined that the adoption after the date hereof of any law, rule or regulation regarding capital adequacy, or any change after the date hereof therein or in the interpretation or application thereof or compliance by such Bank with any request or directive regarding capital adequacy (whether or not having the force of law) from any central bank or Governmental Authority, does or shall have the effect of reducing the rate of return on such Bank's capital as a consequence of its obligations hereunder to a level below that which such Bank could have achieved but for such adoption, change or compliance (taking into consideration such Bank's policies with respect to capital adequacy) by an amount deemed by such Bank to be material, then after submission by such Bank to the Company of a written request therefor, the amount of interest payable by the Company to such Bank on each Interest Payment Date shall be increased by such amount (as determined in good faith by such Bank in accordance with its practice applicable generally to similarly situated borrowers) as will compensate such Bank for the portion of such reduction allocable to the period in respect of which interest is so paid on such Interest Payment Date. A certificate as to any additional amounts payable pursuant to this Section 2.13, together with a statement by such Bank that such amounts have been calculated consistently with amounts calculated and claimed for in the case of other borrowers parties to revolving credit agreements with such Bank, submitted by such Bank, through the Administrative Agent, to the Company, shall be conclusive evidence of the facts stated therein.

2.14 Inability to Determine Interest Rate. If prior to the first day of any Interest Period the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Company) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest

Period the Administrative Agent shall give telecopy notice thereof to the Company and the Banks as soon as practicable thereafter. If such notice is given (a) any Eurodollar Loans requested to be made on the first day of such Interest Period shall be made as Fed Rate Loans, (b) any Loans that were to have been converted on the first day of such Interest Period to Eurodollar Loans shall be converted to or continued as Fed Rate Loans and (c) any outstanding Eurodollar Loans shall be converted, on the first day of such Interest Period, to Fed Rate Loans. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans shall be made or continued as such, nor shall the Company have the right to convert Loans to Eurodollar Loans.

2.15 Illegality. Notwithstanding any other provision herein, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof shall make it unlawful for any Bank to make or maintain Eurodollar Loans as contemplated by this Agreement, then, such Bank shall give written notice thereof to the Company and to the Administrative Agent and (a) the commitment of such Bank hereunder to make Eurodollar Loans, continue Eurodollar Loans as such and convert Fed Rate Loans to Eurodollar Loans shall forthwith be suspended for the duration of such unlawfulness and (b) the Bank and the Company shall promptly enter into negotiations in good faith to agree to a solution to such illegality, limitation or impracticability; provided however, that if such an agreement has not been reached by the respective last days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law, such Bank's Loans then outstanding as Eurodollar Loans, if any, shall be converted automatically to Fed Rate Loans. If any such conversion of a Eurodollar Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Company shall pay to such Bank such amounts, if any, as may be required pursuant to Section 2.12. Each Bank that has delivered a notice pursuant to this Section, if the circumstances giving rise to such notice cease to exist, shall notify the Company thereof as soon as practicable.

2.16 Requirements of Law. (a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Bank with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject any Bank to any tax on its capital reserves with respect to this Agreement, any Note or any Eurodollar Loan made by it, (except for Non-Excluded Taxes covered by Section 2.17, changes in the rate of tax on the overall net income of such Bank, any branch profits imposed by the United States of America or any similar tax imposed by any other jurisdiction and any United States withholding taxes imposed by reason of Section 1471 through Section 1474 of the Code);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Bank which is not otherwise included in the determination of the Eurodollar Rate hereunder; or

(iii) shall impose on such Bank any other condition;

and the result of any of the foregoing is to increase the cost to such Bank, by an amount which such Bank deems to be material, of making, converting into, continuing or maintaining Eurodollar Loans or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the amount of interest payable by the Company to such Bank on the Interest Payment Date in respect of each Interest Period shall be increased by such amount (as determined in good faith by such Bank in accordance with its practice applicable generally to similarly situated borrowers) as will compensate such Bank for such increased cost or reduced amount receivable allocable to such Interest Period. Any Bank claiming additional amounts pursuant to this Section 2.16 shall use its reasonable efforts (consistent with internal policy and applicable legal and regulatory restrictions) to take such action, as requested by the Company in writing, if the taking of such action would avoid the need for or reduce the amount of any such additional amounts and would not, in the judgment of such Bank, be adverse to the affected Loans or to such Bank.

If any Bank becomes entitled to claim any additional amounts pursuant to this Section, it shall promptly notify the Company (with a copy to the Administrative Agent) of the event by reason of which it has become so entitled. A certificate as to any additional amounts payable pursuant to this Section submitted by such Bank to the Company (with a copy to the Administrative Agent) shall be conclusive in the absence of demonstrable error. The agreements in this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

(b) No Bank shall be entitled to any compensation under this Section 2.16 for any costs incurred or reduction suffered with respect to any date unless such Bank shall have notified the Company that it will demand compensation for such costs or reductions under paragraph (a) above not more than 60 days after the later of (i) such date and (ii) the date on which such Bank shall have become aware of such costs or reductions.

2.17 Taxes. (a) All payments made by the Company under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority (including any interest, additions to tax or penalties applicable thereto), excluding (i) net income taxes and franchise taxes (imposed in lieu of net income taxes) imposed on the Administrative Agent or any Bank by (A) the jurisdiction under the laws of which such entity is organized or in which its principal office or applicable lending office is located or (B) any jurisdiction as a result of a present or former connection between the Administrative Agent or such Bank and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent or such Bank having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement), (ii) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction described in clause (i) above and (iii) any United States withholding taxes imposed by reason of Section 1471 through Section 1474 of the Code (other than by reason of a change in law imposed after the date hereof but not including changes in the rate of such withholding taxes); provided, that if any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("Non-Excluded Taxes") or Other Taxes are required to be withheld from any amounts payable by the Company to the Administrative Agent or any

Bank as determined in good faith by the applicable withholding agent, (x) such amounts shall be paid to the relevant Governmental Authority in accordance with applicable law, and (y) the amounts so payable by the Company to the Administrative Agent or such Bank shall be increased to the extent necessary to yield to the Administrative Agent or such Bank (after payment of all Non-Excluded Taxes and Other Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement as if such withholding or deduction had not been made, provided further, however, that the Company shall not be required to increase any such amounts payable to the Administrative Agent or any Bank with respect to any Non-Excluded Taxes (1) that are attributable to such Bank's failure to comply with the requirements of paragraph (d) of this Section, or (2) that are United States withholding taxes imposed on amounts payable by the Company to such Bank at the time such Bank becomes a party to this Agreement, except to the extent that such Bank's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Company with respect to such Non-Excluded Taxes pursuant to this paragraph.

(b) In addition, the Company shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Whenever any Non-Excluded Taxes or Other Taxes are payable by the Company (or the Administrative Agent on account of such Banks), as promptly as possible after the payment of such Non-Excluded or Other Taxes, the Company shall send to the Administrative Agent for its own account or for the account of the relevant Bank, as the case may be, proof of payment thereof. If the Company fails to pay any Non-Excluded Taxes or Other Taxes when due to the appropriate taxing authority, the Company shall indemnify the Administrative Agent and the Banks for any incremental taxes, interest or penalties that may become payable by the Administrative Agent or any Bank as a result of any such failure.

(d) Any Bank that is entitled to an exemption from or reduction of any applicable withholding tax with respect to payments hereunder shall, to the extent it is legally entitled to do so, deliver to the Company (with a copy to the Administrative Agent), at the time or times reasonably requested by the Company or Administrative Agent, such properly completed and executed documentation prescribed by applicable law or as reasonable requested by the Company or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding (including any documentation necessary to prevent withholding under Section 1471 through Section 1474 of the Code). Without limiting the generality of the foregoing, each Bank (or Assignee) that is not a "U.S. Person" as defined in Section 7701(a)(30) of the Code (a "Non-U.S. Lender") shall deliver to the Company and the Administrative Agent (or, in the case of a Participant, to the Bank from which the related participation shall have been purchased) two copies of U.S. Internal Revenue Service ("IRS") Form W-8BEN, Form W-8ECI, of Form W-81MY (together with any applicable underlying IRS forms) or, in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a statement substantially in the form of Exhibit E and a Form W-8BEN, or any subsequent versions thereof or successors thereto, properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or a reduced rate of, U.S. federal withholding tax on all payments by the Company under this Agreement. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of

any Participant, on or before the date such Participant purchases the related participation) and from time to time thereafter upon the reasonable request of the Company or the Administrative Agent. In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Each Non-U.S. Lender shall promptly notify the Company and the Administrative Agent at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Company (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this paragraph, a Non-U.S. Lender shall not be required to deliver any form pursuant to this paragraph that such Non-U.S. Lender is not legally able to deliver.

(e) Each Bank shall indemnify the Administrative Agent for the full amount of any taxes, levies, imposts, duties, charges, fees, deductions, withholdings or similar charges imposed by any Governmental Authority that are attributable to such Bank and that are payable or paid by the Administrative Agent, together with all interest, penalties, reasonable costs and expenses arising therefrom or with respect thereto, as determined by the Administrative Agent in good faith. A certificate as to the amount of such payment or liability delivered to any Bank by the Administrative Agent shall be conclusive absent manifest error.

(f) If the Administrative Agent or any Bank determines, in its sole discretion, that it has received a refund of any Non-Excluded Taxes or Other Taxes as to which it has been indemnified by the Company or with respect to which the Company has paid additional amounts pursuant to this Section 2.17, it shall pay over such refund to the Company (but only to the extent of indemnity payments made, and/or additional amounts paid, by the Company under this Section 2.17 with respect to the Non-Excluded Taxes or Other Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of the Administrative Agent or such Bank and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that the Company, upon the written request of the Administrative Agent or such Bank, agrees to repay the amount paid over to the Company (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Bank in the event the Administrative Agent or such Bank is required to repay such refund to such Governmental Authority. This paragraph shall not be construed to require the Administrative Agent or any Bank to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Company or any other Person.

(g) The agreements in this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.18 Commitment Reductions and Mandatory Prepayments. If on any date the Company or any of its Subsidiaries shall receive Net Proceeds from a Designated Asset Sale and if, after such Designated Asset Sale, the Company or any of its Subsidiaries owns less than 65% of the Capital Stock of the Designated Subsidiary subject to such Designated Asset Sale, the Commitments shall be permanently reduced by an amount equal to 100% of the value of such Net Proceeds (the “Disposition Amount”); provided that, if immediately prior to giving effect to such Designated Asset Sale, the Company and its Subsidiaries own in excess of 65% of the Capital Stock of the Designated Subsidiary that is subject to such Designated Asset Sale, the

"Disposition Amount" shall be limited to the portion of the Net Proceeds attributable to the percentage of the Capital Stock of such Designated Subsidiary sold, transferred, otherwise disposed of or issued, that is equal to the difference between 65% and the percentage of the Capital Stock of such Designated Subsidiary owned by the Company and its Subsidiaries after giving effect to such Designated Asset Sale. Any such reduction shall be accompanied by (x) a prepayment of the Loans to the extent, if any, that the amount of the Commitments then reduced and (y) payment of the costs arising therefrom pursuant to Section 2.12.

2.19 Defaulting Lender. Notwithstanding any provision of this Agreement to the contrary, if any Bank becomes a Defaulting Lender, then the following provisions shall apply for so long as such Bank is a Defaulting Lender:

(a) fees shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender pursuant to Section 2.4;

(b) the Commitment and Loans of such Defaulting Lender shall not be included in determining whether all Banks, each affected Bank, or the Required Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 12.1), provided that any waiver, amendment or modification that would increase or extend the term of the Commitment of such Defaulting Lender, extend the date for the payment of principal or interest owing to such Defaulting Lender hereunder, reduce the principal amount of any obligation owing to such Defaulting Lender hereunder, reduce the amount of or the rate or amount of interest on any amount owing to such Defaulting Lender or of any fee payable to such Defaulting Lender hereunder, or alter the terms of this proviso, will require the consent of such Defaulting Lender; and

(c) any amount payable to such Defaulting Lender hereunder (whether on account of principal, interest, fees or otherwise and including any amount that would otherwise be payable to such Defaulting Lender) shall, in lieu of being distributed to such Defaulting Lender, be retained by the Administrative Agent in a segregated account and, subject to any applicable requirements of law, be applied at such time or times as may be determined by the Administrative Agent (i) first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder, (ii) second, to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent, (iii) third, if so determined by the Administrative Agent and the Company, held in such account as cash collateral for future funding obligations of the Defaulting Lender in respect of any Loans under this Agreement, (iv) fourth, to the payment of any amounts owing to the Banks as a result of any judgment of a court of competent jurisdiction obtained by any Bank against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement, and (v) fifth, to the payment of any amounts owing to the Company as a result of any judgment of a court of competent jurisdiction obtained by the Company against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement.

Notwithstanding Section 2.20, the Company may, upon not less than three (3) Business Day's notice to a Defaulting Lender and the Administrative Agent (which the Administrative Agent will promptly provide to the other Banks), terminate or reduce the unused

Commitment of such Defaulting Lender (without being required to terminate or reduce the Commitments of other Banks); provided, that the Company may not terminate or reduce such Commitment if after giving effect to such termination or reduction, the aggregate principal amount of outstanding Loans would exceed the total Commitments. At any time after termination or reduction of a Defaulting Lender's unused Commitment, (i) the Company may identify one or more banks or financial institutions willing to become a party to this Agreement as a Bank and (ii) the Company may enter into an agreement with each such bank or financial institution pursuant to which it shall become a Bank with a Commitment under this Agreement, provided, that (a) the Administrative Agent approves the bank or financial institution that is to become a Bank under this Agreement, (b) the agreement pursuant to which such bank or financial institution becomes a party to this Agreement shall be reasonably satisfactory to the Administrative Agent, (c) such Defaulting Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder from the banks or financial institutions that become Banks hereunder (to the extent of such outstanding principal and accrued interest and fees) or the Company (in the case of all other amounts) and (d) the aggregate amount of the new Commitments of banks or financial institutions that become Banks hereunder pursuant to this sentence does not exceed the amount of the terminated or reduced Commitment of the Defaulting Lender.

In the event that the Administrative Agent and the Company each agrees that a Defaulting Lender has adequately remedied all matters that caused such Bank to be a Defaulting Lender, then outstanding Loans of the Banks shall be readjusted to reflect the inclusion of such Bank's Commitment and on such date such Bank shall purchase at par such of the Loans of the other Banks as the Administrative shall determine may be necessary in order for such Bank to hold such Loans in accordance with the percentage of the total Commitments (disregarding any Defaulting Lender's Commitment) represented by such Bank's Commitment.

2.20 Mitigation Obligations; Replacement of Lenders. (a) If any Bank requests compensation under Section 2.16, or requires the Company to pay any additional amount to any Bank or any Governmental Authority for the account of any Bank pursuant to Section 2.17, then such Bank shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Bank, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.16 or 2.17, as the case may be, in the future and (ii) would not subject such Bank to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Bank. The Company hereby agrees to pay all reasonable costs and expenses incurred by any Bank in connection with any such designation or assignment.

(b) If any Bank requests compensation under Section 2.16, or if the Company is required to pay any additional amount to any Bank or any Governmental Authority for the account of any Bank pursuant to Section 2.17, or if any Bank is a Defaulting Lender, then the Company may, at its sole expense and effort, upon notice to such Bank and the Administrative Agent, require such Bank to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 12.7), all of its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations

(which assignee may be another Bank, if a Bank accepts such assignment); provided that (i) the Company shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Bank shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Company (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.16 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Bank shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Bank or otherwise, the circumstances entitling the Company to require such assignment and delegation cease to apply. In case such Bank is a Defaulting Lender, each party hereto agrees that an assignment required pursuant to this paragraph may be effected pursuant to an Assignment and Assumption executed by the Company, the Administrative Agent and the assignee and that the Bank required to make such assignment need not be a party thereto.

SECTION 3. RESERVED

SECTION 4. REPRESENTATIONS AND WARRANTIES

In order to induce the Banks to enter into this Agreement and to make the Loans herein provided for, the Company hereby represents and warrants to the Banks and the Administrative Agent that:

4.1 Financial Condition. The audited consolidated balance sheets of the Company and its consolidated Subsidiaries as at December 31, 2007, December 31, 2008 and December 31, 2009, and the related consolidated statements of income and of cash flows for the fiscal years ended on such dates, reported on by and accompanied by an unqualified report from Deloitte & Touche LLP, present fairly the consolidated financial condition of the Company and its Subsidiaries as at such date, and the consolidated results of its operations and its consolidated cash flows for the respective fiscal years then ended. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by the aforementioned firm of accountants and disclosed therein). Neither the Company nor any of its Subsidiaries, as of the Effective Date, has any material Guarantee Obligations, contingent liabilities and liabilities for taxes, or any long-term leases or unusual forward or long-term commitments, including any interest rate or foreign currency swap or exchange transaction or other obligation in respect of derivatives, that are not reflected in the most recent financial statements referred to in this paragraph.

4.2 No Material Adverse Effect. Since December 31, 2009, there has been no event or development that would reasonably be expected to have a Material Adverse Effect.

4.3 Existence; Compliance with Law. The Company (a) is a limited liability company formed and validly existing under the Limited Liability Company Law of the State of Delaware, or, if at any time after the Effective Date the Company has changed its form of business organization to a corporate or partnership form, is, on any date on or after the

effectiveness of such change upon which this representation is made or deemed made, duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the requisite power and authority under such law to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged and (c) is duly qualified and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification except where the failure to so qualify would not reasonably be expected, in the aggregate, to have a Material Adverse Effect. Each of the Company's Significant Subsidiaries (x) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (y) has the requisite power and authority to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged and (z) is duly qualified and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification except where the failure to so qualify would not reasonably be expected, in the aggregate, to have a Material Adverse Effect. Each of the Company and its Significant Subsidiaries is in compliance with all Requirements of Law except to the extent that the failure to comply therewith would not, in the aggregate, have a material adverse effect on the business, property, financial condition or results of operations of the Company and its Subsidiaries, taken as a whole, and would not materially adversely affect the ability of the Company to perform its obligations under this Agreement and the Notes.

4.4 Power; Authorization; Enforceable Obligations. The Company has the requisite power and authority and the legal right to make, deliver and perform this Agreement and the Notes and to borrow hereunder and has taken all necessary and proper action to authorize the borrowings on the terms and conditions of this Agreement and the Notes and to authorize the execution, delivery and performance of this Agreement and the Notes by the Company. No consent or authorization of, filing with or other act by or in respect of any Governmental Authority is required by the Company in connection with the borrowings hereunder or with the execution, delivery or performance of this Agreement or the Notes by the Company or with the validity or enforceability of this Agreement or the Notes against the Company. This Agreement has been duly executed and delivered on behalf of the Company and constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law). On the date of the initial Loans hereunder, each Note, if requested, will have been duly executed and delivered on behalf of the Company and will constitute a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

4.5 No Legal Bar. The execution, delivery and performance of this Agreement and the Notes, the borrowings hereunder and the use of the proceeds thereof, will not violate the organizational or governing documents of the Company or any of its Significant Subsidiaries,

any other material Requirement of Law or any material Contractual Obligation of the Company or of any of its Significant Subsidiaries, and will not result in, or require, the creation or imposition of any Lien on any of its or their respective properties or revenues pursuant to any Requirement of Law or Contractual Obligation.

4.6 No Material Litigation. Except as disclosed in the SEC Filings, no litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Company, threatened by or against the Company or any of its Significant Subsidiaries or against any of its or their respective properties or revenues (a) with respect to this Agreement or the Notes, or (b) which is reasonably likely to be adversely determined and, if adversely determined, would reasonably be expected to have, a Material Adverse Effect.

4.7 No Default. Neither the Company nor any of its Subsidiaries is in default under or with respect to any Contractual Obligation in any respect which would reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

4.8 Ownership of Property; Liens. Each of the Company and its Subsidiaries, if any, has good title to or valid leasehold interests in all its material real property, and good title to all its other material property, and none of such property is subject to any Lien prohibited by Section 7.3.

4.9 Taxes. Each of the Company and its Subsidiaries has filed or caused to be filed all tax returns which to the knowledge of the Company are required to be filed by it and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority except (a) those taxes the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Company or any of its Significant Subsidiaries, as the case may be, or (b) to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect.

4.10 Federal Regulations. No part of the proceeds of any Loans, and no other extensions of credit hereunder, will be used (a) for “buying” or “carrying” any “margin stock” within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect for any purpose that violates the provisions of the Regulations of the Board or (b) for any purpose that violates the provisions of the Regulations of the Board.

4.11 ERISA. Except as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect: (a) during the five-year period prior to the date on which this representation is made or deemed made, (i) no Reportable Event or non-exempt Prohibited Transaction has occurred with respect to any Plan; (ii) no termination of a Single Employer Plan has occurred with respect to which the liability remains unsatisfied and no Lien in favor of the PBGC has arisen; (iii) there has been no failure to meet the minimum funding standards (within the meaning of Sections 412 or 430 of the Code or Section 302 of ERISA, including but not limited to the occurrence of an “accumulated funding deficiency” (within the meaning of Section

412 of the Code or Section 302 of ERISA as in effect prior to the effective date of the Pension Protection Act of 2006)) with respect to any Single Employer Plan; and (iv) there has been no filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Single Employer Plan, no failure to make by its due date a required installment under Section 430(j) of the Code with respect to any Single Employer Plan, or failure by the Company or any Commonly Controlled Entity to make any required contribution to a Multiemployer Plan; (b) the Company, each of its Significant Subsidiaries and each Commonly Controlled Entity is in compliance in all respects with the applicable provisions of ERISA and the Code relating to Plans; (c) the present value of all accrued benefits under each Single Employer Plan (based on those assumptions used to fund such Single Employer Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Single Employer Plan allocable to such accrued benefits and there has been no determination that any Single Employer Plan is, or is expected to be, in "at risk" status (within the meaning of Section 430 of the Code or Section 303 of ERISA); (d) neither the Company nor any Commonly Controlled Entity has received from the PBGC or a plan administrator any notice relating to an intention to terminate any Single Employer Plan or to appoint a trustee to administer any Single Employer Plan under Section 4042 of ERISA; (e) neither the Company nor any Commonly Controlled Entity has had a complete or partial withdrawal from any Multiemployer Plan that has resulted or could reasonably be expected to result in any liability under Section 4201 of ERISA, and neither the Company nor any Commonly Controlled Entity would become subject to any liability under ERISA if the Company or any such Commonly Controlled Entity were to withdraw completely from all Multiemployer Plans as of the valuation date most closely preceding the date on which this representation is made or deemed made; (f) neither the Company nor any Commonly Controlled Entity has received any notice of a determination that a Multiemployer Plan is in Reorganization, Insolvent or in "endangered" or "critical" status (within the meaning of Section 432 of the Code or Section 305 of ERISA); and (g) with respect to each Foreign Plan, there has been no failure (i) to make or, if applicable, accrue in accordance with normal accounting practices, any employer or employee contributions required by applicable law or by the terms of such Foreign Plan; (ii) to register or loss of good standing with applicable regulatory authorities of any such Foreign Plan required to be registered; or (iii) of any Foreign Plan to comply with any material provisions of applicable law and regulations or with the material terms of such Foreign Plan.

4.12 Investment Company Act; Other Regulations. Neither the Company nor any of its Subsidiaries is an "investment company", or a company "controlled" by a registered "investment company", within the meaning of the Investment Company Act of 1940, as amended. Neither the Company nor any of its Subsidiaries is subject to regulation under any Requirement of Law (other than Regulation X of the Board and Rule 15c3-1 as promulgated by the SEC under the Act) that limits its ability to incur Indebtedness.

4.13 Significant Subsidiaries. Except as disclosed to the Administrative Agent (who shall promptly notify the other Banks upon receipt of such disclosure) by the Company in writing from time to time after the Effective Date, (a) Schedule 4.13 sets forth the name and jurisdiction of incorporation of each Significant Subsidiary and, as to each such Significant Subsidiary, the percentage of each class of Capital Stock owned by the Company and (b) there

are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than Exchangeable Interests, stock options granted to employees or directors and directors' qualifying shares) of any nature relating to any Capital Stock of the Company or any of its Significant Subsidiaries, except as created by this Agreement.

4.14 Accuracy of Information, etc. No statement or information contained in this Agreement or any other document, certificate or statement furnished by or on behalf of the Company to the Administrative Agent or the Banks, or any of them, for use in connection with the transactions contemplated by this Agreement, contained as of the date such statement, information, document or certificate was so furnished (as modified or supplemented by other information so furnished), any untrue statement of a material fact or omitted to state a material fact necessary to make the statements contained herein or therein not misleading in each case taken as a whole; provided that, with respect to any such statement or information with respect to projected financial information or other projected results, the Company represents only that such information was based upon good faith estimates and assumptions believed by management of the Company to be reasonable at the time made, it being recognized by the Banks that such information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such information may differ from the projected results set forth therein by a material amount. There is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been expressly disclosed herein or in any other documents, certificates and statements furnished to the Administrative Agent and the Banks for use in connection with the transactions contemplated hereby.

4.15 Use of Proceeds. The proceeds of the Loans shall be used by the Company for general corporate purposes.

SECTION 5. CONDITIONS PRECEDENT

5.1 Conditions of Initial Loans. The obligation of each Bank to make its initial Loan hereunder and the effectiveness of this Agreement are subject to the satisfaction of the following conditions precedent:

(a) Execution of Agreement. The Administrative Agent shall have received this Agreement, executed by an authorized officer of each Bank party hereto and by an authorized officer of the Company.

(b) Notes. The Administrative Agent shall have received a Note conforming to the requirements hereof and executed by an authorized officer of the Company for each Bank that has requested a Note prior to the Effective Date. The Administrative Agent shall promptly forward any such Notes to the appropriate Banks.

(c) Existing Credit Agreement. Prior to or substantially simultaneously with the Effective Date, the commitments under the Existing Credit Agreement shall have been terminated and the Company shall have repaid all outstanding loans, unpaid interest thereon and all fees and expenses owed thereunder.

(d) Legal Opinion. The Administrative Agent shall have received (i) an opinion of Cravath, Swaine & Moore LLP, special counsel to the Company, substantially in the form of Exhibit B-1, and (ii) an opinion of Scott D. Hoffman, Managing Director and the General Counsel to the Company, substantially in the form of Exhibit B-2, and (iii) and an opinion of Wilmer Cutler Pickering Hale and Dorr LLP, substantially in the form of Exhibit B-3, each dated the Effective Date and addressed to the Administrative Agent and the Banks.

(e) Closing Certificate. The Administrative Agent shall have received a Closing Certificate of the Company dated the Effective Date, in a form reasonably satisfactory to the Administrative Agent, with appropriate insertions and attachments (including the certificate of formation and the operating agreement of the Company) executed by an officer of the Company.

(f) Incumbency and Signatures. The Administrative Agent shall have received a certificate of an officer of the Company, dated the Effective Date, as to the incumbency and signatures of the officers of the Company, duly authorized to sign this Agreement, the Notes and any certificate or other document required to be delivered pursuant thereto.

(g) Fees. The Administrative Agent shall have received all fees required to be paid to it and each Bank under this Agreement on or prior to the Effective Date.

5.2 Conditions to All Loans. The making by each Bank of any Loan hereunder (but not the conversion or continuation of any Loan pursuant to Section 2.7) is subject to the satisfaction of the following conditions precedent on the relevant Borrowing Date:

(a) Representations and Warranties. The representations and warranties made by the Company herein or which are contained in any certificate furnished at any time under or in connection herewith shall be true and correct on and as of the Borrowing Date as if made on and as of such date (it being understood and agreed that any representation and warranty which by its terms is made as of a specified date shall be required to be true and correct only as of such specified date).

(b) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the Loan to be made on such Borrowing Date.

(c) Compliance Certificate. Notwithstanding the fact that no Event of Default has occurred and is continuing, if the Company has failed to comply with the financial covenants set forth in Section 7.1 for any period of time, the Company shall have delivered a Compliance Certificate substantially in the form of Exhibit D.

Each borrowing by the Company hereunder shall constitute a representation and warranty by the Company as of the date of such borrowing or issuance that the conditions in clauses (a) and (b) of this Section have been satisfied.

SECTION 6. AFFIRMATIVE COVENANTS

The Company hereby agrees that, so long as the Commitments remain in effect, any Loan remains outstanding and unpaid or any other amount is owing to the Banks or the Administrative Agent hereunder, the Company shall and (except in the case of delivery of financial information, reports and notices) shall cause each Significant Subsidiary to:

6.1 Financial Statements. Furnish to the Administrative Agent for delivery to each Bank:

(a) as soon as available, but in any event within 90 days after each December 31st or other date on which the annual audit of the Company is conducted, a copy of the balance sheet of the Company and its consolidated Subsidiaries as at such date and the related statement of income for the fiscal year then ended, reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by independent certified public accountants of nationally or regionally recognized standing; and

(b) as soon as available, but in any event not later than 45 days after the end of each of the first, second and third quarterly periods of each fiscal year of the Company, the unaudited balance sheet of the Company and its consolidated Subsidiaries as at the end of each such quarter and the related unaudited statement of income of the Company and its consolidated Subsidiaries for the fiscal year to date, certified by a Responsible Officer of the Company with responsibility for financial reporting matters (subject to normal year-end audit adjustments);

all such financial statements to be complete and correct in all material respects and to be prepared in reasonable detail in accordance with GAAP applied consistently throughout the period reflected therein, and in the case of clause (b) above, subject to normal year-end audit adjustments and the absence of footnotes.

6.2 Certificates; Other Information. Furnish to the Administrative Agent for delivery to each Bank:

(a) concurrently with the delivery of the financial statements referred to in Sections 6.1(a) and (b), a certificate of an authorized financial officer of the Company (i) stating that, to the best of such authorized financial officer's knowledge, the Company and its Significant Subsidiaries during such period have observed or performed all of their covenants and other agreements, and satisfied every condition, contained in this Agreement and in the Notes to be observed, performed or satisfied by them, and that such officer has obtained no knowledge of any Event of Default, in each case except as specified in such certificate and (ii) setting forth quarterly computations with respect to compliance with Section 7.1 of this Agreement;

(b) as soon as available, but in any event not later than 45 days after the end of each of the quarterly periods of each fiscal year of each Designated Subsidiary, a copy of the Statement of Financial Condition and Computation of Net Capital of such

Designated Subsidiary as of the end of such quarter included in Part II of such Designated Subsidiary's FOCUS Report, Annual Audit Report, amendment to Form ADV or amendment to Form BD (as applicable) for such quarter, certified as correct as of the date thereof, subject to changes resulting from subsequent audit adjustments, by an authorized officer of such Designated Subsidiary;

(c) as soon as possible and in any event within 30 days after the Company knows or has reason to know of the following events: (i) the occurrence or expected occurrence of any Reportable Event with respect to any Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC, the Company or any Commonly Controlled Entity with respect to the withdrawal from, or the terminating, reorganization or insolvency of, any Single Employer Plan or Multiemployer Plan, a certificate of an authorized officer of the Company setting forth the details thereof and the action, if any, that the Company or the Commonly Controlled Entity proposes to take with respect thereto;

(d) promptly, such additional financial and other information, confidential or otherwise, as the Banks may from time to time reasonably request and which the Company is not expressly prohibited by law or written contract from disclosing; and

(e) within 5 days after the same are sent, copies of all financial statements and reports that Holdings or the Company sends to the holders of any class of its debt securities or public equity securities and, within five (5) days after the same are filed, copies of all financial statements and reports that Holdings or the Company may make to, or file with, the SEC.

6.3 Conduct of Business and Maintenance of Existence; Compliance. (a) Continue to engage in business of the same general type as now conducted by it and preserve, renew and keep in full force and effect its existence (which, in the case of the Company shall be as a duly formed and existing limited liability company or, if the provisions set forth in the immediately succeeding sentence have been satisfied, a duly organized and existing corporation or partnership), except as otherwise expressly permitted under Section 7.4, (b) take all reasonable action to maintain all material rights, privileges and franchises necessary or desirable in the normal conduct of its business and (c) comply with all Contractual Obligations and Requirements of Law, except to the extent that failure to comply therewith would not reasonably be expected, in the aggregate, to have a Material Adverse Effect. The Company may change the form of its business organization from limited liability company to corporate form or to a limited partnership form provided that (i) immediately upon giving effect to any such change, all representations and warranties made by the Company under Section 4 hereof are true and correct as if made at such time by the Company in such successor form and (ii) upon or prior to the date of such change, the Company shall have delivered to the Administrative Agent a certificate of the Company to such effect and opinion satisfactory to the Administrative Agent with respect to the assumption of all agreements, obligations and liabilities hereunder by the Company in such successor form.

6.4 Maintenance of Property; Insurance. Keep all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted;

maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks as are usually insured against in the same general area by companies engaged in the same or a similar business and of a similar size; and furnish to each Bank, upon written request, full information as to the insurance carried.

6.5 Inspection of Property; Books and Records; Discussions. Keep proper books of records and account in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities; and, with the prior consent of the Company, which shall not be unreasonably withheld (and not be required when any Event of Default has occurred and is continuing but with reasonable prior notice), permit representatives of any Bank to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired, and to discuss the business, operations, properties and financial and other condition of the Company and its Subsidiaries with officers and employees of the Company and its Significant Subsidiaries and with its independent certified public accountants.

6.6 Notices. Promptly give notice to the Administrative Agent and each Bank:

(a) of the occurrence of any Default or Event of Default upon obtaining knowledge thereof;

(b) of any litigation or proceeding which may exist at any time between the Company or any Subsidiary and any other person, which is reasonably likely to be adversely determined and if adversely determined would have a Material Adverse Effect;

(c) of the following events, as soon as possible and in any event within 30 days after the Company knows or has reason to know thereof: (i) the occurrence of any Reportable Event or non-exempt Prohibited Transaction resulting in liability in excess of $10,000,000 with respect to any Plan, a failure to make any required contribution to a Single Employer Plan or Multiemployer Plan, any determination that any Single Employer Plan is, or is expected to be, in “at risk” status (within the meaning of Section 430 of the Code or Section 303 of ERISA), the creation of any Lien in favor of the PBGC or a Plan, any withdrawal from, or the termination, Reorganization or Insolvency of, any Multiemployer Plan or determination that any Multiemployer Plan is, or is expected to be, in “endangered” or “critical” status (within the meaning of Section 432 of the Code or Section 305 of ERISA, or (ii) the institution of proceedings or the taking of any other action by the PBGC or the Company or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the termination, Reorganization or Insolvency of, any Single Employer Plan or Multiemployer Plan or determination that any such Single Employer Plan is, or is expected to be, in “at risk” status (within the meaning of Section 430 of the Code or Section 303 of ERISA) or that any Multiemployer Plan is, or is expected to be, in “endangered” or “critical” status (within the meaning of Section 432 of the Code or Section 305 of ERISA; and

(d) of any other development that has had or would reasonably be expected to have a Material Adverse Effect.

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer of the Company setting forth details of the occurrence referred to therein and stating what action, if any, the Company proposes to take with respect thereto.

SECTION 7. NEGATIVE COVENANTS

The Company hereby agrees that, so long as the Commitments remain in effect, any Loan remains outstanding and unpaid or any other amount is owing to the Banks or the Administrative Agent hereunder, the Company shall not, and shall not permit any of its Significant Subsidiaries to, directly or indirectly:

7.1 Financial Condition Covenants.

(a) Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio as of the last day of any fiscal quarter, commencing with the fiscal quarter ended June 30, 2010, to be greater than 4.00 to 1.00.

(b) Consolidated Interest Coverage Ratio. Permit the Consolidated Interest Coverage Ratio for the period of four consecutive fiscal quarters ending on the last day of any fiscal quarter, commencing with the fiscal quarter ended June 30, 2010, to be less than 3.00 to 1.00.

7.2 Limitation on Indebtedness. Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness arising under this Agreement or the Notes;

(b) Indebtedness of the Company to any Wholly Owned Subsidiary and of any Wholly Owned Subsidiary to the Company or any other Wholly Owned Subsidiary;

(c) Indebtedness outstanding on the date hereof and listed on Schedule 7.2 and any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness;

(d) [Reserved];

(e) secured Broker-Dealer Indebtedness and Indebtedness of Lazard Frères Banque; provided that after giving effect to the incurrence of any unsecured Indebtedness by Lazard Frères Bank permitted under this Section 7.2(e), the aggregate of its unencumbered assets shall exceed the aggregate of its unsecured Indebtedness;

(f) Indebtedness of a Subsidiary acquired after the Effective Date or a corporation or other entity merged into or consolidated with the Company or any Subsidiary after the Effective Date and Indebtedness assumed in connection with the acquisition of assets, which Indebtedness in each case, exists at the time of such acquisition, merger or consolidation and is not created in contemplation of such event and where such acquisition, merger or consolidation is permitted by this Agreement and any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness; provided that, immediately after giving effect to the acquisition or assumption of such Indebtedness (other than Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness), the Leverage Ratio shall not be greater than 3.5 to 1.0;

(g) Capital Lease Obligations in connection with the Paris Lease and any Indebtedness the net proceeds of which are used to refinance or replace such Capital Lease Obligations; provided that the principal amount of such Indebtedness does not exceed the value of the real property covered by the Paris Lease;

(h) additional Capital Lease Obligations in an aggregate principal amount not to exceed $10,000,000 at any one time outstanding;

(i) purchase money Indebtedness incurred by the Company or any Subsidiary prior to or within 270 days of the acquisition, lease or improvement of the respective asset permitted under this Agreement in order to finance such acquisition or improvement, and any Permitted Refinancing Indebtedness in respect thereof, in an aggregate principal amount that at the time of, and after giving effect to, the incurrence thereof in an aggregate principal amount not to exceed $25,000,000 at any one time outstanding;

(j) Indebtedness of the Company in respect of the Senior Notes and any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness;

(k) Indebtedness in connection with Permitted Receivables Financings in an aggregate principal amount not to exceed $50,000,000 at any one time outstanding;

(l) Indebtedness in respect of letters of credit issued for the account of the Company or its Subsidiaries (other than letters of credit issued as guaranties for Indebtedness of the Company and its Subsidiaries);

(m) Subordinated Indebtedness of the Company or any of its Subsidiaries (other than LFNY);

(n) additional Indebtedness of the Company or any of its Subsidiaries in an aggregate principal amount (for the Company and all Subsidiaries) not to exceed $125,000,000 at any one time outstanding; provided that, immediately after giving effect to the incurrence of such additional Indebtedness, the Leverage Ratio shall not be greater than 3.5 to 1.0;

(o) Guarantee Obligations of the Company and its Subsidiaries in respect of Indebtedness of the Company or its Subsidiaries so long as the incurrence of such Indebtedness is permitted under this Agreement;

(p) Indebtedness under the Intesa Notes and any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness; and

(q) Specified Non-Recourse Indebtedness.

7.3 Limitation on Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except:

(a) Liens created, incurred or assumed by any Subsidiary of the Company which is a registered broker-dealer upon assets owned by such Subsidiary or held for such Subsidiary's account to secure Trade Debt;

(b) Liens for taxes, assessments, governmental charges or levies not yet due or which are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Company in accordance with GAAP;

(c) carriers', warehousemen's, mechanics', materialmen's, repairmen's, or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 30 days or which are being contested in good faith and by appropriate proceedings;

(d) (i) pledges or deposits in connection with workmen's compensation, unemployment insurance and other social security legislation, (ii) licenses, sublicenses, leases or subleases granted in the ordinary course of business not interfering in any material respect with the business of the Company or any of its Subsidiaries, (iii) Liens arising from UCC financing statements regarding operating leases and (iv) Liens on securities that are the subject of repurchase agreements constituting Cash Equivalents;

(e) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory and other obligations required by law, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(f) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate; are not substantial, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the Company and its Subsidiaries taken as a whole;

(g) Liens on real property, leasehold improvements and equipment of the Company securing Specified Non-Recourse Indebtedness and/or Specified Recourse Indebtedness;

(h) any judgment Liens in respect of judgments that do not constitute an Event of Default under clause (h) of Section 9;

(i) purchase money Liens on property acquired or held by the Company or any Subsidiary in the ordinary course of business to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition, construction or improvement of such property or other Lien existing on any such property or assets at the time of acquisition (other than any such Liens created in

contemplation of such acquisition that do not secure the purchase price); provided, however, that no such Lien shall extend to or cover any property other than property being acquired, constructed on or improved;

(j) any assignment of an account or chattel paper (i) as part of the sale of the business out of which such account or chattel paper arose, (ii) for the purpose of collection only, (iii) under a contract to an assignee who is also to do the performance under such contract or (iv) in whole or partial satisfaction of pre-existing Indebtedness;

(k) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any of the Liens permitted by clause (i) above upon the same real property or assets theretofore subject thereto without increase in the amount of Indebtedness secured thereby;

(l) any Lien on any property or asset (or proceeds therefrom) that is existing prior to the acquisition thereof by the Company or any Subsidiary or on any property or asset of any Person that becomes a Subsidiary after the Effective Date that is existing prior to the time such Person becomes a Subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Company or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(m) any Lien securing Indebtedness permitted under Sections 7.2(b) (only to the extent required under Requirements of Law), 7.2(e), 7.2(g), 7.2(h), 7.2(i) and 7.2(k); and

(n) other Liens securing Indebtedness or other obligations not prohibited under Section 7.2 in an aggregate principal amount outstanding not to exceed $5,000,000 at any time outstanding.

7.4 Limitation on Fundamental Changes. Consummate any merger, amalgamation, statutory share exchange or consolidation or similar transaction (collectively, to "Merge" or a "Merger", as applicable) involving the Company and its Significant Subsidiaries, or a sale or other disposition of all or substantially all of the assets of Company and its Subsidiaries taken as a whole (any of the foregoing, a "Business Combination"), except that:

(a) any Subsidiary of the Company may Merge with or into the Company or enter into a Business Combination with the Company (provided that the Company shall be the continuing or surviving person) or Merge with or into, or enter into a Business Combination with, any other Subsidiary;

(b) so long as no Default exists or would result therefrom, any Merger of a Significant Subsidiary, the purpose of which is to effect an asset sale or disposition permitted under this Agreement and not constituting a sale or other disposition of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole; and

(c) any Business Combination shall be permitted if: (A) more than 50% of, respectively, the outstanding equity interests in, and more than 50% of the combined voting power of the then outstanding voting interests entitled to vote generally in the election of directors or similar governing body, as the case may be, of the person resulting from such Business Combination (including, without limitation, a person which as a result of such transaction owns Holdings or all or substantially all of Holdings' assets either directly or through one or more subsidiaries) shall be owned by persons who are the beneficial owners of the Company immediately prior to such Business Combination, and (B) no Change in Control shall occur.

7.5 RESERVED.

7.6 Limitation on Optional Payments and Modifications of Subordinated Indebtedness. (a) Make any optional payment or prepayment on, or optional redemption or purchase of, any Subordinated Indebtedness; provided that such optional payments, prepayments, redemptions or purchases shall be permitted so long as (i) made with the proceeds of Permitted Refinancing Indebtedness with respect thereto, (ii) such payments do not exceed in the aggregate the amount then available for Restricted Payments pursuant to Section 7.8(e), or (iii) the Leverage Ratio is not greater than 3.5 to 1.0 after giving effect to such optional payment, prepayment, redemption or purchase, or (b) make any amendment, modification or change, or consent or agree to any amendment, modification or change to any of the terms relating to the payment or prepayment of principal of or interest on, any Subordinated Indebtedness (other than any such amendment, modification or change which would extend the maturity or reduce the amount of any payment of principal thereof or which would reduce the rate or extend the date for payment of interest thereon or any such amendment, modification or change which would not otherwise cause such Subordinated Indebtedness (assuming that such Indebtedness were incurred after the Effective Date) to fail to constitute Subordinated Indebtedness as defined herein). For the avoidance of doubt, the Intesa Notes can be repaid in accordance with their terms and such payments will not constitute optional payments or prepayments subject to this Section 7.6; provided that, any Senior Indebtedness incurred to make such payment or prepayment shall be subject to Section 7.2(n).

7.7 Clauses Restricting Subsidiary Distributions. Other than pursuant to the Senior Note Indentures, enter into or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Significant Subsidiary of the Company to (a) make Restricted Payments in respect of any Capital Stock of such Significant Subsidiary held by, or pay any Indebtedness owed to, the Company or any other Subsidiary of the Company, (b) make loans or advances to, or other Investments in, the Company or any other Subsidiary of the Company or (c) transfer any of its assets to the Company or any other Subsidiary of the Company, except for such encumbrances or restrictions existing under or by reason of (i) any restrictions imposed by law, by any self-regulatory organizations or existing under this Agreement, (ii) any restrictions with respect to a Significant Subsidiary imposed pursuant to an agreement that has been entered into in connection with the Disposition of all or substantially all of the Capital Stock or assets of such Significant Subsidiary, (iii) restrictions and conditions with

respect to a Person that is not a Significant Subsidiary on the date hereof, which restrictions and conditions are in existence at the time such Person becomes a Significant Subsidiary and are not incurred in connection with, or in contemplation of, such Person becoming a Significant Subsidiary, (iv) restrictions and conditions no more restrictive than those in the Senior Note Indentures, (v) restrictions and conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions and conditions apply only to the property or assets securing such Indebtedness, and (vi) customary provisions in leases and other contracts restricting the assignment thereof.

7.8 Restricted Payments. Declare or pay any dividend (other than dividends payable solely in common stock (or equivalent) of the Person making such dividend) on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any Capital Stock of the Company or any of its Subsidiaries, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of any of the Company or any Subsidiary (collectively, "Restricted Payments"). Notwithstanding the foregoing, the Company and each Subsidiary may make the following Restricted Payments:

(a) amounts necessary for tax distributions in accordance with Article VI of the Company's operating agreement as in effect as of the date hereof;

(b) distributions made in accordance with the Company's operating agreement, as in effect as of the date hereof, in respect of profit participation interests;

(c) Restricted Payments made by any Subsidiary of the Company to the Company or any other Subsidiary of the Company or ratably with respect to its Capital Stock;

(d) pro rata distributions to any holders of Capital Stock in a joint venture;

(e) Restricted Payments in an amount equal to (i) $38,000,000 per annum, plus (ii) a cumulative amount from and after May 10, 2005 equal to the sum of (A) so long as at the time of declaration the Working Capital of the Company is greater than zero, 40% of Consolidated Net Income as determined in accordance with the financial statements for the relevant period or periods, plus (B) proceeds received by the Company after the May 10, 2005 from the issuance of its Capital Stock and capital contributions, plus (C) the principal amount of any convertible or exchangeable securities actually converted or exchanged minus (iii) the aggregate amount of restricted payments made during the period from May 10, 2005, to the Effective Date pursuant to Section 7.8(e) of the Existing Credit Agreement minus (iv) at any time, the aggregate amount of payments made pursuant to Section 7.6(a)(ii) hereto;

(f) Restricted Payments necessary for any parent of the Company to pay operating expenses attributable to the Company and other similar corporate overhead costs and expenses incurred in the ordinary course of business which are attributable to the Company;

(g) if no Event of Default has occurred and is continuing, payments of dividends on any preferred stock;

(h) [Reserved];

(i) dividend payments to employees holding Capital Stock received upon the exercise of compensation options under a benefit plan; and

(j) Restricted Payments made in connection with the Lazard Asset Management Equity Plan.

7.9 Disposition of Designated Subsidiaries. Enter into any Designated Asset Sale, if, after giving effect to such Designated Asset Sale, the Company shall own, directly or indirectly, Capital Stock of any Designated Subsidiary representing less than a majority of (a) the Capital Stock of such Designated Subsidiary, (b) the Capital Stock of such Designated Subsidiary entitled to vote generally in the election of directors or (c) the right to receive dividends or other distributions from such Designated Subsidiary.

SECTION 8. RESERVED

SECTION 9. EVENTS OF DEFAULT

If any of the following events shall occur and be continuing:

(a) The Company shall fail to pay any principal of any Loan when any such amount becomes due in accordance with the terms hereof; or to pay any interest on any Loan, or any other amount payable hereunder, within five (5) days after such interest or other amount becomes due in accordance with the terms hereof; or

(b) Any representation or warranty made by the Company herein or pursuant hereto or which is contained in any certificate or other document furnished at any time under or in connection with this Agreement shall prove to have been incorrect in any material respect on or as of the date made; or

(c) The Company shall default in the observance or performance of any agreement contained in Section 6.3(a) (with respect to the existence of the Company only), Section 6.6(a) or in Section 7 (other than, so long as there are no Loans outstanding under this Agreement, Section 7.1);

(d) The Company shall default in the observance of the financial covenants set forth in Section 7.1 on the last day of any fiscal quarter on which there are no Loans outstanding under this Agreement and such default shall continue unremedied at the end of the next succeeding fiscal quarter; or

(e) The Company shall default in the observance or performance of any other agreement contained in this Agreement (other than as provided in paragraphs (a) through (d) of this Section), and such default shall continue unremedied for a period of 30 days following notice thereof by the Administrative Agent to the Company; or

(f) The Company or any of its Significant Subsidiaries shall (i) default in any payment of principal of or interest on any Indebtedness (other than the Loans) in excess of $10,000,000 (or in the case of the Company, $25,000,000) beyond the period of grace, if any, provided in the instrument or agreement (or any extension of such period granted to the Company) under which such Indebtedness was created; or (ii) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, with the giving of notice if required, such Indebtedness in excess of $10,000,000 (or in the case of the Company, $25,000,000) to become due prior to its stated maturity; or

(g) (i) Any Person shall engage in any non-exempt Prohibited Transaction involving any Plan; (ii) any failure to satisfy the minimum funding standards (within the meaning of Sections 412 or 430 of the Code or Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of the Company or any of its Significant Subsidiaries or any Commonly Controlled Entity; (iii) a filing shall be made pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Single Employer Plan, or there shall be a failure by the Company or any Commonly Controlled Entity to make by its due date a required contribution to any Single Employer Plan or Multiemployer Plan; (iv) a determination shall be made that any Single Employer Plan is, or is expected to be, in "at risk" status (within the meaning of Section 430 of the Code or Section 303 of ERISA); (v) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the Banks' reasonable opinion, reasonably likely to result in the termination of such Plan for purposes of Title IV of ERISA; (vi) any Single Employer Plan shall terminate for purposes of Title IV of ERISA; (vii) the Company, any of its Significant Subsidiaries or any Commonly Controlled Entity shall, or shall be reasonably likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, a Multiemployer Plan or there shall be a determination that any Multiemployer Plan is, or is expected to be, in "endangered" or "critical" status (within the meaning of Section 432 of the Code or Section 305 of ERISA); (viii) with respect to any Foreign Plan, there shall occur (A) a failure to make or, if applicable, accrue in accordance with normal accounting practices, any employer or employee contributions required by applicable law or by the terms of such Foreign Plan, (B) a failure to register or loss of good standing with applicable regulatory authorities of any such Foreign Plan required to be registered; or (C) a failure of any Foreign Plan to comply with any material provisions of applicable law and regulations or with the material terms of such Foreign Plan; or (ix) any other similar event or condition shall

occur or exist with respect to a Plan; and in each case in clauses (i) through (ix) above, such event or condition, together with all other such events or conditions, if any, could subject the Company or any Significant Subsidiary to any tax, penalty or other liabilities that, in the aggregate, would have a Material Adverse Effect; or

(h) One or more judgments or decrees shall be entered against the Company or any of its Significant Subsidiaries involving in the aggregate a liability (not paid or to the extent not covered by insurance) of $10,000,000 (or in the case of the Company, $25,000,000) or more and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof; or

(i) (i) the Company or any of its Significant Subsidiaries shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Company or any of its Significant Subsidiaries shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Company or any of its Significant Subsidiaries any case, proceeding or other action of a nature referred to in clause (i) above that (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed or undischarged for a period of 60 days; or (iii) there shall be commenced against the Company or any of its Significant Subsidiaries any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) the Company or any of its Significant Subsidiaries shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) the Company or any of its Significant Subsidiaries shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(j) a Change in Control shall occur.

then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (i) above with respect to the Company, automatically the Commitments shall immediately terminate and the Loans (with accrued interest thereon) and all other amounts owing under this Agreement shall immediately become due and payable, and (B) if such event is any other Event of Default, either or both of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Company declare the Commitments to be terminated forthwith, whereupon the Commitments shall immediately terminate; and (ii) with the consent of the Required Lenders, the Administrative Agent may, or upon the

request of the Required Lenders, the Administrative Agent shall, by notice to the Company, declare the Loans (with accrued interest thereon) and all other amounts owing under this Agreement to be due and payable forthwith, whereupon the same shall immediately become due and payable. Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived by the Company.

SECTION 10. RESERVED

SECTION 11. THE ADMINISTRATIVE AGENT

11.1 Appointment. Each Bank hereby irrevocably designates and appoints Citibank, N.A., as the Administrative Agent of such Bank under this Agreement, and irrevocably authorizes Citibank, N.A., as the Administrative Agent for such Bank, to take such action on its behalf under the provisions of this Agreement and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with the Banks, and no implied covenants, function, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Administrative Agent.

11.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

11.3 Exculpatory Provisions. Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement (except for its or such Person's own gross negligence or willful misconduct), or (ii) responsible in any manner to the Banks for any recitals, statements, representations or warranties made by the Company or any officer thereof contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or the Notes or for any failure of the Company to perform its obligations hereunder. The Administrative Agent shall not be under any obligation to the Banks to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement, or to inspect the properties, books or records of the Company.

11.4 Reliance by Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed,

sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Company), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first receive such advice or concurrence of the Banks as it deems appropriate or it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the Notes in accordance with a request of the Banks, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Banks and all future holders of the Notes.

11.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received notice from a Bank or the Company referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default" or "notice of event of default", as the case may be. In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Banks. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Banks jointly; provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Banks.

11.6 Non-Reliance on Administrative Agent. Each Bank expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Company, shall be deemed to constitute any representation or warranty by the Administrative Agent to such Bank. Each Bank represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Company and made its own decision to make its Loans hereunder and enter into this Agreement. Each Bank also represents that it will, independently and without reliance upon the Administrative Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Company. Except for notices, reports and other documents expressly required to be furnished to the Banks by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, operations, property, financial and other condition or creditworthiness of the Company which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

11.7 Indemnification. Each Bank agrees to indemnify the Administrative Agent in its capacity as such (to the extent not reimbursed by the Company and without limiting the obligation of the Company to do so), ratably according to the amount of its original Commitment and the amount of the original Commitment of the Administrative Agent, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including without limitation at any time following the payment of the Notes) be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of this Agreement, or any documents contemplated by or referred to herein or the transactions contemplated hereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing; provided that the Banks shall not be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from the Administrative Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of the Notes and all other amounts payable hereunder.

11.8 Agent in Its Individual Capacity. The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Company as though the Administrative Agent were not the Administrative Agent hereunder. With respect to its Loans made or renewed by it and any Note issued to it, the Administrative Agent shall have the same rights and powers under this Agreement as any Bank and may exercise the same as though it were not the Administrative Agent, and the terms "Bank" and "Banks" shall include the Administrative Agent in its individual capacity.

11.9 Successor Agent. The Administrative Agent may resign as Administrative Agent upon 10 days' notice to the Company and the Banks. If the Administrative Agent shall resign as Administrative Agent under this Agreement, then the Banks shall appoint a successor agent, which successor agent shall be subject to approval by the Company and the Administrative Agent, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Agent" shall mean such successor agent effective upon its appointment, and the former Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Agent or any of the parties to this Agreement or any holders of the Notes. After any retiring Agent's resignation hereunder as Administrative Agent, the provisions of this Section 11.9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

SECTION 12. MISCELLANEOUS

12.1 Amendments and Waivers. Neither this Agreement, any Note, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section. The Required Lenders and the Company or, with the written consent of the Required Lenders, the Administrative Agent and the Company may, from time to time, (a) enter into written amendments, supplements or modifications hereto for the purpose of

adding any provisions to this Agreement or changing in any manner the rights of the Banks or of the Company hereunder or (b) waive, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) forgive the principal amount or extend the final scheduled date of maturity of any Loan, reduce the stated rate of any interest or fee payable hereunder or extend the scheduled date of any payment thereof, or increase the amount or extend the expiration date of any Bank's Commitment, eliminate or reduce the voting rights of any Bank under this Section 12.1, amend, modify or waive any provision of Section 2.10 (except for the reduction of Commitments pursuant to Section 2.19 or the reduction, in connection with an amendment approved by the Required Lenders, of the Commitment of any Bank that does not consent to such amendment if such reduction of the non-consenting Banks was approved by such amendment) or 12.7 (only if such amendment or modification makes the assignment and participation provisions more restrictive to the Bank), in each case without the written consent of each Bank directly affected thereby; (ii) reduce any percentage specified in the definition of Required Lenders without the written consent of all Banks; or (iii) amend, modify or waive any provision of Section 11 without the written consent of the Administrative Agent. Any such waiver and any such amendment, supplement or modification shall be binding upon the Company, the Banks, the Administrative Agent and all future holders of the Loans. In the case of any waiver, the Company, the Banks and the Administrative Agent shall be restored to their former position and rights hereunder, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

12.2 Notices. (a) All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by facsimile), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or when deposited in the mail, postage prepaid, or, in the case of facsimile notice, when sent, confirmation received, addressed as follows in the case of the Company, the Banks or the Administrative Agent, or to such other address as may be hereafter notified by the respective parties hereto and any future holders of the Notes:

The Company:

Lazard Group LLC
30 Rockefeller Plaza
New York, New York 10020
Attention: Global Controller
Facsimile: (212) 632-6670
E-mail Address: richard.hittner@lazard.com

With a copy to:
Lazard Group LLC
30 Rockefeller Plaza
New York, New York 10020
Attention: Global Treasurer
Facsimile: (212) 632-6670
E-mail Address: robert.starr@lazard.com

The Administrative Agent:

Citibank, N.A.
1615 Brett Road, OPS 3
New Castle, Delaware 19720
Attention: Robert Ross
Facsimile: (212) 994-0961
Telephone: (302) 323-5499
E-mail Address: Robert.Ross@citigroup.com
Copy to: GLAgentOfficeOps@citi.com

The Banks: address, facsimile number, electronic mail address or telephone number specified in the Bank's Administrative Questionnaire, a form supplied by the Administrative Agent, or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by the Bank in a notice to the Administrative Agent

provided that any notice, request or demand to or upon the Administrative Agent or any Bank pursuant to Sections 2.6, 2.7, 2.8 and 2.9 shall not be effective until received.

(b) The Company hereby agrees that it will provide to the Administrative Agent all information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to the Credit Documents, including, without limitation, all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (i) relates to a request for a new, or a conversion of an existing, borrowing or other extension of credit (including any election of an interest rate or interest period relating thereto), (ii) relates to the payment of any principal or other amount due under the Agreement prior to the scheduled date therefor, (iii) provides notice of any Default or Event of Default under the Agreement or (iv) is required to be delivered to satisfy any condition precedent to the effectiveness of the Agreement and/or any borrowing or other extension of credit thereunder (all such non-excluded communications being referred to herein collectively as "Communications"), by transmitting the Communications in an electronic/soft medium in a format acceptable to the Administrative Agent to oploanswebadmin@citigroup.com. In addition, the Company agrees to continue to provide the Communications to the Administrative Agent in the manner specified in the Credit Documents but only to the extent requested by the Administrative Agent.

(c) The Company further agrees that the Administrative Agent may make the Communications available to the Banks by posting the Communications on Debt Domain or a substantially similar electronic transmission systems (the "Platform").

(d) The Administrative Agent agrees that the receipt of the Communications by the Administrative Agent at its e-mail address set forth in paragraph (b) of this Section shall

constitute effective delivery of the Communications to the Administrative Agent for purposes of the Credit Documents. Each Bank agrees that notice to it (as provided in the next sentence) specifying that the Communications have been posted to the Platform shall constitute effective delivery of the Communications to such Bank for purposes of the Credit Documents. Each Bank agrees to notify the Administrative Agent in writing (including by electronic communication) from time to time of such Bank's e-mail address to which the foregoing notice may be sent by electronic transmission and that the foregoing notice may be sent to such e-mail address.

(e) Nothing herein shall prejudice the right of the Administrative Agent or any Bank to give any notice or other communication pursuant to any Credit Document in any other manner specified in such Credit Document.

12.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Bank, any right, remedy, power or privilege hereunder or under the Notes, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided or provided in the Notes are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

12.4 Survival of Representations and Warranties. All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the Notes.

12.5 Payment of Expenses and Taxes. The Company agrees (a) to pay or reimburse the Administrative Agent and the Lead Arranger for all its reasonable out-of-pocket costs and expenses incurred in connection with the preparation and execution, and any amendments or modifications or waivers of the provisions of this Agreement and any other documents prepared in connection therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees and disbursements of one counsel (and, if necessary, one local counsel per jurisdiction) to the Administrative Agent and filing and recording fees and expenses, with statements with respect to the foregoing to be submitted to the Company prior to the Effective Date (in the case of amounts to be paid on the Effective Date) and from time to time thereafter on a quarterly basis or such other periodic basis as the Administrative Agent shall deem appropriate, (b) to pay or reimburse each Bank and the Administrative Agent for all its costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement and any such other documents, including the reasonable fees and disbursements of one counsel (and, if necessary, one local counsel per jurisdiction) to each Bank and of one counsel (and, if necessary, one local counsel per jurisdiction) to the Administrative Agent, (c) to pay, indemnify, and hold each Bank and the Administrative Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, that may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of,

this Agreement and any such other documents, and (d) to pay, indemnify, and hold each Bank and the Administrative Agent and their respective officers, directors, employees, affiliates, agents and controlling persons (each, an "Indemnitee") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement and any such other documents, including any of the foregoing relating to the use of proceeds of the Loans and the reasonable fees and expenses of legal counsel in connection with claims, actions or proceedings by any Indemnitee against the Company under this Agreement (all the foregoing in this clause (d), collectively, the "Indemnified Liabilities"), provided, that the Company shall have no obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities are found by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnitee. All amounts due under this Section 12.5 shall be payable promptly after written demand therefor. Statements payable by the Company pursuant to this Section 12.5 shall be submitted to the address of the Company set forth in Section 12.2, or to such other Person or address as may be hereafter designated by the Company in a written notice to the Administrative Agent. The agreements in this Section 12.5 shall survive repayment of the Loans and all other amounts payable hereunder. The Banks shall endeavor in good faith to limit the number of counsel retained by them to avoid duplication of expenses.

12.6 Confidentiality. The Banks shall not disclose any information that the Company or any of its Subsidiaries furnishes to the Banks, other than (a) as required by any law, rule or regulation or judicial process, (b) as requested by any state, federal or foreign authority or examiner regulating banks or banking, (c) to actual or proposed (with the consent of the Company) assignees, transferees and participants and (d) to its advisors and attorneys.

12.7 Successors and Assigns; Participations and Assignments. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) the Company may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Bank (and any attempted assignment or transfer by the Company without such consent shall be null and void) and (ii) no Bank may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Administrative Agent's and each Bank's Affiliates and their respective directors, officers, employees, agents and advisors) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b)(i) Subject to the conditions set forth in paragraph (b)(ii) below, any Bank may assign to one or more assignees (each, an "Assignee") all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it) with the prior written consent of:

(A) the Company (such consent not to be unreasonably withheld or delayed), provided that no consent of the Company shall be required (x) for an assignment to a Bank, an affiliate of a Bank, or an Approved Fund (as defined below) or (y) if an Event of Default under Sections 9(a) or (i) has occurred; and

(B) the Administrative Agent, provided that no consent of the Administrative Agent shall be required for an assignment of all or any portion of a Loan to a Bank, an affiliate of a Bank or an Approved Fund.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Bank, an affiliate of a Bank or an Approved Fund or an assignment of the entire remaining amount of the assigning Bank Commitments or Loans hereunder, the amount of the Commitments or Loans of the assigning Bank subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 unless each of the Company and the Administrative Agent otherwise consent, provided that such amounts shall be aggregated in respect of each Bank and its affiliates or Approved Funds, if any;

(B) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500; and

(C) the Assignee, if it shall not be a Bank, shall deliver to the Administrative Agent an administrative questionnaire.

For the purposes of this Section 12.7, "Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Bank, (b) an affiliate of a Bank or (c) an entity or an affiliate of an entity that administers or manages a Bank.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) below, from and after the effective date specified in each Assignment and Assumption the Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Bank under this Agreement, and the assigning Bank thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Bank's rights and obligations under this Agreement, such Bank shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.12, 2.16, 2.17 and 12.5). Any assignment or transfer by a Bank of rights or obligations under this Agreement that does not comply with this Section 12.7 shall be treated for purposes of this Agreement as a sale by such Bank of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Company, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Banks, and the Commitments of, and principal amount of the Loans owing to, each Bank pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Company, the Administrative Agent and the Banks may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Company and any Bank, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Bank and an Assignee, the Assignee's completed administrative questionnaire (unless the Assignee shall already be a Bank hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c)(i) Any Bank may, without the consent of the Company or the Administrative Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Bank's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided that (A) such Bank's obligations under this Agreement shall remain unchanged, (B) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Company, the Administrative Agent and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement. Any agreement pursuant to which a Bank sells such a participation shall provide that such Bank shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement may provide that such Bank will not, without the consent of the Participant, agree to any amendment, modification or waiver that (1) requires the consent of each Bank directly affected thereby pursuant to the proviso to the second sentence of Section 12.1 and (2) directly affects such Participant. Subject to paragraph (c)(ii) of this Section, the Company agrees that each Participant shall be entitled to the benefits of Sections 2.12, 2.16 and 2.17 to the same extent as if it were a Bank and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 12.8(b) as though it were a Bank, provided such Participant shall be subject to Section 12.8(a) as though it were a Bank. Each Bank that sells a participation, acting solely for this purpose as an agent of the Company, shall maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under this Agreement (the "Participant Register"). The entries in the Participant Register shall be conclusive, and such Bank and the Administrative Agent shall treat each person whose name is recorded in the Participant Register pursuant to the terms hereof as the owner of such participation for all purposes of this Agreement, notwithstanding notice to the contrary.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.16 or 2.17 than the applicable Bank would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Company's prior written consent. No Participant shall be entitled to the benefits of Section 2.17 unless such Participant complies with Section 2.17(d) as if it were a Bank.

(d) Any Bank may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Bank from any of its obligations hereunder or substitute any such pledgee or Assignee for such Bank as a party hereto.

(e) The Company, upon receipt of written notice from the relevant Bank, agrees to issue Notes to any Bank requiring Notes to facilitate transactions of the type described in paragraph (d) above.

(f) By executing and delivering an Assignment and Assumption, the assigning Bank thereunder and the assignee thereunder shall be deemed to confirm to and agree with each other and the other parties hereto as follows: (i) such assigning Bank warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim and that its Commitment and the outstanding balances of its Loans, in each case without giving effect to assignments thereof that have not become effective, are as set forth in such Assignment and Assumption; (ii) except as set forth in clause (i) above, such assigning Bank makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any other instrument or document furnished pursuant hereto or thereto, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of any of the foregoing, or the financial condition of the Company or the performance or observance by the Company of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto or thereto; (iii) each of the assignee and the assignor represents and warrants that it is legally authorized to enter into such Assignment and Assumption; (iv) such assignee confirms that it has received a copy of this Agreement, together with copies of any amendments or consents entered into prior to the date of such Assignment and Assumption and copies of the most recent financial statements delivered pursuant to Section 6.1 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Assumption; (v) such assignee will independently and without reliance upon the Administrative Agent, such assigning Bank or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agents on its behalf and to exercise such powers under this Agreement as are delegated to them by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all the obligations that by the terms of this Agreement are required to be performed by it as a Bank.

12.8 Adjustments; Right of Setoff.

(a) If any Bank (a "Benefited Bank") shall at any time receive any payment of all or part of its Loans or interest thereon (whether voluntarily or involuntarily, pursuant to events or proceedings of the nature referred to in Section 9(i), or otherwise) in a greater proportion than any such payment to any other Bank (other than a Bank that is a Defaulting Lender at such time), if any, in respect of such other Bank's Loans, or interest thereon, such Benefited Bank shall purchase for cash from the other Bank such portion of such other Bank's Loans as shall be necessary to cause such Benefited Bank to share the excess payment ratably with the other Bank; provided, however, that if all or any portion of such excess payment is thereafter recovered from such Benefited Bank, such purchase shall be rescinded, and the purchase price returned, to the extent of such recovery, but without interest. The Company agrees that any Bank so purchasing a portion of the other Bank's Loans may exercise all rights of payment with respect to such portion as fully as if such Bank were the direct holder of such portion.

(b) If an Event of Default shall have occurred and be continuing, in addition to any rights and remedies of the Banks provided by law, each Bank shall have the right, without notice to the Company, any such notice being expressly waived by the Company to the extent permitted by applicable law, upon any Obligations becoming due and payable by the Company (whether at the stated maturity, by acceleration or otherwise), to apply to the payment of such Obligations, by setoff or otherwise, any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Bank, any affiliate thereof or any of their respective branches or agencies to or for the credit or the account of the Company. Each Bank agrees promptly to notify the Company and the Administrative Agent after any such application made by such Company, provided that the failure to give such notice shall not affect the validity of such application.

12.9 **WAIVERS OF JURY TRIAL. THE COMPANY AND THE ADMINISTRATIVE AGENT AND THE BANKS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.**

12.10 Submission to Jurisdiction; Waivers. The Company hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Company, as the case may be at its address set forth in Section 12.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

12.11 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Company and the Administrative Agent.

12.12 **Governing Law. This Agreement and the Notes and the rights and obligations of the parties under this Agreement and the Notes shall be governed by, and construed and interpreted in accordance with, the law of the State of New York.**

12.13 USA Patriot Act. Each Bank hereby notifies the Company that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies the Company, which information includes the name and address of the Company and other information that will allow such Bank to identify the Company in accordance with the USA PATRIOT Act.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered in New York, New York by their proper and duly authorized officers as of the day and year first above written.

LAZARD GROUP LLC

By: /s/ Michael J. Castellano
Name: Michael J. Castellano
Title: Chief Financial Officer

[*Signature Page to Credit Agreement*]

CITIBANK, N.A.,
as Administrative Agent and as a Bank

By: /s/ Maureen R. Maroney
Name: Maureen R. Maroney
Title: Authorized Signatory

[*Signature Page to Credit Agreement*]

State Street Bank and Trust Company,
as Bank

By: /s/ John T. Daley
Name: John T. Daley
Title: Vice-President

[*Signature Page to Credit Agreement*]

The Bank of New York Mellon,
as Bank

By: /s/ Terence Law
Name: Terence Law
Title: Managing Director

[*Signature Page to Credit Agreement*]

Exhibit 10.55

This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933.

RESTRICTED STOCK AGREEMENT

THIS AGREEMENT, dated as of [—], between Lazard Ltd, a Bermuda exempted company (the “Company”), on behalf of its applicable Affiliate (as defined under the definitional rules of Section 1(a) below), and [—] (the “Employee”).

W I T N E S S E T H

In consideration of the mutual promises and covenants made herein and the mutual benefits to be derived here from, the parties hereto agree as follows:

1. Grant and Vesting of Restricted Stock.

(a) Subject to the provisions of this Agreement and to the provisions of the Company’s 2008 Incentive Compensation Plan (the “Plan”) (all capitalized terms used herein, to the extent not defined, shall have the meaning set forth in the Plan), the Company, on behalf of its applicable Affiliate, shall grant to the Employee, as of [—] (the “Grant Date”), [—] shares of Lazard Ltd Class A Common Stock (“Shares”) that shall be subject to certain transfer restrictions, forfeiture provisions and other terms and conditions specified herein and in the Plan (the “Restricted Stock”).

(b) Subject to the terms and conditions of this Agreement and to the provisions of the Plan, the Restricted Stock shall vest and no longer be subject to any restriction (such period during which restrictions apply to the Restricted Stock is the “Restriction Period”) on [—] (the “Vesting Date”).

(c) In the event that the Employee incurs a Termination of Employment during the Restriction Period for any reason not set forth in Section 1(d), all Restricted Stock shall be forfeited by the Employee effective immediately upon such Termination of Employment

(d)(i) In the event that the Employee incurs a Termination of Employment during the Restriction Period due to the Employee’s Disability or due to a Termination of Employment by the Company other than for Cause (each, a “Qualifying Termination”), subject to Section 1(e), all Restricted Stock shall remain outstanding and continue to vest on the Vesting Date.

(ii) In the event that the Employee incurs a Termination of Employment during the Restriction Period due to the Employee’s death or, subject to Section 1(e), dies during the Restriction Period subsequent to a Termination of Employment described in the preceding sentence, all Restricted Stock shall immediately vest.

(e) In the event that the Employee violates any of the provisions of Appendix A, which is incorporated herein by reference, all outstanding Restricted Stock shall be forfeited and canceled.

(f) Notwithstanding the foregoing, in the event of a Change in Control, all outstanding Restricted Stock shall automatically vest as of the date of such Change in Control.

2. Delivery of Restricted Stock.

The Restricted Stock shall be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of one or more stock certificates. Any certificate or book entry credit issued or entered in respect of the Restricted Stock shall be registered in the name of the Employee and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to the Restricted Stock, substantially in the following form:

> "The transferability of this certificate and the shares of stock represented hereby is subject to the terms and conditions (including forfeiture) of the Lazard Ltd 2008 Incentive Compensation Plan and an Award Agreement, as well as the terms and conditions of applicable law. Copies of such Plan and Agreement are on file at the offices of Lazard Ltd."

The Committee is likely to require that the certificates or book entry credits evidencing title of such Restricted Stock be held in custody by the Company until the restrictions thereon shall have lapsed and that, as a condition of receiving the Restricted Stock, the Employee shall have delivered to the Company a stock power, endorsed in blank, relating to such Restricted Stock. If and when the Vesting Date occurs with respect to the Restricted Stock, or the Restricted Stock otherwise becomes vested in accordance with Section 1(d)(ii) or 1(f), provided that the Restricted Stock has not been forfeited pursuant to Section 1(c) or 1(e), the legend set forth above shall be removed from the certificates or book entry credits evidencing such Shares. Notwithstanding the foregoing, the Company shall be entitled to hold the Restricted Stock until the Company shall have received from the Employee a duly executed Form W-9 or W-8, as applicable.

3. Nontransferability of the Restricted Stock.

Except as set forth in Sections 1(d)(ii) and 1(f) above, all Restricted Stock shall remain subject to the restrictions set forth in this Agreement, including the forfeiture provisions set forth in Sections 1(c) and 1(e), until the Vesting Date. Prior to the Vesting Date, the Restricted Stock shall not be transferable by the Employee, and neither the Employee nor its creditors shall have the right to subject the Restricted Stock to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, hedge, exchange, attachment or garnishment or any similar transaction.

4. Dividend Equivalents; Voting Rights.

If the Company declares and pays ordinary quarterly cash dividends on Shares during the Restriction Period, the Employee shall be credited with cash, which shall be held by the Company or an escrow agent that is designated by the Company and shall vest concurrently with the underlying Restricted Stock (it being understood that the provisions of this sentence shall not apply to any extraordinary dividends or distributions). The Employee shall have, with respect to the Restricted Stock, the same right to vote the Shares as a shareholder of Shares.

5. Payment of Transfer Taxes, Fees and Other Expenses.

The Company agrees to pay any and all original issue taxes and stock transfer taxes that may be imposed on the issuance of Shares received by an Employee in connection with the Restricted Stock, together with any and all other fees and expenses necessarily incurred by the Company in connection therewith.

6. Section 83(b) Election.

The Employee agrees that the Employee will make an election to be taxed immediately on the value of the Restricted Stock (calculated without regard to the restrictions) on the Grant Date. In order to do so, the Employee must file an election with the Internal Revenue Service pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable Treasury Regulations thereunder with respect to the Restricted Stock within 30 days following the Grant Date. The Employee agrees that any such Section 83(b) election will apply to all Restricted Stock that the Employee receives pursuant to this Agreement. The Employee further agrees that the Employee will provide a copy of such Section 83(b) election to the Company not later than ten (10) days after filing the election with the Internal Revenue Service or other governmental authority. The Company has made no recommendation to the Employee with respect to the advisability of making the Section 83(b) election. The Employee acknowledges that it is the Employee's sole responsibility to seek advice regarding Section 83(b) of the Code and to determine the effect of making such election. Notwithstanding any provision of this Agreement to the contrary, in no event shall the Company allow the Employee to sell any portion of the Restricted Stock in order to enable the Employee to pay any taxes that the Employee is required to pay as a result of making a Section 83(b) election.

7. Effect of Agreement.

Except as otherwise provided hereunder, this Agreement shall be binding upon and shall inure to the benefit of any successor or successors of the Company. The invalidity or enforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. Nothing in this Agreement or the Plan shall confer upon the Employee any right to employment by the Company or any of its Affiliates or interfere in any way with the right of the Company or any such Affiliates to terminate the Employee's employment at any time.

8. Laws Applicable to Construction; Consent to Jurisdiction.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of New York (United States of America), without regard to principles of conflict of laws which could cause the application of the law of any jurisdiction other than the State of New York. In addition to the terms and conditions set forth in this Agreement and Appendix A, the Restricted Stock is subject to the terms and conditions of the Plan, which is hereby incorporated by reference. By signing this Agreement, the Employee agrees to and is bound by the Plan and the restrictive covenants set forth in Appendix A.

(b) Any controversy or claim between the Employee and the Company or its Affiliates arising out of or relating to or concerning the provisions of this Agreement or the Plan

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

(c) The Employee and the Company hereby irrevocably submit to the exclusive jurisdiction of any state or federal court located in the City of New York over any suit, action, or proceeding arising out of relating to or concerning this Agreement or the Plan that is not otherwise required to be arbitrated or resolved in accordance with the provisions of Section 8(b). This includes any suit, action or proceeding to compel arbitration or to enforce an arbitration award. The Employee and the Company acknowledge that the forum designated by this Section 8(c) has a reasonable relation to this Agreement, and to the Employee's relationship to the Company. Notwithstanding the foregoing, nothing herein shall preclude the Company or the Employee from bringing any action or proceeding in any other court for the purpose of enforcing the provisions of Sections 8(a), 8(b), or this Section 8(c). The agreement of the Employee and the Company as to forum is independent of the law that may be applied in the action, and the Employee and the Company agree to such forum even if the forum may under applicable law choose to apply non-forum law. The Employee and the Company hereby waive, to the fullest extent permitted by applicable law, any objection which the Employee or the Company now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding in any court referred to in this Section 8(c). The Employee and the Company undertake not to commence any action arising out of or relating to or concerning this Agreement in any forum other than a forum described in this Section 8(c), or, to the extent applicable, Section 8(b). The Employee and the Company agree that, to the fullest extent permitted by applicable law, a final and non-appealable judgment in any such suit, action or proceeding in any such court shall be conclusive and binding upon the Employee and the Company.

9. Conflicts and Interpretation.

In the event of any conflict between this Agreement and the Plan, the Plan shall control. In the event of any ambiguity in this Agreement, or any matters as to which this Agreement is silent, the Plan shall govern including, without limitation, the provisions thereof pursuant to which the Committee has the power, among others, to (i) interpret the Plan, (ii) prescribe, amend and rescind rules and regulations relating to the Plan, and (iii) make all other determinations deemed necessary or advisable for the administration of the Plan.

10. Amendment.

Any modification, amendment or waiver to this Agreement that shall materially impair the rights of the Employee with respect to the Restricted Stock shall require an instrument in writing to be signed by both parties hereto, except such a modification, amendment or waiver made to cause the Plan or the Restricted Stock to comply with applicable law, tax rules, stock exchange rules or accounting rules and which is made to similarly situated employees. The waiver by either party of compliance with any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

11. Headings.

The headings of paragraphs herein are included solely for convenience of reference and shall not affect the meaning or interpretation of any of the provisions of this Agreement.

12. Counterparts.

This Agreement may be executed in counterparts, which together shall constitute one and the same original.

IN WITNESS WHEREOF, as of the date first above written, the Company has caused this Agreement to be executed on behalf of its applicable Affiliate by a duly authorized officer and the Employee has hereunto set the Employee's hand.

LAZARD LTD

By: ____________________________
Name:
Title:

____
NAME OF EMPLOYEE

Appendix A

Restrictive Covenants

The Employee acknowledges that the grant of the Restricted Stock pursuant to the Restricted Stock Agreement (the "Agreement") confers a substantial benefit upon the Employee, and agrees to the following covenants, which are designed, among other things, to protect the interests of the Company and its Affiliates (collectively, the "Firm") in confidential and proprietary information, trade secrets, customer and employee relationships, orderly transition of responsibilities, and other legitimate business interests. The Employee acknowledges that, pursuant to Section 1(e) of the Agreement, all outstanding Restricted Stock will be forfeited upon a violation by the Employee of the following covenants:

(a) Confidential Information. The Employee shall not at any time (whether prior to or following the Employee's Termination of Employment) disclose or use for the Employee's own benefit or purposes or the benefit or purposes of any other person, corporation or other business organization or entity, other than the Firm, any trade secrets, information, data, or other confidential or proprietary information relating to the customers, developments, programs, plans or business and affairs of the Firm, provided that the foregoing shall not apply to information that is not unique to the Firm or that is generally known to the industry or the public other than as a result of the Employee's breach of this covenant or as required pursuant to an order of a court, governmental agency or other authorized tribunal (provided that the Employee shall provide the Firm prior written notice of any such required disclosure). The Employee agrees that upon the Employee's Termination of Employment, the Employee or, in the event of the Employee's death, the Employee's heirs or estate at the request of the Firm, shall return to the Firm immediately all books, papers, plans, information, letters and other data, and all copies thereof or therefrom, in any way relating to the business of the Firm. Without limiting the foregoing, the existence of, and any information concerning, any dispute between the Employee and the Firm shall be subject to the terms of this Paragraph (a), except that the Employee may disclose information concerning such dispute to the arbitrator or court that is considering such dispute, and to the Employee's legal counsel, spouse or domestic partner, and tax and financial advisors (provided that such persons agree not to disclose any such information).

(b) Non-Competition. The Employee acknowledges and recognizes the highly competitive nature of the businesses of the Firm. The Employee further acknowledges that the Employee has been and shall be provided with access to sensitive and proprietary information about the clients, prospective clients, knowledge capital and business practices of the Firm, and has been and shall be provided with the opportunity to develop relationships with clients, prospective clients, consultants, employees, representatives and other agents of the Firm, and the Employee further acknowledges that such proprietary information and relationships are extremely valuable assets in which the Firm has invested and shall continue to invest substantial time, effort and expense. The Employee agrees that while employed by the Firm and thereafter until the later of (i) three months after the Employee's date of Termination of Employment for any reason other than a termination by the Firm without Cause or (ii) one month after the date of the Employee's Termination of Employment by the Firm without Cause (in either case, the date of any such Termination of Employment, the "Date of Termination," and such period, the "Noncompete Restriction Period"), the Employee shall not, directly or indirectly, on the

Employee's behalf or on behalf of any other person, firm, corporation, association or other entity, as an employee, director, advisor, partner, consultant or otherwise, provide services or perform activities for, or acquire or maintain any ownership interest in, a "Competitive Enterprise." For purposes of this Appendix, "Competitive Enterprise" shall mean a business (or business unit) that (x) engages in any activity or (y) owns or controls a significant interest in any entity that engages in any activity, that in either case, competes anywhere with any activity that is similar to an activity in which the Firm is engaged up to and including the Employee's Date of Termination. Notwithstanding anything in this Appendix, the Employee shall not be considered to be in violation of this Appendix solely by reason of owning, directly or indirectly, any stock or other securities of a Competitive Enterprise (or comparable interest, including a voting or profit participation interest, in any such Competitive Enterprise) if the Employee's interest does not exceed 5% of the outstanding capital stock of such Competitive Enterprise (or comparable interest, including a voting or profit participation interest, in such Competitive Enterprise). The Employee acknowledges that the Firm is engaged in business throughout the world. Accordingly, and in view of the nature of the Employee's position and responsibilities, the Employee agrees that the provisions of this Paragraph (b) shall be applicable to each jurisdiction, foreign country, state, possession or territory in which the Firm may be engaged in business while the Employee is providing services to the Firm.

(c) Nonsolicitation of Clients. The Employee hereby agrees that during the Noncompete Restriction Period, the Employee shall not, in any manner, directly or indirectly, (i) Solicit a Client to transact business with a Competitive Enterprise or to reduce or refrain from doing any business with the Firm, to the extent the Employee is soliciting a Client to provide them with services the performance of which would violate Paragraph (b) above if such services were provided by the Employee, or (ii) interfere with or damage (or attempt to interfere with or damage) any relationship between the Firm and a Client. For purposes of this Appendix, the term "Solicit" means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, persuading, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action, and the term "Client" means any client or prospective client of the Firm to whom the Employee provided services, or for whom the Employee transacted business, or whose identity became known to the Employee in connection with the Employee's relationship with or employment by the Firm, whether or not the Firm has been engaged by such Client pursuant to a written agreement; provided that an entity which is not a client of the Firm shall be considered a "prospective client" for purposes of this sentence only if the Firm made a presentation or written proposal to such entity during the 12-month period preceding the Date of Termination or was preparing to make such a presentation or proposal at the time of the Date of Termination.

(d) No Hire of Employees. The Employee hereby agrees that while employed by the Firm and thereafter until six months after the date of the Termination of Employment for any reason (the "No Hire Restriction Period"), the Employee shall not, directly or indirectly, for himself or on behalf of any third party at any time in any manner, Solicit, hire, or otherwise cause any employee who is at the associate level or above (including, without limitation, managing directors), officer or agent of the Firm to apply for, or accept employment with, any Competitive Enterprise, or to otherwise refrain from rendering services to the Firm or to terminate his or her relationship, contractual or otherwise, with the Firm, other than in response to a general advertisement or public solicitation not directed specifically to employees of the Firm.

(e) Nondisparagement. The Employee shall not at any time (whether prior to or following the Employee's Termination of Employment), and shall instruct the Employee's spouse, domestic partner, parents, and any of their lineal descendants (it being agreed that in any dispute between the parties regarding whether the Employee breached such obligation to instruct, the Firm shall bear the burden of demonstrating that the Employee breached such obligation) not to, make any comments or statements to the press, employees of the Firm, any individual or entity with whom the Firm has a business relationship or any other person, if such comment or statement is disparaging to the Firm, its reputation, any of its affiliates or any of its current or former officers, members or directors, except for truthful statements as may be required by law.

(f) Notice of Termination Required. The Employee agrees to provide three months' written notice to the Firm prior to the Employee's Termination of Employment. The Employee hereby agrees that, if, during the three-month period after the Employee has provided notice of termination to the Firm or prior thereto, the Employee enters (or has entered into) a written agreement to provide services or perform activities for a Competitive Enterprise that would violate Paragraph (b) if performed during the Noncompete Restriction Period, such action shall be deemed a violation of this Paragraph (f).

(g) Covenants Generally. The Employee's covenants as set forth in this Appendix are referred to herein as the "Covenants." If any of the Covenants is finally held to be invalid, illegal or unenforceable (whether in whole or in part), such Covenant shall be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability and the remaining such Covenants shall not be affected thereby; *provided, however*, that if any of such Covenants is finally held to be invalid, illegal or unenforceable because it exceeds the maximum scope determined to be acceptable to permit such provision to be enforceable, such Covenant shall be deemed to be modified to the minimum extent necessary to modify such scope in order to make such provision enforceable hereunder. The Employee hereby agrees that prior to accepting employment with any other person or entity during his period of service with the Firm or during the Noncompete Restriction Period or the No Hire Restriction Period, the Employee shall provide such prospective employer with written notice of the provisions of this Appendix, with a copy of such notice delivered no later than the date of the Employee's commencement of such employment with such prospective employer, to the General Counsel of the Company. The Employee acknowledges and agrees that the terms of the Covenants: (i) are reasonable in light of all of the circumstances, (ii) are sufficiently limited to protect the legitimate interests of the Firm, (iii) impose no undue hardship on the Employee and (iv) are not injurious to the public. The Employee acknowledges and agrees that the Employee's breach of the Covenants will cause the Firm irreparable harm, which cannot be adequately compensated by money damages. The Employee further acknowledges that the Covenants and notice period requirements set forth herein shall operate independently of, and not instead of, any other restrictive covenants or notice period requirements to which the Employee is subject pursuant to other plans and agreements involving the Firm.

LAZARD LTD

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES (a)(b)

The following table sets forth the ratio of earnings to fixed charges for Lazard Ltd and its subsidiaries on a consolidated basis.

	Three Months Ended March 31, 2010	Year Ended December 31, 2009	2008	2007	2006	2005
	(dollars in thousands)					
Operating income (loss) from continuing operations	$ (34,481)	$(182,234)	$ 25,140	$418,295	$327,209	$342,362
Add - Fixed charges	30,369	127,398	160,154	155,374	119,606	94,651
Operating income (loss) from continuing operations before fixed charges	$ (4,112)	$ (54,836)	$185,294	$573,669	$446,815	$437,013
Fixed Charges:						
Interest (c)	$ 25,597	$ 107,890	$139,899	$137,110	$104,254	$ 78,365
Other (d)	4,772	19,508	20,255	18,264	15,352	16,286
Total fixed charges	$ 30,369	$ 127,398	$160,154	$155,374	$119,606	$ 94,651
Ratio of earnings to fixed charges	- (f)	- (g)	1.16(h)	3.69	3.74	4.62(e)
Deficiency in the coverage of operating income (loss) from continuing operations before fixed charges to total fixed charges	$ 34,481	$ 182,234				

(a) Data presented relates to the Company's continuing operations.

(b) For purposes of computing the ratio of earnings to fixed charges:

- earnings for the three month period ended March 31, 2010 and for the years ended December 31, 2009, 2008, 2007, 2006 and 2005 represent income from continuing operations before income taxes, and, for the period prior to May 10, 2005, the date of Lazard Ltd's equity public offering, before distributions for services rendered by managing directors and employee members of LAM, and before fixed charges, and
- fixed charges represent the interest expense from continuing operations and the portion of rental expense from continuing operations which represents an appropriate interest factor.

(c) The Company's policy is to include interest expense on unrecognized tax benefits in income tax expense. Accordingly, such interest expense is not included in the computations of the ratio of earnings to fixed charges.

(d) Other fixed charges consist of the interest factor in rentals.

(e) The results of operations for the period prior to Lazard Ltd's equity public offering and the financing transactions on May 10, 2005 are not comparable to results of operations for subsequent periods as described below:

- payment for services rendered by Lazard Ltd's managing directors, which, as a result of Lazard Ltd operating as a limited liability company, historically had been accounted for as distributions from members' capital, or in some cases as net income attributable to noncontrolling interests, rather than as compensation and benefits expense. As a result, Lazard Ltd's operating income historically has not reflected payments for services rendered by its managing directors. For periods subsequent to the consummation of the equity public offering, the consolidated financial statements of Lazard Ltd include all payments for services rendered by its managing directors in compensation and benefits expense;
- the use of proceeds from the financing transactions; and
- the net incremental expense related to the financing transactions.

(f) Operating income (loss) for the three month period ended March 31, 2010 is presented after giving effect to (i) a restructuring expense of $87,108 in the first quarter of 2010 and (ii) a charge of $24,860 relating to the amendment of Lazard's retirement policy with respect to RSU awards. Excluding the impact of such items, the ratio of earnings to fixed charges would have been 3.55.

(g) Operating income (loss) for the year ended December 31, 2009 is presented after giving effect to (i) a restructuring expense of $62,550 in the first quarter of 2009, (ii) the acceleration of amortization expense of $86,514 relating to the vesting of RSUs held by Lazard's former Chairman and Chief Executive Officer as the result of his death in October 2009 and (iii) the acceleration of amortization expense of $60,512 in the fourth quarter of 2009 relating to the accelerated vesting of the unamortized portion of previously awarded deferred cash incentive awards. Excluding the impact of such items, the ratio of earnings to fixed charges would have been 1.21.

(h) Operating income for the year ended December 31, 2008 is presented after giving effect to a charge of $199,550 relating to the LAM Merger. Excluding the impact of such charge, the ratio of earnings to fixed charges would have been 2.40.

I, Kenneth M. Jacobs, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 of Lazard Ltd (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: April 30, 2010

/s/ Kenneth M. Jacobs

Kenneth M. Jacobs
Chairman and Chief Executive Officer

EXHIBIT 31.2

I, Michael J. Castellano, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 of Lazard Ltd (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: April 30, 2010

/s/ Michael J. Castellano

Michael J. Castellano
Chief Financial Officer

EXHIBIT 32.1

April 30, 2010
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Lazard Ltd (the "Registrant") hereby certifies that the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Kenneth M. Jacobs
Kenneth M. Jacobs
Chairman and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

EXHIBIT 32.2

April 30, 2010
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Lazard Ltd (the "Registrant") hereby certifies that the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Michael J. Castellano
Michael J. Castellano
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.