

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

**SCHEDULE 13D**

Under the Securities Exchange Act of 1934

**Lazard Ltd**

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(Name of Issuer)

**Class A Common Stock,  
Par Value \$0.01 Per Share**

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(Title of Class of Securities)

**G54050102**

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(CUSIP Number)

**Steven J. Golub  
LAZ-MD Holdings LLC  
30 Rockefeller Plaza  
New York, New York 10020  
(212) 632-6000**

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(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

With a copy to:

**Adam D. Chinn, Esq.  
Craig M. Wasserman, Esq.  
Wachtell, Lipton, Rosen & Katz  
51 West 52nd Street  
New York, New York 10019  
(212) 403-1000**

**May 10, 2005**

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(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

**1 NAME OF REPORTING PERSON****I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS****LAZ-MD Holdings LLC****I.R.S. Identification No. 20-2146423****2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP**(a) (b) **3 SEC USE ONLY****4 SOURCE OF FUNDS:****OO****5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e)** **6 CITIZENSHIP OR PLACE OF ORGANIZATION:****Delaware****7 SOLE VOTING POWER:****62,500,000 (see Items 1 and 5)****NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON  
WITH****8 SHARED VOTING POWER:****0****9 SOLE DISPOSITIVE POWER:****62,500,000 (see Items 1 and 5)****10 SHARED DISPOSITIVE POWER:****0****11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON: 62,500,000 (see Items 1 and 5)****12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\*** **13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): 62.5% (see Items 1 and 5)****14 TYPE OF REPORTING PERSON:****HC**

This Schedule 13D is being filed on behalf of LAZ-MD Holdings LLC, a Delaware limited liability company ("LAZ-MD Holdings").

**ITEM 1. Security and Issuer.**

This Schedule 13D relates to the Class A common stock, par value \$0.01 per share (the "Class A Common Stock"), of Lazard Ltd, a Bermuda exempted company (the "Company"). The address of the principal executive offices of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. LAZ-MD Holdings disclaims beneficial ownership of all of the shares of Class A Common Stock reported herein, as explained below.

In connection with the initial public offering of the Class A Common Stock by the Company (the "IPO"), LAZ-MD Holdings was issued a Common Interest (a "Lazard Group Common Interest") in Lazard Group LLC, a Delaware company and an indirect, controlled affiliate of the Company that holds the financial advisory and asset management businesses of the Company (formerly known as Lazard LLC) ("Lazard Group"). The Lazard Group Common Interest issued to LAZ-MD Holdings consists of 62,500,000 units as of the date hereof.

Pursuant to the Master Separation Agreement (the "Master Separation Agreement"), dated as of May 10, 2005, by and among the Company, Lazard Group, LAZ-MD Holdings and LFCM Holdings LLC, the Lazard Group Common Interest issued to LAZ-MD Holdings is exchangeable with the Company (or its subsidiaries) for shares of Class A Common Stock, on the basis of one unit of such Lazard Group Common Interest for each share of Class A Common Stock (subject to customary anti-dilution adjustments). Accordingly, the Lazard Group Common Interest issued to LAZ-MD Holdings is exchangeable for 62,500,000 shares of Class A Common Stock as of the date hereof.

The Lazard Group Common Interest issued to LAZ-MD Holdings is associated with the outstanding Class II Interests in LAZ-MD Holdings (the "LAZ-MD Class II Interests"). The LAZ-MD Class II Interests were issued to the current and former managing directors of Lazard Group LLC and its subsidiaries in exchange for their interests in Lazard Group in connection with the IPO. Pursuant to the Master Separation Agreement, the LAZ-MD Class II Interests are effectively exchangeable for shares of Class A Common Stock. In the event of an exchange of a LAZ-MD Class II Interest, LAZ-MD Holdings will generally redeem such LAZ-MD Class II Interest in exchange for an equivalent number of units of the Lazard Group Common Interest issued to LAZ-MD Holdings, which Lazard Group Common Interest units will in turn be automatically exchanged with the Company (or its subsidiaries) for shares of Class A Common Stock. As each unit of the Lazard Group Common Interest issued to LAZ-MD Holdings is associated with each unit of outstanding LAZ-MD Class II Interests held by members of LAZ-MD Holdings under the terms of the Master Separation Agreement, LAZ-MD Holdings disclaims beneficial ownership of all of the shares of Class A Common Stock into which the Lazard Group Common Interest is exchangeable.

The foregoing discussion is qualified in its entirety by reference to the Master Separation Agreement, which is filed as an exhibit hereto and is incorporated by reference in its entirety to this Item 1.

**ITEM 2. Identity and Background.**

This Schedule 13D is being filed by LAZ-MD Holdings. The principal business of LAZ-MD Holdings is to hold and manage the Lazard Group Common Interest, the outstanding share of Class B common stock, par value \$.01 per share (the “Class B Common Stock”), of the Company and the other assets of LAZ-MD Holdings. The address of the principal office of LAZ-MD Holdings is 30 Rockefeller Plaza, New York, New York 10020.

The name, business address, present principal occupation or employment and citizenship of each director of LAZ-MD Holdings are set forth in Schedule I hereto and are incorporated herein by reference. LAZ-MD Holdings has no executive officers.

During the last five years, LAZ-MD Holdings has not been, and, to the knowledge and belief of LAZ-MD Holdings, none of the persons listed on Schedule I hereto has been, (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding has been or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violations of such laws.

This Item 2 is qualified in its entirety by reference to Schedule I, which is attached hereto and incorporated into this Item 2 by reference.

**ITEM 3. Source and Amount of Funds or Other Consideration.**

Pursuant to the Master Separation Agreement, LAZ-MD Holdings issued limited liability company interests (including all of the LAZ-MD Class II Interests) to the members of Lazard Group in exchange for all of the limited liability company interests in Lazard Group. Pursuant to the Master Separation Agreement, Lazard Group thereafter exchanged a portion of its limited liability company interests held by LAZ-MD Holdings for the Lazard Group Common Interest in connection with the recapitalization of Lazard Group. For more information, see “Item 6—Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.”

**ITEM 4. Purpose of Transaction.**

LAZ-MD Holdings acquired the Lazard Group Common Interest as part of the separation and recapitalization transactions in connection with the IPO. These transactions established LAZ-MD Holdings as the holding company for the interests of the current and former managing directors of Lazard Group and its subsidiaries in the Company through the issuance of the LAZ-MD Class II Interests and the acquisition of the Lazard Group Common Interests, as described in “Item 1—Security and Issuer.”

As of the date of this statement, LAZ-MD Holdings does not, and, to the knowledge and belief of LAZ-MD Holdings, none of the persons listed on Schedule I hereto has, any present plan or proposals which would relate to or would result in any transaction event or action enumerated in paragraphs (a) through (j) of Item 4 of Schedule 13D, other than the following:

- (1) the acquisition and disposition of shares of Class A Common Stock pursuant to exchanges and other transfers of LAZ-MD Class II Interests and the Lazard Group Common Interest contemplated by the Master Separation Agreement, and

- (2) the disposition of shares of Class A Common Stock pursuant to the registration rights provisions with respect to the Class A Common Stock issuable upon exchange of the LAZ-MD Class II Interests and the Lazard Group Common Interest set forth in the Stockholders' Agreement (the "Stockholders' Agreement"), dated as of May 10, 2005, by and among the Company, LAZ-MD Holdings and certain members of LAZ-MD Holdings party thereto.

For more information, see "Item 6—Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer."

LAZ-MD Holdings reserves the right to change its plans and intentions at any time, as it deems appropriate. In particular, LAZ-MD Holdings may purchase shares of Class A Common Stock or securities exchangeable therefor or other securities of the Company or may sell or transfer shares of Class A Common Stock or securities exchangeable therefor from time to time in public or private transactions and may distribute in kind the Lazard Group Common Interest or the Class A Common Stock to the LAZ-MD Class II Members. Any such transactions may be effected at any time or from time to time subject to (i) the restrictions contained in the Master Separation Agreement and (ii) any applicable limitations imposed on the sale of any of such securities by the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder or other applicable law. To the knowledge of LAZ-MD Holdings, each of the persons listed on Schedule I hereto may make similar evaluations from time to time or on an ongoing basis and reserves the same rights.

The foregoing discussion is qualified in its entirety by reference to the Master Separation Agreement and the Stockholders' Agreement, each of which is filed as an exhibit hereto and is incorporated by reference in its entirety to this Item 4.

**ITEM 5. Interest in Securities of the Issuer.**

- (a) See "Item 1—Security and Issuer." As noted in "Item 1—Security and Issuer," LAZ-MD Holdings disclaims beneficial ownership of the shares of Class A Common Stock into which the Lazard Group Common Interest is exchangeable. See Schedule I for information with respect to the directors of LAZ-MD Holdings.
- (b) Rows (7) through (10) of the cover pages to this Schedule 13D set forth (i) the number of shares of Class A Common Stock as to which there is sole power to vote or direct the vote or to dispose or direct the disposition and (ii) the number of shares of Class A Common Stock as to which there is shared power to vote or direct the vote or to dispose or direct the disposition. See Schedule I for information with respect to the directors of LAZ-MD Holdings.

- (c) There were no transactions in the Class A Common Stock by LAZ-MD Holdings during the last sixty days, other than receipt of the Lazard Group Common Interest on May 10, 2005. For a description of this transaction and the securities involved, see “Item 1—Security and Issuer” and “Item 3—Source and Amount of Funds or Other Consideration.”

To the knowledge of LAZ-MD Holdings, no transactions in the shares of Class A Common Stock were effected by any of the persons listed on Schedule I hereto during the 60 days prior to and including May 10, 2005.

- (d) See “Item 1—Security and Issuer.”

- (e) Not applicable.

**ITEM 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.**

**Class B Common Stock**

On May 10, 2005, in connection with the IPO, LAZ-MD Holdings acquired the share of Class B Common Stock from the Company. Under the Company’s Bye-laws, the share of Class B Common Stock is not entitled to participate in any dividends or other distributions by the Company but possesses voting rights with respect to the Company. The Class B Common Stock is entitled to vote together with the Class A Common Stock on all matters submitted to a vote of the stockholders of the Company and is entitled to the number of votes equal to the number of shares of Class A Common Stock that would be issuable if the entire Lazard Group Common Interest issued to LAZ-MD Holdings were then exchanged for shares of Class A Common Stock. Accordingly, as of the date hereof, the share of Class B Common Stock is entitled to 62,500,000 votes, or 62.5% of the voting power of the Company, based on the number of outstanding shares of Class A Common Stock as of May 10, 2005 (37,500,000). In the event that, on or prior to December 31, 2007, the number of votes to which the Class B Common Stock is entitled would represent less than 50.1% of the voting power of the Company, the number of votes in respect of the Class B Common Stock will be increased such that the Class B Common Stock represents 50.1% of the voting power of the Company through December 31, 2007.

LAZ-MD Holdings has entered into the Stockholders' Agreement that addresses, among other things, how LAZ-MD Holdings will vote this share of Class B Common Stock. See "—Stockholders' Agreement" below.

### **Master Separation Agreement**

LAZ-MD Holdings, Lazard Group and the Company are parties to the Master Separation Agreement, which contains key provisions relating to the separation and recapitalization transactions that were consummated in connection with the IPO and the relationship among Lazard Group, LAZ-MD Holdings and the Company after completion of the IPO. The Master Separation Agreement is filed as an exhibit to this Schedule 13D and is incorporated in its entirety herein by reference, and the following summary is qualified in its entirety by reference thereto.

#### ***Terms of Exchange***

The Master Separation Agreement sets forth the terms and arrangements with respect to the LAZ-MD Class II Interests and the Lazard Group Common Interest, including the exchange rights with respect thereto. For a discussion of the mechanics of the exchange rights, see "Item 1—Security and Issuer."

#### ***Timing of Exchange***

The Master Separation Agreement also sets forth the timing of when the LAZ-MD Class II Interests and thereby the Lazard Group Common Interest issued to LAZ-MD Holdings are entitled to be exchanged for shares of Class A Common Stock. Pursuant to the Master Separation Agreement, these interests will, at the election of the holders of the LAZ-MD Class II Interest, become fully exchangeable for shares of Class A Common Stock on the eighth anniversary of the IPO. In addition, the LAZ-MD Class II Interests and the Lazard Group Common Interest are subject to accelerated exchange rights at other times and in other amounts. For example, the holders of LAZ-MD Class II Interests may, at such holders' election, accelerate the exchange at the times, and in the amounts, permitted by the retention agreements entered into by managing directors of Lazard Group and its subsidiaries in connection with the IPO, which generally provide for exchangeability in three equal installments on the third, fourth and fifth anniversary dates, subject to satisfaction of minimum service requirements and other conditions.

In addition, each of LAZ-MD Holdings and the Company's subsidiaries that directly hold the Company's interests in Lazard Group, upon the approval of the Company's board of directors, will have the power to accelerate the exchange of all or a portion of the LAZ-MD Class II Interests and thereby the Lazard Group Common Interests for shares of Class A Common Stock under certain circumstances at any time on or after the first anniversary of the IPO and will be able to do so for any reason following the ninth anniversary of the IPO. In addition, the exchangeability of the Class II Interests and the Lazard Group Common Interest will be accelerated in connection with a change of control of the Company, as defined in the Company's 2005 equity incentive plan, after the first anniversary of the IPO unless otherwise determined by the Company's board of directors. The Master Separation Agreement also provides that LAZ-MD Holdings may exchange the Lazard Group Common Interest issued to it for shares of Class A Common Stock at any time.

### ***Transfers of Class II Interests and Lazard Group Common Interests***

The Master Separation Agreement generally prohibits transfers of the Lazard Group Common Interest issued to LAZ-MD Holdings and the LAZ-MD Class II Interests issued by LAZ-MD Holdings except pursuant to full or partial exchanges of such interests, for estate planning purposes, for repurchases by Lazard Group and, in the case of LAZ-MD Class II Interests, for transfers to other LAZ-MD Class II Interests.

### **LAZ-MD Holdings Stockholders' Agreement**

Each of LAZ-MD Holdings and the Company have entered into the Stockholders' Agreement that addresses, among other things, LAZ-MD Holdings' voting of its share of Class B Common Stock and registration rights in favor of the holders of LAZ-MD Class II Interests who become party to the Stockholders' Agreement. Each holder of a LAZ-MD Class II Interest, including each of the Directors of LAZ-MD Holdings, will be given the opportunity to enter into the Stockholders' Agreement, and each such holder who does is deemed to be a covered person for the purposes of the Stockholders' Agreement. The Stockholders' Agreement is filed as an exhibit to this Schedule 13D and is incorporated in its entirety herein by reference, and the following summary is qualified in its entirety by reference thereto.

The Stockholders' Agreement will continue in effect until all LAZ-MD Class II Interests and the entire underlying Lazard Group Common Interest have been exchanged for shares of the Class A Common Stock, and a covered person will cease being party to the Stockholders' Agreement upon full exchange of his or her LAZ-MD Class II Interest and the underlying portion of the Lazard Group Common Interest for shares of Class A Common Stock. The Stockholders' Agreement may be terminated on an earlier date by a vote at least 66 2/3% of the aggregate voting power represented by the covered persons party to the Stockholders' Agreement. The Stockholders' Agreement generally may be amended at any time by a majority of the aggregate voting power represented by the covered persons party to the Stockholders' Agreement.



### ***Voting Rights***

Prior to any vote of the stockholders of the Company, the Stockholders' Agreement requires a separate, preliminary vote of the covered persons (either by a meeting or by proxy or written instruction) on each matter upon which a vote of the stockholders is proposed to be taken. Pursuant to the Stockholders' Agreement, covered persons will individually be entitled to direct LAZ-MD Holdings how to vote the portion of the Class B Common Stock's voting power that is associated with his or her then-outstanding LAZ-MD Class II Interest on an as-if-exchanged basis. However, the LAZ-MD Holdings board of directors will have the ability to vote the voting interest represented by the Class B Common Stock in its discretion if the LAZ-MD Holdings board of directors determines that it is in the best interest of LAZ-MD Holdings.

The votes under the Class B Common Stock that are associated with any holder of a LAZ-MD Class II Interest who signs but does not direct LAZ-MD Holdings how to vote on a particular matter will be abstained from voting.

### ***Registration Rights***

The Stockholders' Agreement provides that the holders of shares of the Class A Common Stock issued or to be issued upon exchange of the LAZ-MD Class II Interests or the Lazard Group Common Interests initially held by LAZ-MD Holdings (holders of such securities referred to herein as the "Holders," and such securities referred to herein as "Registrable Securities") will be granted registration rights.

The Stockholders' Agreement provides that, after exchange for shares of the Class A Common Stock, each Holder is entitled to unlimited "piggyback" registration rights, meaning that each holder can include his or her Registrable Securities in registration statements filed by the Company, subject to certain limitations. Holders also have "demand" registration rights, meaning that, subject to certain limitations, after exchange for shares of the Class A Common Stock, they may require the Company to register the Registrable Securities held by them, provided that the amount of Registrable Securities subject to such demand has a market value in excess of \$50 million or, on and after six months after the nine-year anniversary of the IPO, \$20 million. The Company will pay the costs associated with all such registrations.

The Company also will use its reasonable best efforts to file and make effective a registration statement on the third through the ninth anniversaries of the IPO, in order to register registrable securities that were issued on those anniversaries or otherwise subject to continuing volume or transfer restrictions under Rule 144 under the Securities Act of 1934, as amended (the "Securities Act"), upon the exchange of the Class II Interests and the Lazard Group Common Interests, provided that the amount of Registrable Securities subject to such registration constitutes at least \$50 million in market value or the Company shall not be obligated to register such shares.

Shares of the Class A Common Stock will cease to be Registrable Securities upon the consummation of any sale of such shares pursuant to an effective registration statement or

under Rule 144 under the Securities Act or when they become eligible for sale under Rule 144(k) under the Securities Act. However, any Holder who has shares that would have been Registrable Securities but for their eligibility for sale under Rule 144(k) and who holds, in the aggregate, an amount of Registrable Securities with a market value in excess of \$25 million of the outstanding the Class A Common Stock will be entitled to continued demand and piggyback registration rights as described above.

### **Retention Agreements**

Each of the persons identified on Schedule I (the "LAZ-MD Directors") has entered into to an Agreement Relating to Retention and Noncompetition and Other Covenants with Lazard Group (a "Retention Agreement"). The LAZ-MD Directors entered into their respective Retention Agreements in their capacity as a current managing director of Lazard Group together with other managing directors of Lazard Group. A Form of Retention Agreement and the individual Retention Agreements for Steven J. Golub and Charles G. Ward III are filed as exhibits to this Schedule 13D and are incorporated in their entirety herein by reference, and the following summary is qualified in its entirety by reference thereto.

The Retention Agreements set forth the terms of the accelerated exchange right granted to the managing directors who are party to these agreements, including the LAZ-MD Directors. These Retention Agreements generally provide that if a managing director remains employed by Lazard Group through the third anniversary of the IPO, that managing director's LAZ-MD Class II Interests and underlying portion of the Lazard Group Common Interest to which such managing director is entitled may be exchanged, at the election of the managing director, into shares of Class A Common Stock in three equal installments on the third, fourth and fifth anniversaries of the IPO, subject to continued compliance with certain covenants. The Retention Agreements also contain other provisions regarding treatment of capital, provision of services to Lazard Group and restrictive covenants.

Except as referred to above, there are no contracts, arrangements, understandings or relationships among the persons named in Item 2 or between such persons and any other person with respect to any securities of the Company.

### **ITEM 7. Material to Be Filed As Exhibits.**

1. Stockholders' Agreement, dated as of May 10, 2005, by and among LAZ-MD Holdings LLC, Lazard Ltd and the members of LAZ-MD Holdings LLC named therein.
2. Master Separation Agreement, dated as of May 10, 2005, by and among LAZ-MD Holdings LLC, Lazard Ltd and LFCM Holdings LLC.
3. Agreement Relating to Retention and Noncompetition and Other Covenants, by and between Lazard LLC and Steven J. Golub, dated as of May 10, 2005.
4. Agreement Relating to Retention and Noncompetition and Other Covenants, by and between Lazard LLC and Charles G. Ward, III, dated as of May 10, 2005.

5. Form of Agreement Relating to Retention and Noncompetition and Other Covenants, by and between Lazard LLC, on its behalf and on behalf of its subsidiaries and affiliates, and the Executives named on Schedule I thereto (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).

**Signatures**

After reasonable inquiry and to the best of the Company's knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated: May 20, 2005

**LAZ-MD HOLDINGS LLC**

By: \_\_\_\_\_ /s/ Kenneth M. Jacobs

Name: **Kenneth M. Jacobs**

Title: **Director**

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### Index of Exhibits

1. Stockholders' Agreement, dated as of May 10, 2005, by and among LAZ-MD Holdings LLC, Lazard Ltd and the members of LAZ-MD Holdings LLC named therein.
2. Master Separation Agreement, dated as of May 10, 2005, by and among LAZ-MD Holdings LLC, Lazard Ltd and LFCM Holdings LLC.
3. Agreement Relating to Retention and Noncompetition and Other Covenants, by and between Lazard LLC and Steven J. Golub, dated as of May 10, 2005.
4. Agreement Relating to Retention and Noncompetition and Other Covenants, by and between Lazard LLC and Charles G. Ward, III, dated as of May 10, 2005.
5. Form of Agreement Relating to Retention and Noncompetition and Other Covenants, by and between Lazard LLC, on its behalf and on behalf of its subsidiaries and affiliates, and the Executives named on Schedule I thereto (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).

## Schedule I

The name of each director of LAZ-MD Holdings is set forth below. The business address of each person listed below is c/o Lazard Ltd, 30 Rockefeller Plaza, New York, NY 10020. Each person listed below is a citizen of the United States of America. The present principal occupation or employment of each of the persons listed below is Managing Director of Lazard Frères & Co. LLC. Steven J. Golub is also Managing Director and Vice Chairman of Lazard Group and Chairman of the Financial Advisory Group. Charles G. Ward, III is also President and Chairman of the Asset Management Group. The principal business of Lazard Frères & Co. LLC is to provide financial advisory and asset management services to its clients, and the address of Lazard Frères & Co. LLC is 30 Rockefeller Plaza, New York, NY 10020. The LAZ-MD Class II Interests are generally not exchangeable for three years, and to our knowledge the listed persons do not own any Class A Common Stock. For more information with respect to the timing of exchange, see “Item 6—Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer—Master Separation Agreement—Timing of Exchange.”

**Name**

Kenneth M. Jacobs

Frank A. Savage, Jr.

Laurence S. Grafstein

Steven J. Golub

Charles G. Ward, III

## STOCKHOLDERS' AGREEMENT

This STOCKHOLDERS' AGREEMENT (including Appendix A hereto, as such Appendix A may be amended from time to time pursuant to the provisions hereof, this "Agreement"), is made and entered into as of May 10, 2005, by and among LAZ-MD Holdings LLC, a Delaware limited liability corporation ("LAZ-MD"), the individuals listed on the signature page hereto, and, solely for the purposes of Articles I, II, IV and V hereto, Lazard Ltd, an exempted Bermuda limited company ("Lazard Ltd").

### WITNESSETH:

WHEREAS, the Covered Persons (as defined below) are beneficial owners of Class II Interests (as defined below) of LAZ-MD; and

WHEREAS, LAZ-MD holds the outstanding share of Class B Common Stock, par value \$0.01 per share, of Lazard Ltd ("Class B Common Stock");

and

WHEREAS, LAZ-MD and Lazard Ltd are parties to that certain Master Separation Agreement (the "Master Separation Agreement"), dated as of the date hereof, with Lazard Group (as defined below) and LFCM Holdings LLC, a Delaware limited liability company, pursuant to which, *inter alia*, the parties thereto have agreed to the exchange of Class II Interests effectively for Class A Common Stock, par value \$0.01 per share, of Lazard Ltd (the "Common Stock");

and

WHEREAS, the Covered Persons desire to set forth herein agreements with respect to the voting of the Class B Common Stock and various other matters; and

WHEREAS, Lazard Ltd desires to provide the Covered Persons with registration rights with respect to shares of Common Stock underlying their Class II Interests.

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

### ARTICLE I

#### DEFINITIONS AND OTHER MATTERS

Section 1.1 Definitions. Capitalized terms used in this Agreement without other definition shall, unless expressly stated otherwise, have the meanings specified in this Section 1.1:

(a) "Agreement" has the meaning ascribed to such term in the Recitals.

(b) A "beneficial owner" of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares: (i) voting power, which includes the

power to vote, or to direct the voting of, such security and/or (ii) investment power, which includes the power to dispose, or to direct the disposition of, such security, but for purposes of this Agreement a person shall not be deemed a beneficial owner of (A) Covered Interests solely by virtue of the application of Exchange Act Rule 13d-3(d) or Exchange Act Rule 13d-5 as in effect on the date hereof, (B) Covered Interests solely by virtue of the possession of the legal right to vote securities under applicable state or other law (such as by proxy or power of attorney), or (C) Covered Interests held of record by a "private foundation" subject to the requirements of Section 509 of the Code. "Beneficially own" and "beneficial ownership" shall have correlative meanings.

(c) "Board" means the Board of Directors of LAZ-MD.

(d) "Board Review" has the meaning set forth in Section 5.4(b).

(e) "Class B Common Stock" has the meaning ascribed to such term in the Recitals.

(f) "Class II Interest" means, with respect to any Covered Person, such Covered Person's "Class II Interest" as defined in the Operating Agreement.

(g) "Common Stock" has the meaning ascribed to such term in the Recitals.

(h) "Continuing Provisions" has the meaning ascribed to such term in Section 5.1(b).

(i) "Covered Interest" means, with respect to a Covered Person, such Covered Person's Class II Interest or Lazard Group Common Interest, as the case may be.

(j) "Covered Persons" means those persons from time to time who are listed on Appendix A hereto and who have become parties to this Agreement, in each case in accordance with the terms hereof.

(k) "Damages" has the meaning set forth in Section 4.6.

(l) "Delaware Arbitration Act" has the meaning set forth in Section 5.4(d).

(m) "Demand Notice" has the meaning set forth in Section 4.2(a).

(n) "Demand Registration" has the meaning set forth in Section 4.2(a).



- (o) “Demand Requesting Covered Persons” has the meaning set forth in Section 4.2(a).
- (p) “Disputes” has the meaning set forth in Section 5.4(b).
- (q) “Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, and as each of the foregoing may be further amended from time to time.
- (r) “Filing” has the meaning set forth in Section 3.5.
- (s) “Governmental Authority” means any national, local or foreign (including U.S. federal, state or local) or supranational (including European Union) governmental, judicial, administrative or regulatory (including self-regulatory) agency, commission, department, board, bureau, entity or authority of competent jurisdiction.
- (t) “ICC” has the meaning set forth in Section 5.4(b).
- (u) “ICC Rules” has the meaning set forth in Section 5.4(b).
- (v) “Indemnified Party” has the meaning set forth in Section 4.8.
- (w) “Indemnifying Party” has the meaning set forth in Section 4.8.
- (x) “IPO Date” means the closing date of the initial public offering of the Common Stock, which occurred on the date hereof.
- (y) “LAZ-MD” has the meaning ascribed to such term in the Recitals.
- (z) “Lazard Ltd” has the meaning ascribed to such term in the Recitals.
- (aa) “Lazard Group” means Lazard Group LLC, a Delaware limited liability company.
- (bb) “Lazard Group Common Interest” means, with respect to any Covered Person, such Covered Person’s “Common Interest” as defined in the Lazard Group Operating Agreement.
- (cc) “Lazard Group Operating Agreement” means the Operating Agreement of Lazard Group LLC, as amended and restated as of the date hereof, as it may be amended from time to time.

(dd) "LFCM" means LFCM Holdings LLC, a Delaware limited liability company.

(ee) "LFCM Operating Agreement" means the Operating Agreement of LFCM Holdings LLC, as of the date hereof, as it may be amended from time to time.

(ff) "Master Separation Agreement" has the meaning ascribed to such term in the Recitals.

(gg) "Minimum Demand Number" means, as of any particular date, that number of shares of Common Stock equal to the quotient obtained by dividing (i) \$50,000,000 by (ii) the Stock Price as of such date; provided, however, that on and after the six months following the nine-year anniversary of the IPO Date, "\$50,000,000" in this definition shall be replaced with "\$20,000,000".

(hh) "Minimum Share Number" means that number of shares of Common Stock equal to the quotient obtained by dividing (i) \$50,000,000 by (ii) the Stock Price as of the applicable anniversary of the IPO Date.

(ii) "Operating Agreement" means the Operating Agreement of LAZ-MD Holdings LLC, as amended and restated as of the date hereof, as it may be amended from time to time.

(jj) "Periodic Filing Date" means the date of the first to occur following the applicable anniversary of the IPO Date of the filing of the Form 10-K or Form 10-Q of Lazard Ltd with the SEC under the Exchange Act.

(kk) "Permitted Transfer" has the meaning set forth in Section 5.1(c).

(ll) "Piggyback Registration" has the meaning set forth in Section 4.3(a).

(mm) "Preliminary Vote" has the meaning set forth in Section 3.1.

(nn) "Public Offering" means an underwritten public offering pursuant to an effective registration statement under the Securities Act, other than pursuant to a registration statement on Forms S-4 or S-8 or any similar or successor form.

(oo) "Registration Expenses" means any and all expenses incident to the performance of or compliance with any registration or marketing of securities, including all (i) registration and filing fees, and all other fees and expenses payable in connection with the listing of securities on any securities exchange or automated interdealer quotation system, (ii) fees and expenses of

compliance with any securities or “blue sky” laws (including reasonable fees and disbursements of counsel in connection with “blue sky” qualifications of the securities registered), (iii) expenses in connection with the preparation, printing, mailing and delivery of any registration statements, prospectuses and other documents in connection therewith and any amendments or supplements thereto, (iv) security engraving and printing expenses, (v) internal expenses of Lazard Ltd (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), (vi) reasonable fees and disbursements of counsel for Lazard Ltd and customary fees and expenses for independent certified public accountants retained by Lazard Ltd (including the expenses relating to any comfort letters or costs associated with the delivery by independent certified public accountants of any comfort letters requested pursuant to Section 4.5(h)), (vii) reasonable fees and expenses of any special experts retained by Lazard Ltd in connection with such registration, (viii) reasonable fees, out-of-pocket costs and expenses of the Covered Persons, including one counsel for all of the Covered Persons participating in the offering selected by the Covered Persons holding the majority of the Registrable Securities to be sold for the account of all Covered Persons in the offering, (ix) fees and expenses in connection with any review by the NASD of the underwriting arrangements or other terms of the offering, and all fees and expenses of any “qualified independent underwriter,” including the fees and expenses of any counsel thereto, (x) fees and disbursements of underwriters customarily paid by issuers or sellers of securities, but excluding any underwriting fees, discounts and commissions attributable to the sale of Registrable Securities, (xi) costs of printing and producing any agreements among underwriters, underwriting agreements, any “blue sky” or legal investment memoranda and any selling agreements and other documents in connection with the offering, sale or delivery of the Registrable Securities, (xii) transfer agents’ and registrars’ fees and expenses and the fees and expenses of any other agent or trustee appointed in connection with such offering, (xiii) expenses relating to any analyst or investor presentations or any “road shows” undertaken in connection with the registration, marketing or selling of the Registrable Securities, (xiv) fees and expenses payable in connection with any ratings of the Registrable Securities, including expenses relating to any presentations to rating agencies and (xv) all out-of-pocket costs and expenses incurred by Lazard Ltd or its appropriate officers in connection with their compliance with Section 4.5(l).

(pp) “Registrable Securities” means all shares of Common Stock (and any securities issued or issuable in respect of such Common Stock by way of conversion, exchange, stock dividend, split or combination, recapitalization, merger, amalgamation, consolidation, other reorganization or otherwise) that are received by Covered Persons in exchange for (1) Class II Interests of Covered Persons or (2) Lazard Group Common Interests of Covered Persons that are received in exchange for such Covered Persons’ Class II Interests, in each case, pursuant to Section 7.04 of the Operating Agreement (“Covered Shares”) and that may be deemed “restricted securities” as defined in Rule 144(a)(3) under the Securities Act; provided, that Covered Shares that are

eligible for sale under Rule 144(k) of the Securities Act shall cease to be Registrable Securities; provided, however, that in the event that a Covered Person beneficially owns Covered Shares that, in the aggregate, total a number of shares of Common Stock equal to or greater than the quotient obtained by dividing (x) \$25,000,000 by (y) the Stock Price as of five Business Days prior to the expected effectiveness of the applicable registration statement, any such Covered Shares that would have ceased to be Registrable Securities pursuant to the immediately foregoing proviso shall continue to be Registrable Securities so long as such Covered Person beneficially owns Covered Shares totaling at least such value as of each such applicable measurement date. A share of Common Stock (and any securities issued or issuable in respect of such Common Stock by way of conversion, exchange, stock dividend, split or combination, recapitalization, merger, amalgamation, consolidation, other reorganization or otherwise) shall cease to be a Registrable Security upon any sale of such share of Common Stock (or, as applicable, such securities issued or issuable in respect of Common Stock by way of conversion, exchange, stock dividend, split or combination, recapitalization, merger, amalgamation, consolidation, other reorganization or otherwise) to the public pursuant to, and in accordance with, a registration statement, including any registration statements contemplated hereby, or pursuant to Rule 144 under the Securities Act, Regulation S under the Securities Act or Section 4(1) of the Securities Act.

(qq) “Restricted Person” means any person that is not (i) a Covered Person or (ii) a director, officer or employee of LAZ-MD acting in such person’s capacity as a director, officer or employee.

(rr) “SEC” means the Securities and Exchange Commission.

(ss) “Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, and as each of the foregoing may be further amended from time to time.

(tt) “Stock Price” means, as of any particular date, the closing price as of such date of a share of Common Stock on the primary national securities exchange on which the Common Stock is traded, as reported by Bloomberg L.P. or, if Bloomberg L.P. is not available, as determined by another reputable third-party information source selected by Lazard Ltd.

(uu) “Subsidiary” means, with respect to any person, any corporation, limited liability company, company, partnership, trust, association or other legal entity or organization of which such person (either directly or through one or more subsidiaries of such person) (a) owns, directly or indirectly, a majority of the capital stock or other equity interests the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such corporation, limited liability company, partnership, trust, association or other legal entity or organization, or (b) is otherwise entitled to exercise (1) a majority of the voting power generally in the election of the board

of directors or other governing body of such corporation, limited liability company, partnership, trust, association or other legal entity or organization or (2) control of such corporation, limited liability company, partnership, trust, association or other legal entity or organization.

(vv) “Transfer” means, with respect to any Covered Interests, (i) when used as a verb, to sell, assign, dispose of, exchange, pledge, encumber, hypothecate or otherwise transfer such Covered Interests or any participation or interest therein, whether directly or indirectly, or agree or commit to do any of the foregoing, and (ii) when used as a noun, a direct or indirect sale, assignment, disposition, exchange, pledge, encumbrance, hypothecation, or other transfer of such Covered Interests or any participation or interest therein or any agreement or commitment to do any of the foregoing.

Section 1.2 Definitions Generally. Wherever required by the context of this Agreement, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa, and references to any agreement, document or instrument shall be deemed to refer to such agreement, document or instrument as amended, supplemented or modified from time to time. When used herein:

(a) the word “or” is not exclusive;

(b) the words “including,” “includes,” “included” and “include” are deemed to be followed by the words “without limitation”;

(c) the terms “herein,” “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision;

(d) the word “person” means any individual, corporation, limited liability company, trust, joint venture, association, company, partnership or other legal entity or a government or any department or agency thereof or self-regulatory organization; and

(e) all section, paragraph or clause references not attributed to a particular document shall be references to such parts of this Agreement, and all exhibit, annex and schedule references not attributed to a particular document shall be references to such exhibits, annexes and schedules to this Agreement.

## **ARTICLE II REPRESENTATIONS AND WARRANTIES**

### Section 2.1 Representations and Warranties of Covered Persons.

(a) Each Covered Person severally represents and warrants to each of LAZ-MD and Lazard Ltd, as of the date hereof and as of the date of the registration of any of such Covered Person’s Registrable Securities and as of the date of any Demand

Notice delivered by or on behalf of such Covered Person, that: such Covered Person has good, valid and marketable title to the Covered Interests and Registrable Securities, as applicable, in each case free and clear of any pledge, lien, security interest, charge, claim, equity or encumbrance of any kind, other than (A) pursuant to this Agreement or another agreement with the issuer of the Covered Interest or Registrable Securities, as the case may be, by which such Covered Person is bound and to which the Covered Interest or Registrable Securities, as applicable, are subject, and (B) in the case of Covered Interests, the Operating Agreement or Lazard Group Operating Agreement, as applicable; and

(b) Each Covered Person severally represents and warrants to each of LAZ-MD and Lazard Ltd, as of the date hereof and as of the date of the registration of any of such Covered Person's Registrable Securities and as of the date of any Demand Notice delivered by or on behalf of such Covered Person, if the Covered Person is other than a natural person, with respect to subsections (i) through (x), and if the Covered Person is a natural person, with respect to subsections (iv) through (x) only: (i) such Covered Person is duly organized and validly existing in good standing under the laws of the jurisdiction of such Covered Person's formation; (ii) such Covered Person has full right, power and authority to enter into and perform this Agreement; (iii) the execution and delivery of this Agreement and the performance of the transactions contemplated herein have been duly authorized, and no further proceedings on the part of such Covered Person are necessary to authorize the execution, delivery and performance of this Agreement; and this Agreement has been duly executed by such Covered Person; (iv) the person signing this Agreement on behalf of such Covered Person has been duly authorized by such Covered Person to do so; (v) this Agreement constitutes the legal, valid and binding obligation of such Covered Person, enforceable against such Covered Person in accordance with its terms (subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles); (vi) neither the execution and delivery of this Agreement by such Covered Person nor the consummation of the transactions contemplated herein conflicts with or results in a breach of any of the terms, conditions or provisions of any agreement or instrument to which such Covered Person is a party or by which the material assets of such Covered Person are bound (including the organizational documents of such Covered Person, if such Covered Person is other than a natural person), or constitutes a default under any of the foregoing, or violates any law or regulation; (vii) such Covered Person has obtained all authorizations, consents, approvals and clearances of all courts, governmental agencies and authorities, and any other person, if any (including the spouse of such Covered Person with respect to the interest of such spouse in the Covered Interests or Registrable Securities of such Covered Person if the consent of such spouse is required), required to permit such Covered Person to enter into this Agreement and to consummate the transactions contemplated herein; (viii) there are no actions, suits or proceedings pending, or, to the knowledge of such Covered Person, threatened against or affecting such Covered Person or such Covered Person's assets in any court or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality which, if adversely determined, would impair the ability of such Covered Person to perform this Agreement; (ix) the performance of this Agreement will not violate any order, writ, injunction, decree or demand of any court or federal, state, municipal or other governmental department,

commission, board, bureau, agency or instrumentality to which such Covered Person is subject; and (x) no statement, representation or warranty made by such Covered Person in this Agreement, nor any information provided by such Covered Person for inclusion in a report filed pursuant to Section 4.5 hereof or in a registration statement filed by Lazard Ltd, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make the statements, representations or warranties contained herein or information provided therein not misleading.

Each Covered Person shall promptly notify LAZ-MD and Lazard Ltd of any breaches of such representations or covenants.

### **ARTICLE III VOTING AGREEMENT**

Section 3.1 Preliminary Vote of Covered Persons. Prior to any vote of the stockholders of Lazard Ltd, there shall be a separate, preliminary vote, on each matter upon which a stockholder vote of Lazard Ltd is then proposed to be taken (each, a "Preliminary Vote"), of the Covered Interests beneficially owned by the Covered Persons. The Preliminary Vote shall be conducted pursuant to procedures established by LAZ-MD, including meetings or by proxy or written instruction by or of the Covered Persons.

Section 3.2 Voting of the Covered Interests. Each Covered Person shall be entitled to instruct LAZ-MD to vote the Class B Common Stock in proportion to the number of votes represented by the shares of Common Stock into which such Covered Interests are then exchangeable under the terms of the Operating Agreement, the Lazard Group Operating Agreement and the Master Separation Agreement on the matter in question by the Covered Interests in the Preliminary Vote, provided, however, that notwithstanding anything herein to the contrary the Board shall have the ability to vote the Class B Common Stock in its discretion (including in a manner different than as instructed by the Covered Persons) if it determines in good faith that such action is in the best interests of LAZ-MD. In the event that a Covered Person fails to participate in the Preliminary Vote, the votes of that Covered Person will be abstained and excluded from the vote for such matters. LAZ-MD shall be obligated (a) to attend as proxy, or cause a person designated by it and acting as lawful proxy to attend as proxy, each meeting of the stockholders of Lazard Ltd and to vote or to cause such designee to vote the Class B Common Stock over which it has the power to vote in accordance with the results of the Preliminary Vote as set forth in this Section 3.2, and (b) to develop procedures governing Preliminary Votes.

#### Section 3.3 Acknowledgements; Determinations.

(a) Each Covered Person acknowledges and agrees as follows: (i) in the event that any matters shall come before a meeting of stockholders of Lazard Ltd, or of any class of stockholders of Lazard Ltd, or any adjournment or postponement thereof (including matters related to adjournment or postponement thereof), that were not voted upon in a Preliminary Vote, LAZ-MD may vote on such matters as LAZ-MD sees fit in

its sole discretion, (ii) LAZ-MD shall be the sole record holder and legal and beneficial owner of the Class B Common Stock and, notwithstanding anything herein to the contrary, this Agreement shall not confer any right, title or interest in, to or under the Class B Common Stock to any Covered Person, and (iii) except as expressly provided in this Article III with respect to the voting of the Class B Common Stock, LAZ-MD shall have the right to take all action, and exercise all rights, with respect to the Class B Common Stock in its sole discretion if it determines in good faith that such action is in the best interest of LAZ-MD, and, notwithstanding anything herein to the contrary, no Covered Person shall, by virtue of being a party to this Agreement, have any right to direct LAZ-MD to exercise, or otherwise directly or indirectly exercise, any rights relating to the Class B Common Stock, whether arising under the Companies Act 1981 of Bermuda and Bye-Laws of Lazard Ltd or otherwise, including the right to nominate directors of Lazard Ltd, propose business for meetings of stockholders of Lazard Ltd or otherwise submit stockholder proposals, call any special meetings of stockholders (or any class thereof) of Lazard Ltd, tender or otherwise transfer the Class B Common Stock or to take any other action in respect of the Class B Common Stock.

(b) Each Covered Person acknowledges and agrees that all determinations necessary or advisable under this Article III shall be made by the Board, whose determinations shall be final and binding. The Board's determinations and actions (including waivers) under this Article III need not be uniform and may be made selectively among Covered Persons that are not similarly situated.

(c) Each Covered Person acknowledges and agrees that the members of the Board in acting under this Agreement shall at all times be acting in their individual capacities and not as directors or officers of LAZ-MD, Lazard Group or Lazard Ltd and in so acting or failing to act under this Agreement shall not have any fiduciary duties to the Covered Persons as a member of the Board by virtue of the fact that one or more of such members may also be serving as a director or officer of LAZ-MD, Lazard Group, Lazard Ltd or otherwise.

Section 3.4 Voting Related Expenses. LAZ-MD shall be responsible for all expenses of LAZ-MD and the Board incurred in the operation and administration of Article III, including expenses of proxy solicitation for and tabulation of the Preliminary Vote, expenses incurred in preparing appropriate filings of LAZ-MD and correspondence with the SEC, lawyers', accountants', agents', consultants', experts', investment banking and other professionals' fees, expenses incurred in enforcing the provisions of this Agreement and expenses incurred in maintaining any necessary or appropriate books and records relating to this Agreement.

Section 3.5 Governmental Authorities. Each Covered Person hereby acknowledges and agrees that, unless otherwise directed by LAZ-MD or Lazard Ltd in writing, such Covered Person shall be solely responsible for making, and shall in a timely manner make, any and all reports, filings or other notifications with any Governmental Authorities, including any reports of beneficial ownership on Schedule 13D or 13G under the Exchange Act, with respect to any rights or interests of such Covered Person under this Article III (each a "Filing") and shall be solely responsible for the cost and expense



thereof. Such Covered Person understands and agrees that neither LAZ-MD nor Lazard Ltd has any related obligations relating to or responsibility for any such Filings. Such Covered Person shall cooperate fully with the other Covered Persons to achieve the timely filing of any such Filings and any amendments thereto as may be required, and such Covered Person agrees that any information concerning such Covered Person which such Covered Person furnishes in connection with the preparation and filing of any such Filing will be complete and accurate. No fewer than five business days prior to the submission of a Filing, each Covered Person submitting such Filing shall furnish to LAZ-MD and Lazard Ltd copies of such Filing as proposed to be filed. LAZ-MD and Lazard Ltd shall each have the right to request that the filing Covered Person modify any information contained in such Filing or amendment or supplement thereto, and such Covered Person shall use his reasonable best efforts to comply with such request; provided that compliance with such request shall not cause any Covered Person to violate applicable law or regulation.

Section 3.6 Adjustment upon Changes in Capitalization; Adjustments upon Changes of Control. In the event of any business combination, restructuring, recapitalization or other extraordinary transaction involving LAZ-MD or Lazard Group as a result of which securities of a person other than LAZ-MD or Lazard Group that are exchangeable for Common Stock shall be issued or distributed in exchange for or in replacement of Covered Interests, LAZ-MD and the Covered Persons agree that this Agreement shall also continue in full force and effect with respect to such securities of such other person, and the terms “Covered Interests,” “Class II Interests,” “Lazard Group Common Interests,” “LAZ-MD” and “Lazard Group” shall refer to, as applicable, such securities and such person, respectively. If the Board deems it desirable, any such adjustments may take effect from the record date or another appropriate date. In the event of any business combination, restructuring, recapitalization or other extraordinary transaction involving Lazard Ltd that affects the capital stock of Lazard Ltd, the Board may, in its sole discretion, (a) terminate the provisions of this Article III or (b) adjust the voting structure set forth in this Article III as necessary to preserve the initial intent of such provisions.

Section 3.7 Further Assurances. Each Covered Person agrees to execute such additional documents and take such further action as may be reasonably necessary to effect the provisions of this Article III.

#### **ARTICLE IV REGISTRATION RIGHTS**

##### Section 4.1 Annual Registration.

(a) With respect to each of the third through the ninth anniversaries of the IPO Date, Lazard Ltd shall use its reasonable best efforts to effect the registration under the Securities Act of sales by Covered Persons of the following Registrable Securities: (i) all Registrable Securities to be issued to Covered Persons in respect of the exchange of Covered Interests in connection with such anniversary date pursuant to the Master Separation Agreement for such period and (ii) all other Registrable Securities of

any Covered Persons which Registrable Securities are reasonably expected to continue to be Registrable Securities at the expected filing date for the registration statement with respect to such registration and which Covered Persons shall have provided Lazard Ltd with a written request for registration at least 20 business days prior to the applicable anniversary date requesting registration of such Registrable Securities (each such registration, an “Annual Registration”); provided, however, that Lazard Ltd shall not be obligated to file any such registration statement or effect such registration if the amount of such Registrable Securities does not equal or exceed the Minimum Share Number as of the date of such filing or registration. Lazard Ltd shall use its reasonable best efforts, subject to the restrictions in Section 4.1(d), to file a registration statement under the Securities Act with respect to each Annual Registration as promptly as reasonably practicable following the applicable Periodic Filing Date.

(b) Lazard Ltd shall have the right to require that sales or other dispositions in connection with any Annual Registration are subject to reasonable limitations or restrictions on size and manner of sale.

(c) Lazard Group shall be liable for and pay all Registration Expenses in connection with any Annual Registration, regardless of whether such Registration is effected.

(d) Upon notice to each Covered Person participating in the applicable Annual Registration, Lazard Ltd may postpone effecting a registration pursuant to this Section 4.1 on one occasion during any period of six consecutive months for a reasonable time specified in the notice but not exceeding 120 days (which period may not be extended or renewed), if (i) Lazard Ltd shall determine in good faith that effecting the registration would materially and adversely affect an offering of securities of such company the preparation of which had then been commenced or (ii) Lazard Ltd is in possession of material non-public information the disclosure of which during the period specified in such notice Lazard Ltd believes in good faith would not be in the best interests of Lazard Ltd.

#### Section 4.2 Demand Registration.

(a) If at any time following the third anniversary of the IPO Date, Lazard Ltd shall receive a written request (a “Demand Notice”) from a Covered Person or group of Covered Persons (a “Demand Requesting Covered Person”) that Lazard Ltd effect the registration under the Securities Act of all or any portion of such Covered Person’s Registrable Securities representing Registrable Securities requested to be included in such registration equal to or in excess of the Minimum Demand Number as of the date on which the Demand Registration is made (a “Demand Registration”), specifying the intended method of disposition thereof, then Lazard Ltd shall use its reasonable best efforts to effect, as expeditiously as reasonably practicable, subject to the restrictions in Section 4.2(d) and Section 4.3 and such Demand Requesting Covered Person’s compliance with its obligations under the other applicable provisions of this Article IV, the registration under the Securities Act of the Registrable Securities for which such Demand Requesting Covered Person has requested registration under this

Section 4.2, all to the extent necessary to permit the disposition (in accordance with the intended methods thereof as aforesaid) of the Registrable Securities so to be registered. Notwithstanding the foregoing, (i) a Demand Requesting Covered Person shall be entitled to no more than one demand registration during any six-month period, and (ii) Lazard Ltd shall not be obligated to make a Demand Registration with respect to a Demand Requesting Covered Person in the event that an Annual Registration or Piggyback Registration (as defined below) had been available to any such Demand Requesting Covered Person within the 180 days preceding the date of the Demand Notice.

(b) At any time prior to the effective date of the registration statement relating to such registration, the Demand Requesting Covered Person may revoke such Demand Registration request by providing a notice to Lazard Ltd revoking such request. Lazard Group shall be liable for and pay all Registration Expenses in connection with any Demand Registration.

(c) Lazard Ltd shall have the right (but not the obligation) to conduct any Demand Registration as a Public Offering and to register additional shares of Common Stock and other securities together with such Demand Registration. If a Demand Registration involves an underwritten Public Offering and the managing underwriter advises Lazard Ltd and the Demand Requesting Covered Person that, in its view, the number of shares of Common Stock requested to be included in such registration exceeds the largest number of shares that can be sold without having an adverse effect on such offering, including the price at which such shares can be sold (the "Maximum Offering Size"), Lazard Ltd shall include in such registration, in the priority listed below, up to the Maximum Offering Size:

(i) first, all Registrable Securities requested to be registered in the Demand Registration by the Demand Requesting Covered Person and all other Registrable Securities requested to be included in such registration by any Covered Persons (allocated, if necessary for the offering not to exceed the Maximum Offering Size, pro rata among such Covered Persons on the basis of the relative number of shares of Registrable Securities so requested to be included in such registration by each);

(ii) second, any securities proposed to be registered by Lazard Ltd or any securities proposed to be registered for the account of any other persons, with such priorities among them as Lazard Ltd shall determine.

(d) Upon notice to the Demand Requesting Covered Person, Lazard Ltd may postpone effecting a registration pursuant to this Section 4.1 on one occasion during any period of six consecutive months for a reasonable time specified in the notice but not exceeding 120 days (which period may not be extended or renewed), if (i) Lazard Ltd shall determine in good faith that effecting the registration would materially and adversely affect an offering of securities of such company the preparation of which had then been commenced, (ii) Lazard Ltd is in possession of material non-public information the disclosure of which during the period specified in such notice Lazard Ltd believes in good faith would not be in the best interests of Lazard Ltd, or (iii) an Annual Registration

shall have commenced (or is reasonably expected to commence within 30 days of such Demand Registration) (it being understood that, in lieu of any such Demand Registration, Lazard Ltd may elect to include any Demand Requesting Covered Person's Registrable Securities subject to a Demand Registration hereunder with such Annual Registration in full satisfaction of its obligations under this Section 4.2 with respect to such Demand Registration).

Section 4.3 Piggyback Registration.

(a) Subject to any contractual obligations to the contrary, if Lazard Ltd proposes to register any of the equity securities issued by it under the Securities Act (other than a registration on Form S-8 or S-4, or any successor forms, relating to shares of Common Stock issuable upon exercise of employee stock options or in connection with any employee benefit or similar plan of Lazard Ltd or in connection with a direct or indirect acquisition by Lazard Ltd of another Person or as a recapitalization or reclassification of securities of Lazard Ltd), whether or not for sale for its own account, Lazard Ltd shall each such time give prompt notice at least 15 business days prior to the anticipated filing date of the registration statement relating to such registration to each Covered Person holding Registrable Securities, which notice shall set forth such Covered Person's rights under this Section 4.3 and shall offer such Covered Person the opportunity to include in such registration statement the number of Registrable Securities of the same class or series as those proposed to be registered as such Covered Person may request (a "Piggyback Registration"), subject to the provisions of Section 4.3(b) and such Covered Person's compliance with its obligations under the other applicable provisions of this Article IV. Upon the request of such Covered Person made within five business days after the receipt of notice from Lazard Ltd (which request shall specify the number of Registrable Securities intended to be registered by such Covered Person), Lazard Ltd shall use its reasonable best efforts to effect the registration under the Securities Act of all Registrable Securities that Lazard Ltd has been so requested to register by all such other Covered Persons, to the extent necessary to permit the disposition of the Registrable Securities so to be registered, provided that (i) if such registration involves an underwritten Public Offering, all such Covered Persons requesting to be included in Lazard Ltd's registration must sell their Registrable Securities to the underwriters selected by Lazard Ltd on the same terms and conditions as apply to Lazard Ltd or the Requesting Covered Persons, as applicable, and (ii) if, at any time after giving notice of its intention to register any securities pursuant to this Section 4.3(a) and prior to the effective date of the registration statement filed in connection with such registration, Lazard Ltd shall determine for any reason not to register such securities, Lazard Ltd shall give notice to all such Covered Persons and, thereupon, shall be relieved of its obligation to register any Registrable Securities in connection with such registration. No registration effected under this Section 4.3 shall relieve Lazard Ltd of its obligations to effect an Annual Registration or Demand Registration to the extent required by Section 4.1 or Section 4.2, respectively. Lazard Group shall pay all Registration Expenses in connection with each Piggyback Registration.

(b) Subject to any contractual obligations to the contrary, if a Piggyback Registration involves an underwritten Public Offering (other than any Demand

Registration, in which case the provisions with respect to priority of inclusion in such offering set forth in Section 4.2(c) shall apply) and the managing underwriter advises Lazard Ltd that, in its view, the number of Registrable Securities that Lazard Ltd and such Covered Persons intend to include in such registration exceeds the Maximum Offering Size, Lazard Ltd shall include in such registration, in the following priority, up to the Maximum Offering Size:

- (i) first, so much of Lazard Ltd securities proposed to be registered for the account of Lazard Ltd;
- (ii) second, to Lazard Ltd securities proposed to be registered pursuant to any demand registration rights of third parties;
- (iii) third, all Registrable Securities requested to be included in such registration by any Covered Persons (allocated, if necessary for the offering not to exceed the Maximum Offering Size, pro rata among such Covered Persons on the basis of the relative number of shares of Registrable Securities so requested to be included in such registration by each); and
- (iv) fourth, any securities proposed to be registered for the account of any other Persons with such priorities among them as Lazard Ltd shall determine.

Section 4.4 Lock-Up Agreements. If any registration of Registrable Securities shall be effected in connection with a Public Offering, no Covered Person shall effect any public sale or distribution, including any sale pursuant to Rule 144, of any shares of Common Stock or other security of Lazard Ltd (except as part of such Public Offering) during the period beginning 14 days prior to the effective date of the applicable registration statement until the earlier of (i) such time as Lazard Ltd and the lead managing underwriter shall agree and (ii) 180 days (such period, the "Lock-Up Period" for the applicable registration statement).

Section 4.5 Registration Procedures. Whenever a Covered Person requests that any Registrable Securities be registered pursuant to Section 4.2 or 4.3 or in respect of any Annual Registration pursuant to Section 4.1, subject to the provisions of such Sections, Lazard Ltd shall use its reasonable best efforts to effect the registration and the sale of such Registrable Securities in accordance with the intended method of disposition thereof as promptly as practicable, and, in connection with any such request:

- (a) Lazard Ltd shall as expeditiously as reasonably practicable prepare and file with the SEC and the Registrar of Companies in Bermuda a registration statement on any form for which Lazard Ltd then qualifies or that counsel for Lazard Ltd shall deem appropriate and which form shall be available for the sale of the Registrable Securities to be registered thereunder in accordance with the intended method of distribution thereof, and use its reasonable best efforts to cause such filed registration statement to become and remain effective for a period of not less than 40 days or, in the case of a shelf registration

statement, 60 days (or such shorter period in which all of the Registrable Securities of the Registering Covered Persons included in such registration statement shall have actually been sold thereunder).

(b) Prior to filing a registration statement or prospectus or any amendment or supplement thereto, Lazard Ltd shall, if requested, furnish to each participating Covered Person and each underwriter, if any, of the Registrable Securities covered by such registration statement copies of such registration statement as proposed to be filed, and thereafter Lazard Ltd shall furnish to such Covered Person and underwriter, if any, such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits thereto and documents incorporated by reference therein), the prospectus included in such registration statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 or Rule 430A under the Securities Act and such other documents as such Covered Person or underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Covered Person. The Covered Person shall have the right to request that Lazard Ltd modify any information contained in such registration statement, amendment and supplement thereto pertaining to such Covered Person and Lazard Ltd shall use its reasonable best efforts to comply with such request, provided, however, that Lazard Ltd shall not have any obligation so to modify any information if Lazard Ltd reasonably expects that so doing would cause the prospectus to contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

(c) After the filing of the registration statement, Lazard Ltd shall (i) cause the related prospectus to be supplemented by any required prospectus supplement, and, as so supplemented, to be filed pursuant to Rule 424 under the Securities Act and the Companies Act 1981 of Bermuda, (ii) comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such registration statement during the applicable period in accordance with the intended methods of disposition by the Registering Covered Persons thereof set forth in such registration statement or supplement to such prospectus and (iii) promptly notify each Registering Covered Person holding Registrable Securities covered by such registration statement of any stop order issued or threatened by the SEC or any state securities commission and take all reasonable best efforts to prevent the entry of such stop order or to remove it if entered.

(d) Lazard Ltd shall use its reasonable best efforts to (i) register or qualify the Registrable Securities covered by such registration statement under such other securities or "blue sky" laws of such jurisdictions in the United States as any Registering Covered Person holding such Registrable Securities reasonably (in light of such Covered Person's intended plan of distribution) requests, (ii) cause such Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be

necessary by virtue of the business and operations of Lazard Ltd, and (iii) do any and all other acts and things that may be reasonably necessary or advisable to enable such Covered Person to consummate the disposition of the Registrable Securities owned by such Covered Person, provided that Lazard Ltd shall not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 4.5(d), (B) subject itself to taxation in any such jurisdiction or (C) consent to general service of process in any such jurisdiction.

(e) Lazard Ltd shall immediately notify each Registering Covered Person holding such Registrable Securities covered by such registration statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the occurrence of an event requiring the preparation of a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and promptly prepare and make available to each such Covered Person and file with the SEC and the Registrar of Companies in Bermuda any such supplement or amendment.

(f) Lazard Ltd shall select an underwriter or underwriters in connection with any Public Offering. In connection with any Public Offering, Lazard Ltd shall enter into customary agreements (including an underwriting agreement in customary form) and take such all other actions as are reasonably required in order to expedite or facilitate the disposition of such Registrable Securities in any such Public Offering, including the engagement of a "qualified independent underwriter" in connection with the qualification of the underwriting arrangements with the NASD.

(g) Subject to execution of confidentiality agreements satisfactory in form and substance to Lazard Ltd in the exercise of its good faith judgment, Lazard Ltd will give to each Registering Covered Person, its counsel and accountants (i) reasonable and customary access to its books and records and (ii) such opportunities to discuss the business of Lazard Ltd with its directors, officers, employees, counsel and the independent public accountants who have certified its financial statements, as shall be appropriate, in the reasonable judgment of counsel, to such Registering Covered Person, to enable them to exercise their due diligence responsibility.

(h) Lazard Ltd shall use its reasonable best efforts to furnish to each Registering Covered Person and to each such underwriter, if any, a signed counterpart, addressed to such Covered Person or underwriter, of (i) any opinion or opinions of counsel to Lazard Ltd and (ii) any comfort letter or comfort letters from Lazard Ltd's independent public accountants, each in customary form and covering such matters of the kind customarily covered by opinions or comfort letters and in each case if and to the extent such opinion or comfort letter shall be

furnished to Lazard Ltd in connection therewith, as the case may be, if such Registering Covered Persons who collectively represent a majority of the Registrable Securities being sold in such registration so reasonably request.

(i) Each such Covered Person registering securities under this Article IV shall promptly furnish in writing to Lazard Ltd such information regarding the distribution of the Registrable Securities as Lazard Ltd may from time to time reasonably request and such other information as may be legally required or advisable in connection with such registration. Lazard Ltd shall have the right to require that sales or other dispositions in connection with any registration hereunder are subject to reasonable limitations or restrictions on size and manner of sale.

(j) The Covered Person agrees that, upon receipt of any notice from Lazard Ltd of the happening of any event of the kind described in Section 4.5(e), such Covered Person shall forthwith discontinue disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until such Covered Person's receipt of the copies of the supplemented or amended prospectus contemplated by Section 4.5(e), and, if so directed by Lazard Ltd, such Covered Person shall deliver to Lazard Ltd all copies, other than any permanent file copies then in such Covered Person's possession, of the most recent prospectus covering such Registrable Securities at the time of receipt of such notice. If Lazard Ltd shall give such notice, Lazard Ltd shall extend the period during which such registration statement shall be maintained effective (including the period referred to in Section 4.5(a)) by the number of days during the period from and including the date of the giving of notice pursuant to Section 4.5(e) to the date when Lazard Ltd shall make available to such Covered Person a prospectus supplemented or amended to conform with the requirements of Section 4.5(e).

(k) Lazard Ltd shall use its reasonable efforts to list all Registrable Securities covered by such registration statement on any securities exchange or quotation system on which any of the Registrable Securities are then listed or traded.

(l) Lazard Ltd shall have appropriate officers of Lazard Ltd (i) prepare and make presentations at any "road shows" and before analysts and rating agencies, as the case may be, (ii) take other actions to obtain ratings for any Registrable Securities, if applicable, and (iii) otherwise use their reasonable best efforts to cooperate in the offering, marketing or selling of the Registrable Securities, in each case as reasonably requested by the underwriters in connection with any Public Offering hereunder.

Section 4.6 Indemnification by Lazard Ltd. Lazard Ltd agrees to indemnify and hold harmless the Registering Covered Person holding Registrable Securities covered by a registration statement, its officers, directors, employees, partners and agents, and each Person, if any, who controls such Covered Person within the



meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages, liabilities and expenses (including reasonable expenses of investigation and reasonable attorneys' fees and expenses) ("Damages") caused by or relating to any untrue statement or alleged untrue statement of a material fact contained in any registration statement or prospectus relating to the Registrable Securities (as amended or supplemented if Lazard Ltd shall have furnished any amendments or supplements thereto) or any preliminary prospectus, or caused by or relating to any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such Damages are caused by or related to any such untrue statement or omission or alleged untrue statement or omission so made based upon information furnished in writing to Lazard Ltd by such Covered Person or on such Covered Person's behalf (in each case, in such person's capacity as a Covered Person) expressly for use therein; provided that, with respect to any untrue statement or omission or alleged untrue statement or omission made in any preliminary prospectus, or in any prospectus, as the case may be, the indemnity agreement contained in this paragraph shall not apply to the extent that any Damages result from the fact that a current copy of the prospectus (or such amended or supplemented prospectus, as the case may be) was not sent or given to the Person asserting any such Damages at or prior to the written confirmation of the sale of the Registrable Securities to such Person if it is determined that Lazard Ltd provided such prospectus to such Covered Person and it was the responsibility of such Covered Person to provide such Person with a current copy of the prospectus (or such amended or supplemented prospectus, as the case may be) and such current copy of the prospectus (or such amended or supplemented prospectus, as the case may be) would have cured the defect giving rise to such Damages.

Section 4.7 Indemnification by Participating Covered Persons. Each Covered Person who holds Registrable Securities covered by any registration statement agrees to indemnify and hold harmless Lazard Ltd, its affiliates and their respective officers, directors and agents and each Person, if any, who controls Lazard Ltd within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from Lazard Ltd to such Covered Person, but only (i) with respect to information furnished in writing by such Covered Person or on such Covered Person's behalf (in each case, in such person's capacity as a Covered Person) expressly for use in any registration statement or prospectus relating to the Registrable Securities, or any amendment or supplement thereto, or any preliminary prospectus or (ii) to the extent that any Damages result from the fact that a current copy of the prospectus (or such amended or supplemented prospectus, as the case may be) was not sent or given to the Person asserting any such Damages at or prior to the written confirmation of the sale of the Registrable Securities concerned to such Person if it is determined that it was the responsibility of such Covered Person to provide such Person with a current copy of the prospectus (or such amended or supplemented prospectus, as the case may be) and such current copy of the prospectus (or such amended or supplemented prospectus, as the case may be) would have cured the defect giving rise to such loss, claim, damage, liability or expense. The Covered Person also agrees to indemnify and hold harmless underwriters of the Registrable Securities, their officers and directors and each Person who controls such underwriters within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act on substantially the same basis as that of the indemnification of Lazard Ltd provided in this

Section 4.5. As a condition to including Registrable Securities in any registration statement filed in accordance with Article IV, Lazard Ltd may require that it shall have received an undertaking reasonably satisfactory to it from any underwriter to indemnify and hold it harmless to the extent customarily provided by underwriters with respect to similar securities. No Registering Covered Person shall be liable under this Section 4.7 for any Damages in excess of the net proceeds realized by such Covered Person in the sale of Registrable Securities of such Covered Person to which such Damages relate.

Section 4.8 Conduct of Indemnification Proceedings. If any proceeding (including any governmental investigation) shall be instituted involving any Person in respect of which indemnity may be sought pursuant to this Article IV, such Person (an "Indemnified Party") shall promptly notify the Person against whom such indemnity may be sought (the "Indemnifying Party") in writing and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Party, and shall assume the payment of all fees and expenses, provided that the failure of any Indemnified Party so to notify the Indemnifying Party shall not relieve the Indemnifying Party of its obligations hereunder except to the extent that the Indemnifying Party is materially prejudiced by such failure to notify. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (ii) in the reasonable judgment of such Indemnified Party and in the opinion of counsel to such indemnified party, representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that, in connection with any proceeding or related proceedings in the same jurisdiction, the Indemnifying Party shall not be liable for the reasonable fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) at any time for all such Indemnified Parties, and that all such fees and expenses shall be reimbursed as they are incurred. In the case of any such separate firm for the Indemnified Parties, such firm shall be designated in writing by the Indemnified Parties. The Indemnifying Party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent, or if there be a final judgment for the plaintiff, the Indemnifying Party shall indemnify and hold harmless such Indemnified Parties from and against any loss or liability (to the extent stated above) by reason of such settlement or judgment. Without the prior written consent of the Indemnified Party, no Indemnifying Party shall effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability arising out of such proceeding.

Section 4.9 Contribution. If the indemnification provided for in this Article IV is unavailable to the Indemnified Parties in respect of any Damages, then each such Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Damages (i) as between Lazard Ltd and the Registering Covered Person holding Registrable Securities covered by a registration statement on the one hand and the underwriters on the

other, in such proportion as is appropriate to reflect the relative benefits received by Lazard Ltd and such Covered Person on the one hand and the underwriters on the other, from the offering of the Registrable Securities, or if such allocation is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits but also the relative fault of Lazard Ltd and such Covered Person on the one hand and of such underwriters on the other in connection with the statements or omissions that resulted in such Damages, as well as any other relevant equitable considerations and (ii) as between Lazard Ltd on the one hand and such Covered Person on the other, in such proportion as is appropriate to reflect the relative fault of Lazard Ltd and of such Covered Person in connection with such statements or omissions, as well as any other relevant equitable considerations. The relative benefits received by Lazard Ltd and such Covered Person, on the one hand, and such underwriters, on the other hand, shall be deemed to be in the same proportion as the total proceeds from the offering (net of underwriting discounts and commissions but before deducting expenses) received by Lazard Ltd and such Covered Person bear to the total underwriting discounts and commissions received by such underwriters, in each case as set forth in the table on the cover page of the prospectus. The relative fault of Lazard Ltd and such Covered Person on the one hand and of such underwriters on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by Lazard Ltd and such Covered Person or by such underwriters. The relative fault of Lazard Ltd on the one hand and of such Covered Person on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

Lazard Ltd and the Covered Person agree that it would not be just and equitable if contribution pursuant to this Section 4.9 were determined by pro rata allocation (even if the underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Party as a result of the Damages referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 4.9, no underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any Damages that such underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, and no Registering Covered Person shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities of such Covered Person were offered to the public (less underwriters' discounts and commissions) exceeds the amount of any Damages that such Covered Person has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the

Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

Section 4.10 Participation in Public Offering. No Covered Person may participate in any Public Offering hereunder unless such Covered Person (a) agrees to sell such Covered Person's securities on the basis provided in any underwriting arrangements approved by the Covered Persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements and the provisions of this Agreement in respect of registration rights.

Section 4.11 Other Indemnification. Indemnification similar to that specified herein (with appropriate modifications) shall be given by Lazard Ltd and the Registering Covered Person participating therein with respect to any required registration or other qualification of securities under any federal or state law or regulation or governmental authority other than the Securities Act.

Section 4.12 Cooperation by Lazard Ltd. If the Covered Person shall transfer any Registrable Securities pursuant to Rule 144, Lazard Ltd shall use its commercially reasonable efforts to cooperate with the Covered Person and shall provide to the Covered Person such information as the Covered Person shall reasonably request.

Section 4.13 No Transfer of Registration Rights. Except as set forth in Section 4.14, none of the rights of the Covered Person under this Article VI shall be assignable by any Covered Person to any person acquiring securities unless the person so acquiring such securities shall already be a Covered Person.

Section 4.14 Parties in Interest. Each Covered Person shall be entitled to receive the benefits of this Agreement and shall be bound by the terms and provisions of this Agreement by reason of such Covered Person's election to participate in a registration under this Article IV. All of the terms and provisions of this Article IV shall be binding upon, shall inure to the benefit of and shall be enforceable by the respective successors and permitted assigns of Lazard Ltd and any Covered Person with respect to registrations hereunder. Unless otherwise specified by Lazard Ltd in its sole discretion, any transferee (including, without limitation, any charitable foundation or public charities) of any Covered Person permitted in accordance with the applicable (in the case of Covered Interests) limited liability company agreement and otherwise in accordance with this Agreement that shall acquire Registrable Securities, in any manner, whether by gift, bequest, purchase, operation of law or otherwise, shall, without any further action of any kind, be entitled to receive the benefits of and be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement to the aforesaid extent as if such person was a Covered Person hereunder with respect to the relevant registration. Lazard Ltd may, however, as a condition thereto require any such transferee to be added to Appendix A hereto in accordance with Section 5.2(b) hereof or otherwise sign an agreement acknowledging that is bound by the terms and provisions of the Agreement as if such transferee were a Covered Person with respect to the relevant registration.

Section 4.15 Acknowledgement Regarding Lazard Ltd. All determinations necessary or advisable under this Article IV shall be made by Lazard Ltd, the determinations of which shall be final and binding.

Section 4.16 Mergers, Recapitalizations, Exchanges or Other Transactions Affecting Registrable Securities. The provisions of this Agreement shall apply to the full extent set forth herein with respect to the Registrable Securities, to any and all securities or capital stock of LAZ-MD, Lazard Group or Lazard Ltd or any successor or assign of any such company (whether by merger, amalgamation, consolidation, sale of assets or otherwise) that may be issued in respect of, in exchange for, or in substitution of such Registrable Securities, by reason of any dividend, split, issuance, reverse split, combination, recapitalization, reclassification, merger, amalgamation, consolidation or otherwise.

## ARTICLE V MISCELLANEOUS

### Section 5.1 Term of the Agreement; Termination of Certain Provisions.

(a) The term of this Agreement shall begin immediately upon execution hereof by each of Lazard Ltd and LAZ-MD and shall continue until the first to occur of (i) such time as no Covered Person holds any Covered Interests or Registrable Securities and (ii) such time as this Agreement is terminated by the affirmative vote of Covered Persons that beneficially own not less than 66<sup>2/3</sup>% of the outstanding Covered Interests (based on the number of units represented by such Covered Interests). Each of the Continuing Provisions and Section 4.6 shall survive such expiration of the term of this Agreement.

(b) Unless this Agreement is theretofore terminated pursuant to Section 5.1(a) hereof, a Covered Person shall be bound by the provisions of this Agreement with respect to any Covered Interest or Registrable Security until such time as such Covered Person ceases to hold any Covered Interest or Registrable Security. Thereafter, such Covered Person shall no longer be bound by the provisions of this Agreement other than Sections 4.7, 4.8, 4.9 and 4.11 and Article V (the "Continuing Provisions"), and such Covered Person's name shall be removed from Appendix A to this Agreement.

(c) Each holder of a Class II Interest on the date hereof and any transferee of a Covered Interest pursuant to, and in accordance with, a permitted transfer under the Operating Agreement or the Lazard Group Operating Agreement (each, a "Permitted Transferee") shall be added to Appendix A as a Covered Person; provided that such holder of a Class II Interest or Permitted Transferee, as applicable, shall first sign an agreement in the form approved by Lazard Ltd acknowledging that such holder of a Class II Interest or Permitted Transferee, as applicable is bound by the terms and provisions of the Agreement.

Section 5.2 Amendments; Waiver.

(a) The provisions of this Agreement may be amended only by the affirmative vote of a majority of the outstanding Covered Interests and the consent of Lazard Ltd and LAZ-MD; provided, that (a) any amendment to Section 5.1(a) shall require the affirmative approval of 66 2/3 % of the outstanding Covered Interests (based on the number of units represented by such Covered Interests) and (b) with respect to Article III hereof (and the defined terms to the extent used therein), any amendment of the provisions of such article shall only require the affirmative vote of a majority of the outstanding Covered Interests (based on the number of units represented by such Covered Interests) and the consent of LAZ-MD; and, provided, further, that with respect to Article IV hereof (and the defined terms to the extent used therein), any amendment of the provisions of such article shall only require the affirmative vote of a majority of the outstanding Covered Interests (based on the number of units represented by such Covered Interests) and the consent of Lazard Ltd.

(b) In addition to any other vote or approval that may be required under this Section 5.2, any amendment of this Agreement that has the effect of changing the obligations of LAZ-MD or Lazard Ltd hereunder to make such obligations materially more onerous to LAZ-MD or Lazard Ltd shall require the approval of LAZ-MD or Lazard Ltd, as the case may be.

(c) Each Covered Person understands that it is intended that each Class II Member on the date hereof will be a Covered Person under this Agreement, and each Covered Person further understands that from time to time certain other persons may become Covered Persons and certain Covered Persons will cease to be bound by the provisions of this Agreement pursuant to the terms hereof. This Agreement may be amended from time to time by LAZ-MD (without the approval of any other person), but solely for the purposes of (i) adding to Appendix A such holders of Class II Interests and Permitted Transferees of the Covered Interests as provided in Section 5.1(c) in each case who sign this Agreement and (ii) removing from Appendix A such persons as shall cease to be bound by the provisions of this Agreement pursuant to Sections 5.1(b) hereof, (which additions and removals pursuant to clauses (i) and (ii) of this sentence shall be given effect from time to time by appropriate changes to Appendix A) and (iii) correcting any technicality, incorrect statement or error apparent on the face hereof in order to further the intent of the parties hereto.

(d) No provision of this Agreement may be waived except by an instrument in writing executed by the party against whom the waiver is to be effective.

Section 5.3 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

Section 5.4 Resolution of Disputes.

(a) Notwithstanding anything herein to the contrary, LAZ-MD shall have the sole and exclusive power to seek enforcement of the provisions contained in Articles IV of this Agreement on behalf of the Covered Persons against Lazard Ltd. The Covered Person shall have the right to request LAZ-MD to seek and conduct such enforcement on their behalf.

(b) All disputes arising under this Agreement (each a “Disputes”) shall be determined in accordance with this Section 5.4. Each Dispute shall first be reviewed by the Board (“Board Review”). Any party to a Dispute may invoke Board Review by written notice to the other party or parties thereto and the Board. As soon as practicable and in any event within thirty (30) days after receipt of notice of a Dispute, the Board shall attempt in good faith to resolve such Dispute. In the event that any Dispute remains unresolved forty-five (45) days after notice thereof to the Board, such Dispute shall be finally determined by an arbitral tribunal under the Rules of Arbitration (the “ICC Rules”) of the International Chamber of Commerce (the “ICC”) and in accordance with Section 5.4(c).

(c) The arbitral tribunal determining any Dispute shall be comprised of three arbitrators. Each party to a Dispute shall designate one arbitrator. If a party fails to designate an arbitrator within a reasonable period, the ICC shall designate an arbitrator for such party, including upon a request by another party. The two arbitrators designated by the parties to a Dispute (or, if applicable, the ICC) shall designate a third arbitrator. In the event that the two arbitrators designated by the parties to a Dispute (or, if applicable, the ICC) are unable to agree upon a third arbitrator within a reasonable period, the third arbitrator shall be selected in accordance with the ICC Rules by the ICC. The language, place and procedures of the arbitration of any Dispute shall be as agreed upon by the parties to such Dispute or, failing such agreement within a reasonable period, as determined in accordance with the ICC Rules in order to ensure a speedy, efficient and just resolution of such Dispute. If neither the parties nor the arbitral tribunal can agree upon procedures, the arbitration shall be conducted in accordance with the ICC’s procedures. The hearings and taking of evidence of any Dispute may be conducted at any locations that will, in the judgment of the arbitral tribunal, result in a speedy, efficient and just resolution of such Dispute. The parties to any dispute shall use their best efforts to cooperate with each other and the arbitral tribunal in order to obtain a resolution as quickly as possible, including by adopting the ICC’s “fast-track” procedure (as provided for in Article 32(1) of the ICC Rules) if appropriate.

(d) Notwithstanding any provision of the Agreement to the contrary, this Section 5.4(c) shall be construed to the maximum extent possible to comply with the laws of the State of Delaware, including the Uniform Arbitration Act (10 Del. C. § 5701 et seq.) (the “Delaware Arbitration Act”). If, nevertheless, it shall be determined by a court of competent jurisdiction that any provision or wording of this Section 5.4(c), including the ICC Rules and any rules of the American Arbitration Association, shall be invalid or unenforceable under the Delaware Arbitration Act, or other applicable law, such invalidity shall not invalidate all of this Section 5.4(c). In that case, this Section

5.4(c) shall be construed so as to limit any term or provision so as to make it valid or enforceable within the requirements of the Delaware Arbitration Act or other applicable law, and, in the event such term or provision cannot be so limited, this Section 5.4(c) shall be construed to omit such invalid or unenforceable provision.

(e) Notwithstanding the foregoing provisions, Lazard Ltd may bring, or may cause LAZ-MD to bring, on behalf of Lazard Ltd or on behalf of one or more Covered Persons, an action or special proceeding in a state or federal court of competent jurisdiction sitting in the State of Delaware, whether or not an arbitration proceeding has theretofore been or is ever initiated, for the purpose of temporarily, preliminarily or permanently enforcing the provisions of Article IV and, for the purposes of this paragraph (e), each Covered Person (i) expressly consents to the application of paragraph (f) to any such action or proceeding, (ii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate and (iii) irrevocably appoints the Board, c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801 as such Covered Person's agent for service of process in connection with any such action or proceeding, who shall promptly advise such Covered Person of any such service of process.

(f) EACH COVERED PERSON HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN THE STATE OF DELAWARE OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO OR CONCERNING THIS AGREEMENT THAT IS NOT OTHERWISE ARBITRATED ACCORDING TO THE PROVISIONS OF PARAGRAPH (E) HEREOF. This includes any suit, action or proceeding to compel arbitration or to enforce an arbitration award. The parties acknowledge that the forum designated by this paragraph (f) has a reasonable relation to this Agreement, and to the parties' relationship with one another. Notwithstanding the foregoing, nothing herein shall preclude the LAZ-MD or Lazard Ltd from bringing any action or proceeding in any other court for the purpose of enforcing the provisions of this Section 5.4.

(g) The agreement of the parties as to forum is independent of the law that may be applied in the action, and they each agree to such forum even if the forum may under applicable law choose to apply non-forum law. The parties hereby waive, to the fullest extent permitted by applicable law, any objection which they now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding brought in any court referred to in paragraph (f). The parties undertake not to commence any action arising out of or relating to or concerning this Agreement pursuant to paragraph (e) in any forum other than a forum described in paragraph (f). The parties 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 parties.

Section 5.5 Relationship of Parties; Acknowledgements.



(a) The terms of this Agreement are intended not to create a separate entity for U.S. federal income tax purposes, and nothing in this Agreement shall be read to create any partnership, joint venture or separate entity among the parties or to create any trust or other fiduciary relationship between them.

(b) Each Covered Person, by agreeing to become a party to this Agreement, acknowledges and agrees that such person is a member of each of LAZ-MD and LFCM and bound by the terms of the Operating Agreement and the LFCM Operating Agreement, respectively.

Section 5.6 Transfer Restrictions; Legends.

(a) General Restrictions on Transfer. Each Covered Person acknowledges and agrees that the Covered Interests have not been registered under the Securities Act. Each Covered Person agrees that such person shall not Transfer any Covered Interests (or solicit any offers in respect of any Transfer of any Covered Interests), except in compliance with the Securities Act, any other applicable securities or “blue sky” laws, and the terms and conditions of this Agreement and the Operating Agreement or the Lazard Group Operating Agreement, as applicable. Any attempt to Transfer any Covered Interests not in compliance with this Agreement or the Operating Agreement or the Lazard Group Operating Agreement, as applicable, shall be null and void, and neither LAZ-MD nor Lazard Ltd, as the case may be, shall, and each of them shall cause any transfer agent not to, give any effect in the applicable company’s stock records or equivalent limited liability company records to such attempted Transfer.

(b) Legends. Each Covered Person acknowledges that the following legend shall appear on the certificates for Covered Shares reflecting the restrictions set forth in Section 5.6(a). Lazard Ltd shall, at the request of any Covered Person, remove from each certificate evidencing Covered Shares the following legend if Lazard Ltd is reasonably satisfied (based upon an opinion of counsel to such Covered Person reasonably acceptable to Lazard Ltd) that the securities evidenced thereby may be publicly sold without registration under the Securities Act:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY FOREIGN OR STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR OTHERWISE DISPOSED OF EXCEPT (1) IN COMPLIANCE THEREWITH OR (2) UPON THE FURNISHING TO LAZARD LTD BY THE HOLDER OF THIS CERTIFICATE AN OPINION OF COUNSEL REASONABLY ACCEPTABLE TO LAZARD LTD THAT SUCH TRANSACTION IS NOT REQUIRED TO BE REGISTERED UNDER APPLICABLE SECURITIES LAWS.

Section 5.7 Notices.

(a) Any communication, demand or notice to be given hereunder will be duly given (and shall be deemed to be received) when delivered in writing by hand or first class mail or by telecopy to a party at its address as indicated below:

If to a Covered Person,

Name of Applicable Covered Person  
c/o LAZ-MD Holdings LLC  
30 Rockefeller Plaza  
New York, New York 10020  
Telecopy: (212) 332-5972  
Attention: Board of Directors

If to LAZ-MD, at

LAZ-MD Holdings LLC  
30 Rockefeller Plaza  
New York, New York 10020  
Telecopy: (212) 332-5972  
Attention: Board of Directors

If to Lazard Ltd, at

Lazard Ltd  
30 Rockefeller Plaza  
New York, New York 10020  
Telecopy: (212) 632-2000  
Attention: General Counsel

LAZ-MD shall be responsible for notifying each Covered Person of the receipt of a communication, demand or notice under this Agreement relevant to such Covered Person at the address of such Covered Person then in the records of LAZ-MD (and each Covered Person shall notify LAZ-MD of any change in such address for communications, demands and notices).

(b) Unless otherwise provided to the contrary herein, any notice which is required to be given in writing pursuant to the terms of this Agreement may be given by telecopy.

Section 5.8 Severability. If any provision of this Agreement is finally held to be invalid, illegal or unenforceable, (a) the remaining terms and provisions hereof shall be unimpaired and (b) the invalid or unenforceable term or provision shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision.

Section 5.9 Specific Performance. Each party hereto acknowledges that the remedies at law of the other parties for a breach or threatened breach of this Agreement would be inadequate and, in recognition of this fact, any part to this Agreement, without posting any bond, and in addition to all other remedies that may be available, shall, subject to Section 5.4, be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy that may be then available.

Section 5.10 Assignment; Successors. This Agreement shall be binding upon and inure to the benefit of the respective legatees, legal representatives, successors and assigns of the Covered Persons; provided, however, that a Covered Person may not assign this Agreement or any of his rights or obligations hereunder, and any purported assignment in breach hereof by a Covered Person shall be void, without the prior written consent of each of LAZ-MD and Lazard Ltd; and provided further that no assignment of this Agreement by LAZ-MD, Lazard Ltd or to a successor of LAZ-MD or Lazard Ltd (by operation of law or otherwise) shall be valid unless such assignment is made to a person which succeeds to the business of such Person substantially as an entirety. Notwithstanding anything herein to the contrary, in the event of the liquidation or dissolution of LAZ-MD following the exchange of all Covered Interests, (a) references to LAZ-MD in this Section 5.10 and in Sections 5.1, 5.2 and 5.7 shall be deemed to refer to Lazard Ltd, (b) references in Section 5.4 to LAZ-MD and the Board shall be deemed to refer to the person or persons designated by LAZ-MD for such purpose (with the consent of Lazard LH) and (c) references to the Board in Section 5.4(e)(iii) shall be deemed to refer to the General Counsel of Lazard Ltd.

Section 5.11 No Third-Party Rights. Other than as expressly provided herein, nothing in this Agreement will be construed to give any person other than the parties to this Agreement any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their successors and assigns.

Section 5.12 Section Headings. The headings of sections in this Agreement are provided for convenience only and will not affect its construction or interpretation.

Section 5.13 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed or caused to be duly executed this Agreement as of the dates indicated.

LAZ-MD HOLDINGS LLC

By /s/ Scott D. Hoffman

---

Name: Scott D. Hoffman

Title: Member

LAZARD LTD (solely for the purposes of Articles I, II, IV and V hereto)

By /s/ Scott D. Hoffman

---

Name: Scott D. Hoffman

Title: Director, Vice President and Secretary

[Signature Page to Stockholders' Agreement]

MASTER SEPARATION AGREEMENT

by and among

LAZARD LTD,

LAZARD LLC,

LAZ-MD HOLDINGS LLC

and

LFCM HOLDINGS LLC

Dated as of May 10, 2005

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## MASTER SEPARATION AGREEMENT

This MASTER SEPARATION AGREEMENT (including the schedules hereto, this "Agreement"), dated as of May 10, 2005, by and among Lazard Ltd, a Bermuda exempted company ("Lazard Ltd"), Lazard LLC, a Delaware limited liability company that will be renamed "Lazard Group LLC" ("Lazard Group"), LAZ-MD Holdings LLC, a Delaware limited liability company (formerly known as LF Holdings LLC) ("LAZ-MD"), and LFCM Holdings LLC, a Delaware limited liability company and currently a wholly owned subsidiary of Lazard Group ("LFCM," and together with Lazard Ltd, Lazard Group and LAZ-MD, the "Parties" and each a "Party").

### RECITALS

WHEREAS, on December 16, 2004, Lazard Ltd, Lazard Group and LAZ-MD Holdings entered into that certain Class B-1 and Class C Members Transaction Agreement relating to Lazard LLC (the "Transaction Agreement"); and

WHEREAS, on the date hereof, the Board of Directors of Lazard Group has determined that it is in the best interests of Lazard Group and its members to separate Lazard Group's businesses into two separate companies (the "Separation") and to recapitalize Lazard Group through the Financing Transactions (as defined below) and the First Redemption (as defined below) and Second Redemption (as defined below) and related transactions (the "Recapitalization"), each on the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, the Parties are entering into this Agreement to set forth the principal corporate transactions required to effect, and the principal terms and conditions of, the Separation and Recapitalization and related transactions and the relationship among the Parties and their respective Subsidiaries (as defined below) after the consummation of the Separation, the Recapitalization and such related transactions; and

WHEREAS, to effect the Separation and Recapitalization, pursuant to the Transaction Agreement and this Agreement, on the date hereof, certain members of Lazard Group shall transfer all of their limited liability company interests in Lazard Group to LAZ-MD in exchange for limited liability company interests in LAZ-MD (the "Exchange"), and simultaneously therewith pursuant to Section 6.02(b) of the Third Amended and Restated Operating Agreement of Lazard LLC, dated as of January 1, 2002, as amended (the "Old Lazard Group Operating Agreement"), all other limited liability company interests in Lazard Group shall be transferred to LAZ-MD in exchange for limited liability company interests in LAZ-MD and the admission of LAZ-MD as the sole member of Lazard Group, on the terms and subject to the conditions set forth in this Agreement (the "Forced Sale"); and

WHEREAS, on the date hereof after consummation of the Forced Sale, the Old Lazard Group Operating Agreement shall be amended and restated in accordance with the terms thereof to read in its entirety as the New Lazard Group Operating Agreement (as defined below), effective immediately upon execution thereof; and

WHEREAS, on the date hereof after the consummation of the Forced Sale and effectiveness of the New Lazard Group Operating Agreement, Lazard Group is filing a Certificate of Amendment with the Secretary of State of the State of Delaware to reflect the change in Lazard Group's name from "Lazard LLC" to "Lazard Group LLC"; and

WHEREAS, to effect the Recapitalization, on the date hereof immediately after the effectiveness of the New Lazard Group Operating Agreement, LAZ-MD shall redeem the LAZ-MD Redeemable Interests (as defined below) in full in exchange for the Lazard Group Redeemable Interests (as defined below), on the terms and subject to the conditions set forth in this Agreement (the "First Redemption"); and

WHEREAS, to effect the Separation, on the date hereof immediately after the First Redemption, Lazard Group shall cause, on the terms and subject to the conditions set forth herein, certain of its Subsidiaries to transfer and contribute to LFCM (or one of its designated Subsidiaries) all of the issued and outstanding capital stock of certain Subsidiaries of Lazard Group and certain other assets of Subsidiaries of Lazard Group relating to the LFCM Businesses (as defined below), and in exchange therefor LFCM shall assume certain liabilities of Lazard Group and its Subsidiaries related to the LFCM Businesses and issue the LFCM Common Interest (as defined below) to Lazard Group, each on the terms and subject to the conditions set forth in this Agreement (such transactions, collectively, the "Contribution"); and

WHEREAS, to effect the Separation, on the date hereof immediately after the consummation of the Contribution, Lazard Group shall distribute to LAZ-MD as the sole Lazard Group Common Member the entire LFCM Common Interest beneficially owned by Lazard Group, on the terms and subject to the conditions set forth in this Agreement (the "First Distribution"); and

WHEREAS, to effect the Recapitalization, on the date hereof immediately after the First Distribution, (1) Lazard Ltd shall consummate the initial public offering (the "Common Stock IPO") of shares of Class A common stock, par value \$.01 per share, of Lazard Ltd ("Lazard Ltd Common Stock"), (2) Lazard Ltd shall cause the contribution to Lazard Group of an amount equal to the net proceeds of the Common Stock IPO (the "Lazard Ltd Contribution"), (3) in exchange therefor, Lazard Group shall issue to each Subsidiary of Lazard Ltd that shall contribute such amounts to Lazard Group a Lazard Group Common Interest (as defined herein) and shall admit such Subsidiaries to Lazard Group as Lazard Group Common Members, and (4) Lazard Group shall admit Lazard Group Finance LLC, a Delaware limited liability company ("FinanceCo"), to Lazard Group as the Lazard Group Managing Member, in the case of clauses (3) and (4), effective immediately upon consummation of the Lazard Ltd Contribution, on the terms and subject to the conditions set forth in this Agreement (the "Common Stock IPO Transaction"); and

WHEREAS, to effect the Recapitalization, on the date hereof immediately after the First Distribution, (1) Lazard Ltd and FinanceCo shall consummate the initial public offering of the Exchangeable Securities (as defined herein) (the "Exchangeable Securities IPO") and FinanceCo shall purchase, and Lazard Group shall sell, debt securities of Lazard Group in exchange for the net proceeds from such offering, on the terms and subject to the conditions set forth in this Agreement (the "Exchangeable Securities IPO Transaction"), (2) Lazard Group shall

consummate the offering of the Debt Securities (as defined herein), on the terms and subject to the conditions set forth in this Agreement (the “Debt Securities Offering”), and (3) each of Lazard Ltd and FinanceCo shall consummate the sale of Lazard Ltd Common Stock and Exchangeable Securities to IXIS-Corporate & Investment Bank, an entity organized under the laws of France (the “Investor”, and such transaction, the “Third Party Investment”; together with the Common Stock IPO Transaction, the Exchange Securities IPO Transaction and the Debt Securities Offering, the “Financing Transactions”); and

WHEREAS, to effect the Recapitalization, immediately after consummation of the Financing Transactions, Lazard Group shall redeem the Lazard Group Redeemable Interests for the Redemption Consideration (each as defined herein), in each case on the terms and subject to the conditions set forth in this Agreement (the “Second Redemption”); and

WHEREAS, to effect the Recapitalization and Separation, pursuant to this Agreement, immediately after the Second Redemption on the date hereof, LAZ-MD shall distribute or otherwise transfer to LAZ-MD Members the entire LFCM Common Interest held by LAZ-MD, on the terms and subject to the conditions set forth in this Agreement (the “Second Distribution,” and together with the First Distribution, the “Distributions”); and

WHEREAS, the Board of Directors or Member(s) or Managing Member, as applicable, of each Party has determined that the Separation, the Recapitalization and the other transactions contemplated by this Agreement and the Ancillary Agreements (as defined below) are in furtherance of and consistent with their respective business strategies and are in the best interests of their respective companies.

NOW, THEREFORE, in consideration of the premises, and of the representations, warranties, covenants and agreements set forth herein, and intending to be legally bound hereby, the Parties hereby agree as follows:

## **ARTICLE I DEFINITIONS**

SECTION 1.1 Definitions. As used in this Agreement, the following terms shall have the meanings set forth below (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

“Accelerated Exchange Date” has the meaning assigned to such term in Section 8.2(a)(ii).

“Action” means any demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority or any arbitration or mediation tribunal or authority.

“Administrative Services Agreement” means the Administrative Services Agreement to be entered into by and among Lazard Group, LFCM and LAZ-MD, substantially in the form of Exhibit A hereto, with such changes as may be determined by the parties thereto.

“Affiliate” means, with respect to any specified person, a person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, such specified person; provided, however, that, for purposes of this Agreement, no member of a Group shall be deemed to be an Affiliate of any member of the other Group.

“Agreement” has the meaning assigned to such term in the preamble to this Agreement, and includes any amendments or modifications to this Agreement after the date hereof.

“Alternative Investments Assets” means all of the Assets of Lazard Group and the Lazard Group Companies that are set forth below:

(a) all rights and incidents of Lazard Group and the Lazard Group Companies as of the Contribution Effective Time in, to and under all contracts and agreements set forth on Schedule 1.1(a);

(b) all equipment, furniture, tools and other tangible personal property owned by Lazard Group and the Lazard Group Companies listed on Schedule 1.1(a);

(c) all accounts and notes receivable and other receivables of Lazard Group and the Lazard Group Companies as of the Contribution Effective Time to the extent primarily related to the Alternative Investments Business;

(d) the intellectual property of Lazard Group and the Lazard Group Companies set forth on Schedule 1.1(a);

(e) all books and records (other than Tax Returns), files, papers, tapes, disks, manuals, keys, reports, plans, catalogs, sales and promotional materials, and all other printed and written materials, to the extent available and primarily related to the Alternative Investments Business;

(f) all permits or licenses issued by any Governmental Authority to the extent primarily related to the Alternative Investments Business and permitted by applicable law to be transferred; and

(g) all other Assets primarily relating to the Alternative Investments Business set forth on Schedule 1.1(a).

“Alternative Investments Business” means (a) the management, sponsorship or formation of alternative investment Funds (including related joint ventures and alliances and including management, general partner and investment activities) whose primary objective is to make privately negotiated investments in (i) companies or other entities (x) primarily doing business in North America or headquartered in North America with substantial business in North America or (y) primarily doing business in Europe or headquartered in Europe with substantial business in Europe, (ii) real estate located in North America or Europe or (iii) loans relating to real estate located in North America or Europe and (b) any and all private investment activities (including related joint ventures and alliances, and including management, general partner and investment activities) conducted by or on behalf of Lazard Frères & Co. LLC, Lazard & Co.,

Holdings Ltd, Lazard Group or any of their respective Subsidiaries (including, for the avoidance of doubt, any LFCM Company) or any predecessor companies, whether conducted at any time prior to or at the Distribution Time, including the activities operated under the names Lazard Technology Partners, Lazard Capital Partners, Corporate Partners, Lazard Frères Real Estate Investors, Lazard Frères Real Estate Fund, Lazard Alternative Asset Advisors, Lazard European Private Equity Partners, Lazard Private Equity, LF Strategic Realty Investors and Lazard Structured Finance Investors; provided, however, that, for the avoidance of doubt, any activities currently conducted by (1) Lazard Frères S.A.S., Lazard Frères Gestion S.A.S., Lazard Asset Management LLC or any of their respective Subsidiaries or (2) the private fund advisory group, as currently conducted by or within Lazard & Co., Limited or Lazard Frères & Co. LLC, shall not be included in the Alternative Investments Business.

“Ancillary Agreements” means the Administrative Services Agreement, the Benefits Agreement, the Business Alliance Agreement, the Insurance Matters Agreement, the License Agreement, the Tax Receivable Agreement, the LAZ-MD Stockholders’ Agreement, the Retention Agreements, the Rollover Option Agreement, the LFCM Note, the Lazard Group I Note, the Lazard Group II Note, the Financing Documents and the other agreements to be entered into pursuant to this Agreement and the transactions contemplated hereby or in connection with the Separation pursuant to Section 2.4, including any amendments or supplements thereto from time to time.

“Applicable Exchange Date” has the meaning assigned to such term in Section 8.2(a)(ii).

“Asset” means any right, property or asset, whether real, personal or mixed, tangible or intangible, of any kind, nature and description, whether accrued, contingent or otherwise, and wheresoever situated and whether or not carried or reflected, or required to be carried or reflected, on the books of any person.

“Benefits Agreement” means the Employee Benefits Agreement to be entered into by and between Lazard Group and LFCM, substantially in the form of Exhibit D hereto, with such changes as may be agreed to by the parties thereto.

“Business” means any of the LFCM Businesses or the Lazard Group Businesses.

“Business Alliance Agreement” means the Business Alliance Agreement to be entered into by and between Lazard Group and LFCM, substantially in the form of Exhibit C hereto, with such changes as may be agreed to by the parties thereto.

“Capital Markets Assets” means all of the Assets of Lazard Group and the Lazard Group Companies that are set forth below:

(a) all rights and incidents of Lazard Group and the Lazard Group Companies as of the Contribution Effective Time in, to and under all contracts and agreements set forth on Schedule 1.1(b);

(b) all equipment, furniture, tools and other tangible personal property owned by Lazard Group and the Lazard Group Companies listed on Schedule 1.1(b);

(c) all accounts and notes receivable and other receivables of Lazard Group and the Lazard Group Companies as of the Contribution Effective Time to the extent primarily related to the Capital Markets Business;

(d) the intellectual property of Lazard Group and the Lazard Group Companies set forth on Schedule 1.1(b);

(e) all books and records (other than Tax Returns), files, papers, tapes, disks, manuals, keys, reports, plans, catalogs, sales and promotional materials, and all other printed and written materials, to the extent available and primarily related to the Capital Markets Business;

(f) all permits or licenses issued by any Governmental Authority to the extent primarily related to the Capital Markets Business and permitted by applicable law to be transferred; and

(g) all other Assets primarily relating to the Capital Markets Business set forth on Schedule 1.1(b).

“Capital Markets Business” means any and all sales and trading, proprietary trading, brokerage, research, underwriting and distribution services (including related joint ventures and alliances but excluding private placement group and private fund advisory group), or private investments in public equities (or PIPEs) or Rule 144A offerings of equity, debt or convertible securities, provided by or on behalf of Lazard Group or any of its Subsidiaries (including, for the avoidance of doubt, any LFCM Company) or any predecessor companies, in each case in the United States and in the United Kingdom and whether provided at any time prior to or at the Distribution Time and includes the formation of Funds described in Schedule 1.1(c) attached hereto; provided, however, that, for the avoidance of doubt, any activities currently conducted by (a) Lazard Frères S.A.S. or any of its Subsidiaries (other than any interest held by Lazard Frères S.A.S. in Three Houses Investment Company Limited), by Lazard Italy Limited or any of its Subsidiaries or (b) the equity capital markets group of Lazard & Co., Limited, shall not be included in the Capital Markets Business.

“Cash Contribution” means an amount in cash equal to \$15,000,000.

“Change in Control” means a “Change in Control” as defined in the Lazard Ltd 2005 Equity Incentive Plan, as it may be amended from time to time, consummated after the first anniversary of the date hereof.

“Closing Balance Sheet” has the meaning assigned to such term in Section 2.9(a).

“Closing Members’ Equity” has the meaning assigned to such term in Section 2.9(a).

“Common Stock IPO” has the meaning set forth in the recitals to this Agreement.

“Common Stock IPO Price” means the price per share of Lazard Ltd Common Stock to the public in the Common Stock IPO.

“Common Stock IPO Transaction” has the meaning set forth in the recitals to this Agreement.

“Consents” means any consents, waivers or approvals from, or notification or filing requirements to or with, or any authorization or permits from, any third parties.

“Contributed Interests” means the equity interests listed on Schedule 1.1(d).

“Contributing Subsidiaries” has the meaning assigned to such term in Section 3.4(a)(iii)(B).

“Contribution” has the meaning assigned to such term in the recitals to this Agreement.

“Contribution Effective Time” means the effective time of the Contribution pursuant to Section 2.5(a).

“Covered Information” has the meaning assigned to such term in Section 6.8(a).

“Current Market Price” has the meaning assigned to such term in Section 8.9(b).

“Debt Securities” has the meaning assigned to such term in Section 3.4(c).

“Debt Securities Offering” has the meaning set forth in the recitals to this Agreement.

“Debt Securities Prospectus” means the offering memorandum of Lazard Group relating to the Debt Securities to be issued in the Debt Securities Offering under Rule 144A promulgated under the Securities Act.

“Dispute Notice” has the meaning assigned to such term in Section 2.9(b).

“Distribution Time” means the time at which the First Distribution shall be effected, to be determined by, or under the authority of, the Board of Directors of Lazard Group consistent with this Agreement.

“Distributions” has the meaning assigned to such term in the recitals to this Agreement.

“Electing Member” has the meaning set forth in Section 8.2(b)(ii).

“Elective Exchange” has the meaning set forth in Section 8.2(a).

“Elective Exchange Effective Time” has the meaning set forth in Section 8.2(b)(iii).

“Exchange” has the meaning assigned to such term in the recitals to this Agreement.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

“Exchange Effective Date” has the meaning set forth in Section 8.2(b)(ii)(B).

“Exchange Request” has the meaning set forth in Section 8.2(b)(ii)(C).

“Exchangeable Interest” means a LAZ-MD Class II Interest or a Lazard Group MD Common Interest, in each case that is entitled to the rights set forth in Article VIII of this Agreement.

“Exchangeable MD Member” means a LAZ-MD Class II Member or a Lazard Group MD Common Member, as applicable.

“Exchangeable Securities” has the meaning assigned to such term in Section 3.4(b)(ii).

“Exchangeable Securities IPO” has the meaning assigned to such term in the recitals to this Agreement.

“Exchangeable Securities IPO Transaction” has the meaning assigned to such term in the recitals to this Agreement.

“Exchangeable Securities Over-allotment Option” has the meaning assigned to such term in Section 3.4(b)(iv).

“Exchanging Members” has the meaning set forth in Section 8.3(a).

“Excluded Assets” means (1) all of the Lazard Names and Lazard Marks and any goodwill associated with, or any rights to use, or other rights in, to or under, such Lazard Names and Lazard Marks, and (2) the Assets set forth on Schedule 1.1(e) hereto.

“Excluded Liability” means (1) the Liabilities expressly retained by Lazard Group pursuant to the Benefits Agreement, (2) obligations of Lazard Group described in Section 9.3, (3) the Liabilities set forth on Schedule 1.1(f) hereto, (4) if the North America Closing (as defined in the Business Alliance Agreement) shall have occurred, any Liabilities expressly assumed by Lazard Group pursuant to the agreement executed between LFCM and Lazard Group and referenced in Section 3.2(c) of the Business Alliance Agreement, effective immediately upon consummation of the North America Closing, and (5) if the Europe Closing (as defined in the Business Alliance Agreement) shall have occurred, any Liabilities expressly assumed by Lazard Group pursuant to the agreement executed between LFCM and Lazard Group and referenced in Section 3.4(c) of the Business Alliance Agreement, effective immediately upon consummation of the Europe Closing.

“FinanceCo” has the meaning assigned to such term in the recitals to this Agreement.



“Financing Documents” means the agreements to be entered into in connection with the Financing Transactions by the parties hereto or their affiliates, including (1) the Underwriting Agreement, dated as of May 4, 2005, by and among Lazard Ltd, Lazard Group and Goldman, Sachs & Co., as representative of the underwriters, with respect to the Common Stock IPO Transaction, (2) the Underwriting Agreement, dated as of May 4, 2005, by and among Lazard Ltd, Lazard Group, FinanceCo and Goldman, Sachs & Co., as representative of the underwriters, with respect to the Exchangeable Debt Securities IPO Transaction, (3) the purchase agreement, dated as of May 4, 2005, by and between Lazard Group and Citigroup Global Markets, Inc. and J.P. Morgan Securities Inc., as representatives of the initial purchasers, with respect to the offering of the Debt Securities, (4) the registration rights agreement, dated as of the date hereof, by and between the Company and Citigroup Global Markets, Inc. and J.P. Morgan Securities Inc., as representatives of the initial purchasers, with respect to the Debt Securities, (5) the Indenture for FinanceCo, with The Bank of New York as Trustee, dated as of the date hereof, (6) the First Supplemental Indenture for FinanceCo, with The Bank of New York as Trustee, dated as of the date hereof, with respect to the Exchangeable Debt Securities, (7) the Indenture for Lazard Group, with The Bank of New York as Trustee, dated as of the date hereof, (8) the First Supplemental Indenture for Lazard Group, with The Bank of New York as Trustee, dated as of the date hereof, with respect to the Debt Securities, (9) the Second Supplemental Indenture for Lazard Group, with The Bank of New York as Trustee, dated as of the date hereof, with respect to the Exchangeable Debt Securities, (10) the Investment Letter, dated as of March 15, 2005, by and among Lazard Group, Lazard Ltd and the Investor, (11) the Registration Rights Agreement to be entered into by and among FinanceCo, Lazard Group and the Investor, (12) the Senior Revolving Credit Agreement to be entered into among Lazard Group, JPMorgan Chase Bank, N.A., Citibank, N.A., The Bank of New York and JPMorgan Chase Bank, N.A., as Administrative Agent, (13) each of the Revolving Subordination Loan Agreements to be entered into by and between LFNY and each of JPMorgan Chase Bank, N.A., Citibank, N.A. and The Bank of New York, (14) the Intercreditor Agreement to be entered into among the Lenders time to time parties thereto, Citibank, N.A., The Bank of New York, JPMorgan Chase Bank, N.A., as a lender and as Administrative Agent, and LFNY, (15) the Guarantee Agreement made by Lazard Group in favor of JPMorgan Chase Bank, N.A., as Administrative Agent and (16) each other agreement to be entered to pursuant to the foregoing.

“Financing Transactions” has the meaning assigned to such term in the recitals to this Agreement.

“First Distribution” has the meaning assigned to such term in the recitals to this Agreement.

“First Redemption” has the meaning assigned to such term in the recitals to this Agreement.

“Forced Sale” has the meaning assigned to such term in the recitals to this Agreement.

“Fund” means any fund or similar investment vehicle through which commingled capital is managed, including any co-investment vehicle, alternative investment vehicle, side-by-side vehicle or managed accounts incidental thereto.

“General Exchange Date” has the meaning assigned to such term in Section 8.2(a)(i).

“Governmental Approvals” means any notices, reports or other filings to be made, or any consents, registrations, approvals, licenses, permits or authorizations to be obtained from, any Governmental Authority.

“Governmental Authority” means any national, local or foreign (including U.S. federal, state or local) or supranational (including European Union) governmental, judicial, administrative or regulatory (including self-regulatory) agency, commission, department, board, bureau, entity or authority of competent jurisdiction.

“Group” means the Lazard Group Companies or the LFCM Companies, as applicable.

“Incumbent Lazard Ltd Board” means the members of the Lazard Ltd Board who were members of the Lazard Ltd Board immediately after the consummation of the Common Stock IPO; provided, however, that any individual becoming a director subsequent to the consummation of the Common Stock IPO whose election, or nomination for election by Lazard Ltd’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Lazard Ltd Board shall be considered as though such individual were a member of the Incumbent Lazard Ltd Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Lazard Ltd Board.

“Indemnifiable Losses” means all out-of-pocket Liabilities suffered or incurred by an Indemnitee, including any reasonable fees, costs or expenses of enforcing any indemnity hereunder; provided that “Indemnifiable Losses” shall not include any Special Damages except if and to the extent awarded in an Action involving a Third Party Claim against such Indemnitee.

“Indemnifying Party” has the meaning assigned to such term in Section 4.5(a)(i).

“Indemnitee” has the meaning assigned to such term in Section 4.5(a)(i).

“Indemnity Payment” has the meaning assigned to such term in Section 4.5(a)(ii).

“Information” means all information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys, memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, legal, employee or business information or data.

“Initial Grant” has the meaning set forth in Section 2.4(b).

“Insurance Matters Agreement” means the Insurance Matters Agreement to be entered into by and between Lazard Group and LFCM on the date hereof, substantially in the form of Exhibit E hereto, with such changes as may be agreed by the parties thereto.

“Insurance Proceeds” means amounts:

- (a) received by an insured from an insurance carrier;
- (b) paid by an insurance carrier on behalf of the insured; or
- (c) received (including by way of set-off) from any third party in the nature of insurance, contribution or indemnification in respect of any Liability;

in any such case net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments) and net of any costs or expenses incurred in the collection thereof.

“Intellectual Property Rights” means any domestic and foreign patents and applications therefor, statutory, common law and registered copyrights and registrations therefor, trademarks and registrations and applications therefor, service marks and registrations and applications therefor, trade names and registrations and applications therefor, service names and registrations and applications therefor, trade styles and registrations and applications therefor, product registrations and licenses and applications therefor, and translations, adaptations, derivations and combinations of the foregoing; any mask works, inventions, discoveries, trade secrets, confidential information, know-how, data, proprietary processes and formulae (including any registrations, licenses and similar agreements and research, analysis and supporting documentation in respect of the foregoing); any unregistered trademarks, service marks, trade names, service names and trade styles; any goodwill associated with any of the foregoing; and any rights to use the foregoing and other rights in, to and under the foregoing; provided, however, that the term “Intellectual Property Rights” shall exclude all of the Lazard Names and Lazard Marks (and any goodwill associated with, or any rights to use, or other rights in, to or under, such Lazard Names and Lazard Marks).

“Investor” has the meaning assigned to such term in the recitals to this Agreement.

“IPO Date” means the date of the closing of the Common Stock IPO (ignoring for this purpose the date of closing of any Over-allotment Option granted in connection with the Common Stock IPO).

“Lazard Group” has the meaning assigned to such term in the preamble to this Agreement.

“Lazard Group I Note” means the promissory note of Lazard Group to be issued to LAZ-MD and repaid on the date hereof in the aggregate principal amount of \$83,000,000.

“Lazard Group II Note” means the promissory note of Lazard Group to be issued to LFCM and repaid on the date hereof in the aggregate principal amount of \$67,000,000.

“Lazard Group Assets” means all Assets of Lazard Group and the Lazard Group Companies other than the LFCM Assets.

“Lazard Group Businesses” means all businesses and operations (including related joint ventures and alliances) of Lazard Group and the Lazard Group Companies, other than the LFCM Businesses.

“Lazard Group Class B-1 Interest” means a “Class B-1 Interest” as defined in the Old Lazard Operating Agreement.

“Lazard Group Common Capital” means “Common Capital” as defined in the New Lazard Group Operating Agreement.

“Lazard Group Common Capital Account” means a “Common Capital Account” as defined in the New Lazard Group Operating Agreement.

“Lazard Group Common Interest” means a “Common Interest” as defined in the New Lazard Group Operating Agreement.

“Lazard Group Common Member” means a “Common Member” as defined in the New Lazard Group Operating Agreement.

“Lazard Group Common Unit” means a “Common Unit” as defined in the New Lazard Group Operating Agreement.

“Lazard Group Companies” means Lazard Group, Lazard Ltd and their respective Subsidiaries other than any LFCM Company.

“Lazard Group Exchange” has the meaning set forth in Section 8.1(a).

“Lazard Group Exchange Ratio” means, with respect to each Lazard Group Exchange, one (1) Lazard Group Common Unit shall be exchangeable for one (1) share of Lazard Ltd Common Stock, subject to adjustment as provided in Section 8.9.

“Lazard Group Exchangeable Debt Securities” has the meaning assigned to such term in Section 3.4(b)(iii).

“Lazard Group Indemnitees” has the meaning assigned to such term in Section 4.2.

“Lazard Group Liabilities” means all of the Liabilities of the Lazard Group Companies other than the LFCM Liabilities.

“Lazard Group Managing Member” means the “Managing Member” as defined in the New Lazard Group Operating Agreement

“Lazard Group MD Common Interest” means a Lazard Group Common Interest received by a LAZ-MD Class II Member in exchange for a LAZ-MD Class II Interest pursuant to a LAZ-MD Exchange.

“Lazard Group MD Common Member” means a Lazard Group Common Member who holds a Lazard Group MD Common Interest.

“Lazard Group Profit Participation Interest” means a “Profit Participation Interest” as defined in the New Lazard Group Operating Agreement.

“Lazard Group Redeemable Interest” means a “Redeemable Interest” as defined in the New Lazard Group Operating Agreement.

“Lazard Group Subsidiaries” means all Subsidiaries of Lazard Group other than LFCM and the LFCM Subsidiaries.

“Lazard Ltd” has the meaning assigned to such term in the preamble to this Agreement.

“Lazard Ltd Board” means the board of directors of Lazard Ltd.

“Lazard Ltd Bye-laws” means the Amended and Restated Bye-Laws of Lazard Ltd, dated as of the date hereof, which are attached hereto as Exhibit

B.

“Lazard Ltd Common Stock” has the meaning assigned to such term in the recitals to this Agreement.

“Lazard Ltd Contribution” has the meaning assigned to such term in the recitals to this Agreement.

“Lazard Ltd Sub A” means “Lazard Ltd Sub A” as defined in the New Lazard Group Operating Agreement.

“Lazard Ltd Sub A Common Stock” has the meaning assigned to such term in Section 2.2(b).

“Lazard Ltd Sub A Share Transfer Agreement” means the Stock Exchange Agreement dated as of the date hereof by and among Bruce Wasserstein and Lazard Ltd Sub A or the Stock Exchange Agreement dated as of the date hereof by and among Bruce Wasserstein and Lazard Ltd, as applicable.

“Lazard Ltd Sub B” means “Lazard Ltd Sub B” as defined in the New Lazard Group Operating Agreement.

“Lazard Mark” means a “Lazard Mark” as defined in the New Lazard Group Operating Agreement.

“Lazard Name” means a “Lazard Name” as defined in the New Lazard Group Operating Agreement.

“LAZ-MD” has the meaning assigned to such term in the preamble to this Agreement.

“LAZ-MD Class I Interest” means a “Class I Interest” as defined in the LAZ-MD Operating Agreement.

“LAZ-MD Class II Interest” means a “Class II Interest” as defined in the LAZ-MD Operating Agreement.

“LAZ-MD Class II Member” means a “Class II Member” as defined in the LAZ-MD Operating Agreement.

“LAZ-MD Class II Unit” means a “Class II Unit” as defined in the LAZ-MD Operating Agreement.

“LAZ-MD Exchange” has the meaning assigned to such term in Section 8.1(a).

“LAZ-MD Exchange Ratio” means, with respect to each LAZ-MD Exchange, one (1) LAZ-MD Class II Unit shall be exchangeable for one (1) Lazard Group Common Unit, subject to adjustment as provided in Section 8.8.

“LAZ-MD Indemnitees” has the meaning assigned to such term in Section 4.2.

“LAZ-MD Operating Agreement” means the Operating Agreement of LAZ-MD Holdings LLC, as amended and restated and dated as of the date hereof, which is set forth on Exhibit I, and as it may be amended from time to time after the date hereof.

“LAZ-MD Redeemable Interest” means a “Class III Redeemable Interest” or a “Class IV Redeemable Interest” as defined in the LAZ-MD Operating Agreement.

“LAZ-MD Stockholders’ Agreement” means the Stockholders’ Agreement of LAZ-MD Holdings LLC to be entered into on the date hereof in the form set forth on Exhibit F, and as it may be amended from time to time after the date hereof.

“LEPEP” means Lazard European Private Equity Partners LLP, a limited liability partnership formed and registered in England and Wales.

“LFCM” has the meaning assigned to such term in the preamble to this Agreement.

“LFCM Assets” means (without duplication) (1) the Assets of Lazard Group and its Subsidiaries set forth on Schedule 1.1(g) hereto, (2) the Capital Markets Assets, (3) the Alternative Investments Assets, (4) the Contributed Interests, (5) the Cash Contribution, and (6) LFCM’s rights under this Agreement and each of the Ancillary Agreements to which it or any

other LFCM Company is a party; provided that the LFCM Assets shall not include any Excluded Asset.  
ther LFCM Company is a party; provided that the LFCM Assets shall not include any Excluded Asset.

“LFCM Businesses” means (1) the Capital Markets Business, (2) the Alternative Investments Business, (3) the holding and management of the investments to be transferred to LFCM that shall not be Capital Markets Business or Alternative Investments Business, and (4) any and all activities, services, businesses and operations (including related joint ventures and alliances) of any LFCM Companies to the extent conducted or provided at any time on or after the Contribution Effective Time.

“LFCM Common Capital Account” means a “Common Capital Account” as defined in the LFCM Operating Agreement.

“LFCM Common Interest” means a “Common Interest” as defined in the LFCM Operating Agreement.

“LFCM Common Unit” means a “Common Unit” as defined in the LFCM Operating Agreement.

“LFCM Companies” means LFCM and the LFCM Subsidiaries.

“LFCM Entities” means the following entities and each of their Subsidiaries: (1) Lazard Alternative Investments Holdings LLC, a Delaware limited liability company and a wholly owned subsidiary of LFCM; (2) Lazard Alternative Investments LLC, a Delaware limited liability company and a wholly owned subsidiary of Lazard Alternative Investments Holdings LLC; (3) Lazard Alternative Investments (Europe) Limited, a limited company formed under the laws of England and Wales and a wholly owned subsidiary of Lazard Alternative Investments Holdings LLC; (4) Lazard Capital Markets LLC, a Delaware limited liability company and a wholly owned subsidiary of LFCM; (5) UKPG Holdings LLC, a Delaware limited liability company; and (6) LEPEP.

“LFCM Indemnitees” has the meaning assigned to such term in Section 4.3.

“LFCM Liabilities” means (1) all Liabilities that are contemplated by this Agreement or any Ancillary Agreement to which LFCM or any other LFCM Company is or will be a party or by which LFCM or any other LFCM Company is or will be bound (or the Schedules hereto or thereto) to be Liabilities of, or to be assumed by, LFCM or any other LFCM Company, and all agreements, obligations and Liabilities of any LFCM Company under this Agreement or any such Ancillary Agreement, regardless of whether such Liabilities arise prior to, on or after the Contribution Effective Time or the Distribution Time; (2) all Liabilities relating to, arising out of or resulting from any LFCM Asset regardless of whether such Liabilities arise prior to, on or after the Contribution Effective Time or the Distribution Time; (3) all Liabilities relating to, arising out of or resulting from any LFCM Business, including, for the avoidance of doubt, any Liabilities relating to, arising out of or resulting from the offering or provision of any services or products of an LFCM Business regardless of whether such Liabilities arise prior to, on or after the Contribution Effective Time or the Distribution Time; (4) all Liabilities relating to, arising out of or resulting from any of the terminated, divested or discontinued businesses and operations that were part of any LFCM Business prior to such

termination, divestiture or discontinuation, or otherwise regardless of whether such Liabilities arise prior to, on or after the Contribution Effective Time or the Distribution Time; (5) all Liabilities relating to, arising out of or resulting from the business or operations of any LFCM Company, regardless of whether such Liabilities arise prior to, on or after the Contribution Effective Time or the Distribution Time; (6) all Liabilities relating to, arising out of or resulting from the matters described on Schedule 1.1(h) and (7) all Liabilities relating to, arising out of or resulting from the investment or management activities of any Fund (including any such activities conducted on behalf of any Fund and including any such activities relating to any portfolio company or portfolio investment of any such Fund) formed, sponsored or managed by (A) any Lazard Group Company (or any predecessors thereto) on or prior to the date hereof or (B) any LFCM Company (or any predecessor or successors thereto); provided that the LFCM Liabilities shall not include (i) any Excluded Liability, (ii) if the North America Closing (as defined in the Business Alliance Agreement) shall have occurred, any Liabilities expressly assumed by Lazard Group pursuant to the agreement executed between LFCM and Lazard Group and referenced in Section 3.2(c) of the Business Alliance Agreement, or (iii) if the Europe Closing (as defined in the Business Alliance Agreement) shall have occurred, any Liabilities expressly assumed by Lazard Group pursuant to the agreement executed between LFCM and Lazard Group and referenced in Section 3.4(c) of the Business Alliance Agreement.

“LFCM Member” means a “Member” as defined in the LFCM Operating Agreement.

“LFCM Note” means the promissory note of LFCM in the aggregate principal amount of \$132,000,000 in the form attached hereto as Exhibit G.

“LFCM Operating Agreement” means the Operating Agreement of LFCM, dated as of the date hereof, which is set forth on Exhibit K, and as it may be amended from time to time after the date hereof.

“LFCM Subsidiaries” means all direct and indirect Subsidiaries of LFCM, including the LFCM Entities and other Subsidiaries to be transferred (including by transfer of the Contributed Interests) to or formed by LFCM in connection with the Separation.

“Liabilities” means any and all losses, liabilities, claims, charges, debts, demands, actions, causes of action, suits, damages, fines, penalties, offsets, obligations, payments, costs and expenses, sums of money, bonds, indemnities and similar obligations, covenants, contracts, controversies, agreements, promises, omissions, guarantees, make whole agreements and similar obligations, and other liabilities, including all contractual obligations, whether absolute or contingent, inchoate or otherwise, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, and including those arising under any law, rule, regulation, Action or threatened or contemplated Action (including the costs and expenses of demands, assessments, judgments, settlements and compromises relating thereto and attorneys’ fees and any and all costs and expenses (including allocated costs of in-house counsel and other personnel) reasonably incurred in investigating, preparing or defending against any such Actions or threatened or contemplated Actions), order or consent decree of any Governmental Authority or any award of any arbitrator or mediator of any kind, and those arising under any contract, commitment or undertaking, including those arising under this



Agreement or any Ancillary Agreement, in each case, whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any person.

“License Agreement” means the License Agreement to be entered into on the date hereof in the form set forth on Exhibit H, and as it may be amended from time to time after the date hereof.

“Lien” means any debts, claims, security interests, liens, encumbrances, pledges, mortgages, hypothecations, rights of others, assessments, restrictions, voting trust agreements, options, rights of first offer, assessments, proxies, title defects, and charges or other restrictions or limitations of any nature whatsoever.

“Mandatory Exchange” has the meaning assigned to such term in Section 8.3(a).

“Mandatory Exchange Members” has the meaning assigned to such term in Section 8.3(a).

“Mandatory Lazard Group Exchange” means a “Mandatory Lazard Group Exchange” as defined in the New Lazard Group Operating Agreement.

“Market Price” has the meaning assigned to such term in Section 8.9(b).

“MD Exchanges” has the meaning assigned to such term in Section 8.1(a).

“Members’ Equity” shall mean, as of any applicable date, the members’ equity of LFCM, on a consolidated basis, as prepared in accordance with United States generally accepted accounting principles and consistent with past practice; provided, however, that, in calculating such members’ equity: (a) employee compensation and benefits expense in respect of the period beginning on January 1, 2005 and ending on such applicable date shall be assumed to have accrued at an amount equal to 57.5% of the aggregate “operating revenues” (as defined in the Registration Statement on Form S-1 for the issuance of shares of Lazard Ltd Common Stock) of LFCM, on a pro forma basis as if the Separation had occurred, for such period, and all LFCM managing directors’ payment for services rendered during such period shall be assumed to have been included within the foregoing accrued employee compensation and benefits expense (rather than as a distribution to members or minority interest expense); (b) no reserves or write-offs shall be booked in respect of indemnities that LFCM provides to Lazard Group under this Agreement, including in respect of potential lease and pension reimbursements; (c) all costs and expenses in connection with the IPO and Recapitalization shall be accounted for as expenses incurred after the Distribution; and (d) the LFCM Note shall be disregarded.

“New Lazard Group Operating Agreement” means the Operating Agreement of Lazard Group LLC, to be entered into on the date hereof in the form set forth on Exhibit J, and as it may be amended from time to time after the date hereof.

“NYSE” means the New York Stock Exchange, Inc.

“Offering Document” means any of the Registration Statements, the Debt Securities Prospectus or any other registration statement, prospectus, offering memorandum or other document pursuant to which Lazard Ltd Common Stock, Exchangeable Securities or Debt Securities are being offered in connection with the Financing Transactions.

“Old Lazard Group Operating Agreement” has the meaning assigned to such term in the recitals to this Agreement.

“Operating Agreement” means the New Lazard Group Operating Agreement or the LAZ-MD Operating Agreement, as applicable.

“Over-allotment Option” has the meaning assigned to such term in Section 3.4(a)(iv).

“Partial LAZ-MD Mandatory Exchange” has the meaning assigned to such term in Section 8.3(a)(iii).

“Party” or “Parties” has the meaning assigned to such term in the preamble to this Agreement, and shall include each of Lazard Ltd Sub A and Lazard Ltd Sub B for the purposes of Article VIII and Article XI hereto in the event such persons are added as parties to this Agreement pursuant to Section 11.14.

“Recapitalization” has the meaning assigned to such term in the recitals to this Agreement.

“Redemption Consideration” means the “Redemption Consideration” as defined in the New Lazard Group Operating Agreement.

“Registration Exchange Date” has the meaning set forth in Section 8.2(b)(ii)(B).

“Registration Statement” means, as applicable, (1) the registration statement on Form S-1 of Lazard Ltd under the Securities Act relating to the Lazard Ltd Common Stock to be issued in the Common Stock IPO or (2) the registration statement on Form S-1 of FinanceCo and Lazard Ltd under the Securities Act relating to the Exchangeable Securities to be issued in the Exchangeable Securities IPO, in each case as amended or supplemented from time to time.

“Representative” has the meaning assigned to such term in Section 6.8(a).

“Resolution Date” has the meaning assigned to such term in Section 2.9(d).

“Resolution Period” has the meaning assigned to such term in Section 2.9(b).

“Retention Agreement” means the retention agreements and reorganization agreements, as the case may be, entered into on or prior to the date hereof substantially in the forms set forth on Exhibit L, and any other written agreement entered into on or prior to the date hereof between Lazard Group and any person who shall become an Exchangeable MD Member on the date hereof (including any trust or other entity) pursuant to which accelerated exchange

rights are provided with respect to such Exchangeable MD Member's Exchangeable Interest (or applicable portion thereof), in each case, as such agreements may be amended from time to time.

“Review Period” has the meaning assigned to such term in Section 2.9(b).

“Rollover Option Agreement” means the “Rollover Option Agreement” as defined in the LAZ-MD Operating Agreement.

“SEC” means the Securities and Exchange Commission.

“Second Distribution” has the meaning assigned to such term in the recitals to this Agreement.

“Second Redemption” has the meaning assigned to such term in the recitals to this Agreement.

“Securities Act” means the Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

“Separation” has the meaning assigned to such term in the recitals to this Agreement.

“Special Damages” means any special, indirect, incidental, punitive or consequential damages whatsoever, including damages for lost profits and lost business opportunities or damages calculated based upon a multiple of earnings approach or variant thereof.

“Subsidiary” means, with respect to any person, any corporation, limited liability company, company, partnership, trust, association or other legal entity or organization of which such person (either directly or through one or more Subsidiaries of such person) (a) owns, directly or indirectly, a majority of the capital stock or other equity interests the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such corporation, limited liability company, company, partnership, trust, association or other legal entity or organization, or (b) is otherwise entitled to exercise (1) a majority of the voting power generally in the election of the board of directors or other governing body of such corporation, limited liability company, company, partnership, trust, association or other legal entity or organization or (2) control of such corporation, limited liability company, company, partnership, trust, association or other legal entity or organization; provided, however, that the term “Subsidiary” shall not include any portfolio company or portfolio investment of any Fund formed, sponsored or managed by such person or such person's Subsidiaries.

“Target Closing Members' Equity” shall mean \$245,600,000.

“Tax Receivable Agreement” means the Tax Receivable Agreement to be entered into by and among LFCM, Lazard Ltd Sub A and Lazard Ltd Sub B, substantially in the form of Exhibit M hereto, with such changes as may be determined by the parties thereto.

“Third Party” has the meaning assigned to such term in Section 4.6(a).

“Third Party Claim” has the meaning assigned to such term in Section 4.6(a).

“Third Party Investment” has the meaning assigned to such term in the recitals to this Agreement.

“Third Party Investment Agreement” means the Letter Agreement, dated as of March 14, 2005, by and among the Investor, Lazard Group and Lazard Ltd, as amended from time to time.

“Time of Determination” has the meaning assigned to such term in Section 8.9(b).

“Transaction Agreement” has the meaning set forth in the recitals of this Agreement.

“UK DC Obligations” means the deferred compensation obligations of Lazard & Co., Services Limited pursuant to the letter agreements, dated as of the date hereof, from such person to the applicable Managing Director.

SECTION 1.2 General. Wherever required by the context of this Agreement, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa, and references to any agreement, document or instrument shall be deemed to refer to such agreement, document or instrument as amended, supplemented or modified from time to time. When used herein:

(a) the word “or” is not exclusive;

(b) the word “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”), as used with respect to any person, means the direct or indirect possession of the power to direct or cause the direction of the management or policies of such person, whether through the ownership of voting securities, by contract or otherwise;

(c) the words “including,” “includes,” “included” and “include” are deemed to be followed by the words “without limitation”;

(d) the terms “herein,” “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision;

(e) the word “person” means any individual, corporation, limited liability company, trust, joint venture, association, company, partnership or other legal entity or a Governmental Authority; and

(f) all section, paragraph or clause references not attributed to a particular document shall be references to such parts of this Agreement, and all exhibit, annex and schedule references not attributed to a particular document shall be references to such exhibits, annexes and schedules to this Agreement.

SECTION 1.3 References to Time. All references in this Agreement to times of day shall be to New York City time.

**ARTICLE II**  
**THE SEPARATION**

SECTION 2.1 The Separation. On the date hereof and subject to the satisfaction or waiver of the conditions set forth in Section 3.9, the Parties shall effect the Separation by consummating the Exchange, the Forced Sale, the Contribution and the First Distribution in the order, on the terms, and subject to the conditions, set forth in this Article II.

SECTION 2.2 Actions Prior to the Forced Sale. (a) On the date hereof, immediately prior to the approval of the Lazard Board (as defined in the Old Lazard Group Operating Agreement) of the Exchange, certain Class A-2 Members (as defined in the Old Lazard Group Operating Agreement) shall forfeit and surrender their options to acquire Class A-2 Shares (as defined in the Old Lazard Group Operating Agreement) in full pursuant to the Rollover Option Agreement in effect on the date hereof.

(b) On the date hereof, the Parties shall use their commercially reasonable efforts to ensure that, immediately prior to the Exchange and the Forced Sale, the Lazard Group Class B-1 Interest held by Bruce Wasserstein shall be transferred to Lazard Ltd Sub A, in exchange for all of the shares of common stock, par value \$.01 per share, of Lazard Ltd Sub A (the "Lazard Ltd Sub A Common Stock") pursuant to the Lazard Ltd Sub A Share Transfer Agreement, in order to permit Bruce Wasserstein to exchange such Lazard Ltd Sub A Common Stock for shares of Lazard Ltd Common Stock in lieu of being redeemed for cash pursuant to the Second Redemption.

SECTION 2.3 The Exchange and the Forced Sale. On the date hereof immediately after the effectiveness of this Agreement, the Exchange and the Forced Sale shall be effected as follows: the members of Lazard Group who are party to the Transaction Agreement shall transfer limited liability company interests in Lazard Group to LAZ-MD in exchange for limited liability company interests in LAZ-MD, in the classes and in the amounts set forth in the LAZ-MD Operating Agreement in accordance with the terms and conditions of the Transaction Agreement. Simultaneously therewith pursuant to Section 6.02(b) of the Old Lazard Group Operating Agreement, (a) all other limited liability company interests in Lazard Group shall be transferred to LAZ-MD in exchange for limited liability company interests in LAZ-MD, in the classes and in the amounts set forth in the LAZ-MD Operating Agreement, and all of the persons whose Lazard Group limited liability company interests are transferred pursuant to the Exchange and the Forced Sale shall be admitted as members of LAZ-MD and (b) Lazard Group shall admit LAZ-MD as the sole member of Lazard Group (and LAZ-MD hereby agrees to become the member of Lazard Group and abide by the terms of the Old Lazard Group Operating Agreement), in each case in accordance with the Transaction Agreement and the LAZ-MD Operating Agreement.

SECTION 2.4 Actions Prior to the Contribution. (a) The Parties acknowledge and agree that the transactions involving the initial transfers of certain assets and

businesses in furtherance of the Separation set forth on Schedule 2.4(a) were consummated prior to the date hereof.

(b) On the date hereof and immediately after completion of the Exchange and the Forced Sale and prior to the Contribution, LAZ-MD shall grant the LAZ-MD Class II Interests pursuant to, and subject to the terms and conditions set forth in, the Rollover Option Agreement (the "Initial Grant").

(c) On the date hereof and immediately after completion of the Forced Sale and prior to the Contribution, LAZ-MD and Lazard Group shall amend and restate the Old Lazard Group Operating Agreement to read in its entirety as the New Lazard Group Operating Agreement, effective immediately upon execution thereof, and an authorized person of Lazard Group shall file a Certificate of Amendment with the Secretary of State of the State of Delaware to reflect the change in Lazard Group's name from "Lazard LLC" to "Lazard Group LLC." Immediately after the effectiveness of the New Lazard Group Operating Agreement, LAZ-MD shall hold, *inter alia*, a Lazard Group Common Interest consisting of 62,500,000 Lazard Group Common Units.

(d) On the date hereof and immediately after the actions set forth in Section 2.4(c) and prior to the First Redemption, Lazard Group shall issue and distribute the Lazard Group I Note to LAZ-MD.

(e) On the date hereof and simultaneously with the consummation of the Forced Sale and the Exchange, Lazard Group shall transfer and assign to LAZ-MD, and LAZ-MD shall assume and agree faithfully to perform and discharge in due course in full in all respects, all of the rights and obligations of Lazard Group with respect to memorandum capital of Lazard Group. LAZ-MD agrees (i) to comply fully with the terms of such memorandum capital, including with respect to the timing of payment thereof as provided in the Old Lazard Group Operating Agreement, as modified by the Retention Agreements and (ii) to reimburse Lazard Group for any and all UK DC Obligations actually paid by Lazard Group or one of its Subsidiaries.

SECTION 2.5 The Contribution. (a) On the date hereof and subject to Section 2.5(d) and Section 2.5(e), immediately after the effectiveness of the New Lazard Group Operating Agreement pursuant to Section 2.4(c) and completion of the issuance of the Lazard Group I Note and consummation of the First Redemption (such time, the "Contribution Effective Time"), Lazard Group shall effect and consummate the Contribution by (i) contributing, assigning, transferring, conveying and delivering, or causing another Lazard Group Company to contribute, assign, transfer, convey and deliver to LFCM or to another LFCM Company all of Lazard Group's (or, as the case may be, the applicable Lazard Group Company's) right, title and interest in, to and under the LFCM Assets and (ii) issuing and contributing the Lazard Group II Note to LFCM. In consideration therefor, LFCM shall simultaneously therewith (i) assume and agree faithfully to perform and discharge in due course in full all of the LFCM Liabilities in accordance with their respective terms and (ii) issue and deliver to Lazard Group (A) an LFCM Common Interest consisting of 62,500,000 LFCM Common Units and having an LFCM Common Capital Account of \$113,600,000, which LFCM Common Interest will constitute all of

the issued and outstanding limited liability company interests of LFCM immediately after the Contribution Effective Time, and (B) the LFCM Note.

(b) The contribution, assignment, transfer, conveyance and delivery of the LFCM Assets and the assignment and assumption in full of the LFCM Liabilities pursuant to Section 2.5(a) shall be effected pursuant to the transactions set forth on, and transfer and assumption agreements attached to, Schedule 2.5(b) (it being understood that the failure to (i) contribute, assign, transfer, convey or deliver any LFCM Asset pursuant to any such transaction or agreement or (ii) assign, delegate or assume in full any LFCM Liability pursuant to any such transaction or agreement, shall not affect the obligations of Lazard Group and LFCM pursuant to Section 2.5(a) (including LFCM's obligation to assume and agree faithfully to perform and discharge in due course in full all of the LFCM Liabilities in accordance with their respective terms) and in the event of any conflict between this Agreement and any such transfer and assumption agreements, this Agreement shall control).

(c) From and after the Contribution Effective Time, LFCM shall be responsible for all LFCM Liabilities, regardless of when or where such LFCM Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the date hereof, regardless of where or against whom such LFCM Liabilities are asserted or determined (including any LFCM Liabilities arising out of claims made by any Lazard Group Company's or LFCM Company's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the Lazard Group Companies or the LFCM Companies) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of law, fraud or misrepresentation by any member of the Lazard Group Companies or the LFCM Companies or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates.

(d) Nothing herein shall be deemed to require the contribution, assignment, transfer, conveyance or delivery of any LFCM Assets or the assumption of any LFCM Liabilities that by their terms or operation of law cannot be contributed, assigned, transferred, conveyed, delivered or assumed; provided, however, that Lazard Group and LFCM shall, and shall cause the respective members of their Groups to, use their commercially reasonable efforts and cooperate to obtain any necessary consents, approvals or waivers for, and to resolve any impediments to, the contribution, assignment, transfer, conveyance or delivery of such LFCM Assets or assumption of such LFCM Liabilities contemplated to be contributed, assigned, transferred, conveyed, delivered or assumed pursuant to this Section 2.5; provided further, however, that Lazard Group shall not be obligated to pay any consideration therefor to the party from whom any such consent, approval or waiver is necessary in order to obtain any such consent, approval or waiver.

(e) To the extent that any contribution, assignment, transfer, conveyance, delivery or assumption referred to in Section 2.5(a) shall not have been consummated at or prior to the Contribution Effective Time, (i) Lazard Group and LFCM shall, and shall cause the respective members of their Groups to, use reasonable best efforts and cooperate to effect such contribution, assignment, transfer, conveyance, delivery or assumption as promptly following the Contribution Effective Time as shall be practicable; and (ii) Lazard Group shall thereafter, with respect to any such LFCM Asset, use reasonable best efforts, with the costs of Lazard Group

related thereto to be promptly reimbursed by LFCM, to hold such Asset in trust for the use and benefit of LFCM and, with respect to any such LFCM Liability, retain such LFCM Liability for the account of LFCM, and to take such other action, including as may be reasonably requested by LFCM, in order to place each Party, insofar as reasonably possible, in the same position as would have existed had such LFCM Asset or LFCM Liability been contributed, assigned, transferred, conveyed, delivered or assumed as contemplated hereby (it being understood that Lazard Group shall not be required to take any action pursuant to this sentence that would, or could reasonably be expected to, result in a material financial obligation, or restriction on the business or operations, of Lazard Group). To the extent that LFCM is provided the use or benefits of any LFCM Asset or has any LFCM Liability held for its account pursuant to this Section 2.5(e), LFCM shall perform at the direction of Lazard Group and for the benefit of any third person the obligations of Lazard Group thereunder or in connection therewith; provided, that if LFCM shall fail to perform to the extent required herein, LFCM shall hold Lazard Group harmless and indemnify Lazard Group therefor. As and when any such LFCM Asset or LFCM Liability becomes contributable, assignable, transferable, conveyable, deliverable or assumable, such contribution, assignment, transfer, conveyance, delivery or assumption, as applicable, shall be effected as promptly as practicable thereafter.

(f) The Parties agree that, notwithstanding anything in Section 2.5 to the contrary, LFCM shall be deemed to have acquired all of Lazard Group's right, title and interest in and to the LFCM Assets, and shall be deemed to have assumed in full in accordance with the terms of this Agreement all of the LFCM Liabilities, in each case effective as of the Contribution Effective Time.

(g) Lazard Group and LFCM hereby agree to the matters set forth on Schedule 2.5(g).

SECTION 2.6 Actions Prior to the First Distribution. (a) On the date hereof, after the consummation of the Contribution and prior to the First Distribution, each of Lazard Group and LFCM shall, or shall cause the appropriate members of such Party's Group to, enter into each of the Administrative Services Agreement, the Benefits Agreement, the Business Alliance Agreement, the Insurance Matters Agreement, the License Agreement and the Tax Receivable Agreement.

(b) On the date hereof, after the consummation of the Contribution and prior to the First Distribution, Lazard Group and LFCM shall, or shall cause the appropriate member of such Party's Group to, enter into the subleases, deeds of indemnity and other agreements attached hereto as Schedule 2.6(b) relating to LFCM's use of real property of Lazard Group. If the approval or consents necessary for such subleases shall not have been obtained on or prior to the consummation of the Contribution, or Lazard Group and LFCM shall be unable to enter into a license or alternative arrangement, including the arrangement described on Schedule 2.6(b), for the subject premises of the sublease on or prior to the consummation of the Contribution, then LFCM shall cause the appropriate member of the LFCM Companies to vacate the subject premises of the sublease on the date of the consummation of the Contribution.

SECTION 2.7 The First Distribution. On the date hereof immediately after the consummation of the Contribution, the First Redemption and the actions set forth in Section



2.6, Lazard Group shall effect the First Distribution by distributing to LAZ-MD as the sole Lazard Group Common Member (a) the entire LFCM Common Interest held by Lazard Group in accordance with the New Lazard Group Operating Agreement and (b) the LFCM Note. Immediately after the First Distribution, Lazard Group shall cease to be a member of LFCM and bound by the LFCM Operating Agreement and LAZ-MD shall simultaneously be admitted to LFCM as a member and bound by the LFCM Operating Agreement.

SECTION 2.8 Ancillary Agreements. (a) On or prior to the Contribution Effective Time, each of Lazard Group and LFCM shall, or shall cause the appropriate members of such Party's Group to, enter into (i) such bills of sale, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment requested by Lazard Group or LFCM that are necessary or advisable to evidence the contribution, transfer, conveyance and assignment of all of Lazard Group's right, title and interest in and to the LFCM Assets to LFCM or the applicable LFCM Company pursuant to Section 2.5(a); (ii) such bills of sale, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance, assignment and assumption requested by Lazard Group or LFCM that are necessary or advisable to evidence the assumption in full of the LFCM Liabilities by LFCM pursuant to Section 2.5(a); (iii) such bills of sale, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance, assignment and assumption requested by Lazard Group that are necessary or advisable to evidence the valid and effective issuance and delivery of the LFCM Common Interest to Lazard Group pursuant to Section 2.5(a); and (iv) such other agreements, certificates and other documents as may be deemed to be advisable by Lazard Group in connection with the Separation.

(b) Notwithstanding anything to the contrary in the Benefits Agreement, LFCM hereby agrees, effective upon consummation of the First Distribution, to satisfy the funding and guarantee obligations of LFCM set forth on Schedule 2.8(b) with respect to the pension funds set forth on such Schedule. LAZ-MD agrees, effective upon the First Distribution, to satisfy the support obligations of LAZ-MD set forth on Schedule 2.8(b) with respect to the pension funds set forth on such Schedule.

SECTION 2.9 Post-Contribution Adjustment. (a) As promptly as practicable, but no later than ninety (90) days after the Contribution Effective Date, Lazard Group shall, at Lazard Group's expense, prepare, or cause to be prepared, in good faith and deliver to LFCM (i) a balance sheet of LFCM (the "Closing Balance Sheet") prepared in accordance with United States generally accepted accounting principles and (ii) a calculation in reasonable detail based upon the Closing Balance Sheet setting forth the amounts of Members' Equity as of immediately after the Contribution Effective Time (the "Closing Members' Equity"). Lazard Group and its accountants and advisers shall be provided with reasonable access to the work papers of LFCM and its accountants to prepare the Closing Balance Sheet and the calculation of Closing Members' Equity.

(b) LFCM shall have sixty (60) days from the date on which the Closing Balance Sheet and the calculation of Closing Members' Equity are delivered to it to assess the Closing Balance Sheet and such calculation of Closing Members' Equity (the "Review Period"). If LFCM believes that the Closing Balance Sheet or that Lazard Group's calculation of Closing Members' Equity was incorrect, LFCM may, on or prior to the last day of the Review Period,

deliver a notice to Lazard Group setting forth, in reasonable detail, each disputed item or amount and the basis for LFCM's disagreement therewith, together with supporting calculations (the "Dispute Notice"). Following delivery of a Dispute Notice to Lazard Group, Lazard Group and its accountants and advisers shall be provided with reasonable access to the work papers of LFCM and its accountants relating to the calculation of the amounts of Closing Members' Equity as set forth in such Dispute Notice. If no Dispute Notice is received by Lazard Group on or prior to the last day of the Review Period, the Closing Balance Sheet and the amount of Closing Members' Equity, as delivered by Lazard Group to LFCM, shall be deemed accepted by LFCM and shall be final and binding on LFCM. If a Dispute Notice is received by Lazard Group on or prior to the last day of the Review Period, Lazard Group and LFCM shall, during the thirty (30)-day period following the date of such notice (the "Resolution Period"), attempt to resolve their differences in good faith, and any resolution by them as to any disputed amounts shall be final, binding and conclusive.

(c) If, at the conclusion of the Resolution Period, there are amounts remaining in dispute with respect to the calculation of Closing Members' Equity as to which a valid Dispute Notice has been timely delivered to Lazard Group, Lazard Group's good-faith determination of Closing Members' Equity shall be final, binding and conclusive upon Lazard Group and LFCM, and shall be deemed a final arbitration award that is enforceable in any court having jurisdiction.

(d) Effective upon (i) the end of the Review Period (if a timely Dispute Notice is not delivered), (ii) the resolution of all matters set forth in the Dispute Notice by agreement of the parties (if a timely Dispute Notice is delivered) or (iii) the conclusion of the Review Period (the "Resolution Date"), the Closing Balance Sheet and the amounts of Closing Members' Equity shall be adjusted if and to the extent necessary to reflect the final resolution of any disputed items and shall be final, binding and conclusive on Lazard Group and LFCM. Promptly and, in any event, no later than three (3) Business Days following the Resolution Date, (i) if the Closing Members' Equity (as finally determined under this Section 2.9) is greater than the Target Closing Members' Equity, LFCM shall pay to Lazard Group an amount of cash equal to such difference, and (ii) if Target Closing Members' Equity is greater than the Closing Members' Equity (as finally determined under this Section 2.9), Lazard Group shall pay to LFCM an amount of cash equal to such difference.

### **ARTICLE III THE RECAPITALIZATION**

SECTION 3.1 The Recapitalization. On the date hereof and subject to Section 3.9, the Parties shall effect the Recapitalization by consummating the First Redemption, the Financing Transactions, the Second Redemption and the Second Distribution in the order, on the terms, and subject to the conditions, set forth in this Article III.

SECTION 3.2 The First Redemption. On the date hereof immediately after the effectiveness of the New Lazard Group Operating Agreement, LAZ-MD shall effect the First Redemption by redeeming the LAZ-MD Redeemable Interests in full in exchange for the Lazard Group Redeemable Interests pursuant to, and in accordance with, the LAZ-MD Operating Agreement and the New Lazard Operating Agreement and the Transaction Agreement.

SECTION 3.3 Actions Prior to the Financing Transactions. (a) Effective on or prior to the date hereof and prior to the consummation of the Common Stock IPO Transaction, the bye-laws of Lazard Ltd shall be amended and restated to read in their entirety as the Lazard Ltd Bye-laws.

(b) Lazard Ltd and Lazard Group shall use their respective commercially reasonable efforts to cause the Registration Statements with respect to each of the Common Stock IPO and the Exchangeable Securities IPO to become effective under the Securities Act and the Exchange Act and to keep the applicable Registration Statement effective as long as is necessary to consummate the Common Stock IPO and Exchangeable Securities IPO, as applicable.

(c) Lazard Group shall take all such action as Lazard Group may determine necessary or appropriate under federal or state securities or blue sky laws of the United States (and any comparable laws under any foreign jurisdiction) in connection with the Financing Transactions.

SECTION 3.4 The Financing Transactions. On the date hereof immediately after the consummation of the First Redemption and the First Distribution and the actions set forth in Section 3.3, the Parties shall effect the Financing Transactions as follows:

(a) Common Stock IPO Transaction. (i) Common Stock IPO. Lazard Ltd shall use its commercially reasonable efforts to take all actions necessary to consummate the Common Stock IPO.

(ii) Use of Proceeds. The Common Stock IPO will be a primary offering of Lazard Ltd Common Stock. The net proceeds of the Common Stock IPO (including from the exercise of any Over-allotment Option) will primarily be used by Lazard Ltd for the Lazard Ltd Contribution.

(iii) The Common Stock Contributions. Immediately after the consummation of the Common Stock IPO and receipt of the proceeds thereof:

(A) Lazard Ltd shall effect the Lazard Ltd Contribution by causing the contribution to Lazard Group of an amount in cash equal to the net proceeds of the Common Stock IPO through the contribution transaction described on Schedule 3.4(a)(iii); and

(B) in exchange therefor, simultaneously with such cash contributions to Lazard Group, Lazard Group shall (1) issue to the direct or indirect wholly-owned Subsidiaries of Lazard Ltd that shall directly contribute cash to Lazard Group pursuant to the Lazard Ltd Contribution as described on Schedule 3.4(a)(iii) (the "Contributing Subsidiaries") Lazard Group Common Interests consisting of an aggregate number of Lazard Group Common Units equal to the number of shares of Lazard Ltd Common Stock sold pursuant to the Common Stock IPO and an aggregate amount of Lazard Group Common Capital equal to the net proceeds of the Common Stock IPO so contributed, with such units and capital allocated among the Contributing Subsidiaries as set forth on Schedule

3.4(a)(iii), and (2) admit each Contributing Subsidiary to Lazard Group as a Lazard Group Common Member and admit FinanceCo as the Lazard Group Managing Member.

(iv) Over-allotment Option. In the event that the underwriters' over-allotment option (the "Over-allotment Option") shall be exercised in whole or in part in the Common Stock IPO, immediately after the closing of the Over-allotment Option and receipt of the proceeds thereof:

(A) Lazard Ltd shall cause the contribution to Lazard Group by the Contributing Subsidiaries of an amount in cash equal to the net proceeds of such Over-allotment Option through the transactions described on Schedule 3.4(a)(iii); and

(B) in exchange therefor, simultaneously with such cash contributions to Lazard Group, Lazard Group shall issue to the Contributing Subsidiaries an aggregate number of additional Lazard Group Common Units equal to the number of shares of Lazard Ltd Common Stock sold pursuant to the Over-allotment Option, and shall credit the Contributing Subsidiaries' Lazard Group Common Capital Accounts by an aggregate amount equal to net proceeds of the Over-allotment Option so contributed by such Contributing Subsidiaries, with such units and capital allocated among the Contributing Subsidiaries as set forth on Schedule 3.4(a)(iii).

(b) Exchangeable Securities IPO Transaction. (i) Exchangeable Securities IPO. Lazard Ltd shall, and shall cause FinanceCo to, use its commercially reasonable efforts to take all actions necessary to consummate the Exchangeable Securities IPO.

(ii) Use of Proceeds. The Exchangeable Securities IPO will be a primary offering of 6.625% Equity Security Units (the "Exchangeable Securities") by Lazard Ltd and FinanceCo. The net proceeds of the Exchangeable Securities IPO (including from the exercise of any Exchangeable Securities Over-allotment Option) will be used by FinanceCo to purchase the Lazard Group Exchangeable Debt Securities.

(iii) Purchase of the Lazard Group Debt Securities. Immediately after the consummation of the Exchangeable Securities IPO and receipt of the proceeds thereof, FinanceCo shall purchase, and Lazard Group shall sell, 6.120% Senior Notes Due 2035 in principal amount equal to the aggregate principal amount of the senior notes of FinanceCo included in the Exchangeable Securities issued pursuant to the Exchangeable Securities IPO (the "Lazard Group Exchangeable Debt Securities") for the aggregate consideration equal to the net proceeds of the Exchangeable Securities IPO in cash in immediately available funds.

(iv) Exchangeable Securities Over-allotment Option. In the event that the underwriters' over-allotment option (the "Exchangeable Securities Over-allotment Option") shall be exercised in whole or in part in the Exchangeable Securities IPO, immediately after the closing of the Exchangeable Securities Over-allotment Option and receipt of the proceeds thereof, FinanceCo shall purchase, and Lazard Group shall sell, Lazard Group Exchangeable

Debt Securities in principal amount equal to the aggregate principal amount of the senior notes of FinanceCo included in the Exchangeable Securities issued pursuant to the Exchangeable Securities Over-allotment Option for the aggregate consideration equal to the net proceeds of the Exchangeable Securities Over-allotment Option in cash in immediately available funds.

(v) Parallel Forward. In connection with the Exchangeable Securities IPO, each of Lazard Group and the Contributing Subsidiaries, with Lazard Ltd as guarantor thereof, shall enter into appropriate forward contracts providing for the issuance of Lazard Group Common Units to such Contributing Subsidiaries on substantially similar terms in respect of pricing, timing and antidilution as set forth in the forward purchase contracts forming part of the Exchangeable Securities.

(c) Debt Securities Offering Transaction. Lazard Group shall use its commercially reasonable efforts to take all actions necessary to consummate the Debt Securities Offering. The Debt Securities Offering will be a primary offering of 7.125% Senior Notes due 2015 in principal amount of \$550,000,000 (the "Debt Securities") by Lazard Group.

(d) Third Party Investment. Lazard Group and Lazard Ltd shall use their respective commercially reasonable efforts to take all actions necessary to consummate the Third Party Investment.

(i) Immediately after the consummation of the Third Party Investment and receipt by Lazard Ltd of its share of the proceeds thereof:

(A) Lazard Ltd shall cause the contribution to Lazard Group of an amount in cash equal to the net proceeds thereof received by Lazard Ltd through the contribution transaction described on Schedule 3.4(a)(iii); and

(B) in exchange therefor, simultaneously with such cash contributions to Lazard Group, Lazard Group shall issue to the Contributing Subsidiaries an aggregate number of Lazard Group Common Units equal to the number of shares of Lazard Ltd Common Stock sold pursuant to the Third Party Investment and an aggregate amount of Lazard Group Common Capital equal to the aggregate amount of such contribution, with such units and capital allocated among the Contributing Subsidiaries as set forth on Schedule 3.4(a)(iii).

(ii) Immediately after the consummation of the Third Party Investment and receipt by FinanceCo of its share of the proceeds thereof, FinanceCo shall purchase, and Lazard Group shall sell, Lazard Group Exchangeable Debt Securities in principal amount equal to the aggregate principal amount of the senior notes of FinanceCo included in the Exchangeable Securities issued pursuant to the Third Party Investment for aggregate consideration equal to the net proceeds of the Third Party Investment received by FinanceCo in cash in immediately available funds.

(iii) In connection with the Third Party Investment, each of Lazard Group and the Contributing Subsidiaries, with Lazard Ltd as guarantor thereof, shall enter into appropriate forward contracts providing for the issuance of Lazard Group Common Units to such Contributing Subsidiaries on substantially similar terms in respect of pricing, timing and

antidilution as set forth in the forward purchase contracts forming part of the Exchangeable Securities.

(e) Use of Proceeds by Lazard Group. The portion of the net proceeds of the Common Stock IPO Transaction, the Exchangeable Securities IPO Transaction, the Debt Securities Offering and the Third Party Investment that are received by Lazard Group shall be used by Lazard Group to fund the Second Redemption, for general corporate purposes of Lazard Group and such other purposes set forth in the Registration Statements.

SECTION 3.5 Actions Prior to the Second Redemption. On the date hereof after the consummation of the Financing Transactions and immediately prior to the Second Redemption, the stockholders of Lazard Ltd Sub A shall be permitted to sell and transfer to Lazard Ltd, and Lazard Ltd shall purchase and acquire in such sale and transfer, all of the outstanding shares of Lazard Ltd Sub A, in consideration for the issuance of shares of Lazard Ltd Common Stock to the transferring stockholder of Lazard Ltd Sub A, on the terms and subject to the conditions set forth in the Lazard Ltd Sub A Share Transfer Agreement and simultaneously with the payment of the Redemption Consideration. Pursuant to the Second Redemption, the Lazard Group Redeemable Interests held by Lazard Ltd Sub A will be redeemed in exchange for Lazard Group Common Units in accordance with the New Lazard Group Operating Agreement.

SECTION 3.6 The Second Redemption. On the date hereof immediately after consummation of the Financing Transactions and the actions set forth in Section 3.5 and in accordance with the New Lazard Group Operating Agreement, Lazard Group shall redeem the Lazard Group Redeemable Interests for the Redemption Consideration.

SECTION 3.7 Actions Prior to the Second Distribution. On the date hereof immediately after consummation of the Second Redemption, Lazard Group shall repay in full all outstanding amounts under each of the Lazard Group I Note and the Lazard Group II Note.

SECTION 3.8 The Second Distribution. On the date hereof immediately after the consummation of the Second Redemption and the actions set forth in Section 3.7, LAZ-MD shall effect the Second Distribution by distributing or otherwise transferring to each LAZ-MD Class II Member an LFCM Common Interest with an equivalent number of LFCM Common Units and pro rata portion (based on number of LAZ-MD Class II Units) of the capital associated with the LFCM Common Interest held by LAZ-MD immediately prior to the Second Distribution, on the terms set forth in the LAZ-MD Operating Agreement. Pursuant to such distribution and transfer, each recipient of an LFCM Common Interest will be admitted as an LFCM Common Member, on the terms and subject to the conditions set forth in the LFCM Operating Agreement.

SECTION 3.9 Conditions to the Separation and the Recapitalization. (a) Subject to satisfaction or waiver of the additional conditions set forth in Section 3.9(b) with respect to the consummation of each of the First Redemption and the Second Redemption and the provisions of Section 3.9(c), the obligations of the Parties to consummate the Separation and the Recapitalization are subject to the satisfaction, or waiver by Lazard Group in its sole discretion, of each of the following conditions prior to the consummation of the Exchange and the Forced Sale:

(i) All of the conditions to the Exchange set forth in Section 4(b) of the Transaction Agreement shall have been satisfied or waived in accordance with the terms thereof.

(ii) Approval of the Separation and Recapitalization shall have been given by the Board of Directors of Lazard Group in its sole discretion and not revoked.

(iii) Each of the Registration Statements shall have been filed and declared effective by the SEC, and there shall be no stop-order in effect with respect thereto.

(iv) The actions and filings necessary or appropriate under federal and state securities laws and state blue sky laws of the United States (and any comparable laws under any foreign jurisdictions) in connection with the Financing Transactions (including, if applicable, any actions and filings relating to the Registration Statements or the prospectuses contained therein or any comparable registration statements or prospectuses in any foreign jurisdictions) shall have been taken and, where applicable, have become effective or been accepted.

(v) The Lazard Ltd Common Stock to be issued in the Common Stock IPO and the Exchangeable Securities to be issued in the Exchangeable Securities IPO shall have been accepted for listing on the NYSE, subject to official notice of issuance.

(vi) No order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Separation or the Recapitalization, including any of the Exchange, the Forced Sale, the Contribution, the First Redemption, the First Distribution, the Financing Transactions, the Second Redemption or the Second Distribution, or any of the other transactions contemplated by this Agreement or any Ancillary Agreement, shall be in effect.

(vii) All Consents and Governmental Approvals required in connection with the Separation and the Recapitalization, including the Exchange, the Forced Sale, the Contribution, the First Redemption, the First Distribution, the Financing Transactions, the Second Redemption and the Second Distribution, and any of the other transactions contemplated by this Agreement or any Ancillary Agreement, shall have been received.

(viii) Neither this Agreement nor the Transaction Agreement shall have been terminated, and each of this Agreement and the Transaction Agreement shall be in full force and effect.

(b) The obligations of the Parties to consummate the First Redemption and the Second Redemption, as applicable, are subject to the satisfaction, or waiver by Lazard Group in its sole discretion, of the following conditions:

(i) With respect to the First Redemption, the condition to the First Redemption set forth in Section 4(c)(i) of the Transaction Agreement shall have been satisfied or waived in accordance with the terms thereof.

(ii) With respect to the Second Redemption, the condition to the Second Redemption set forth in Section 4(c)(ii) of the Transaction Agreement shall have been satisfied or waived in accordance with the terms thereof.

(c) In the event that after the consummation of the Exchange and Forced Sale but prior to the consummation of the Second Distribution any of the conditions to the Separation and Recapitalization set forth in this Section 3.9 shall cease to be satisfied (unless earlier waived by Lazard Group as provided herein), Lazard Group may, in its sole discretion, elect to terminate the obligations of the Parties to continue to consummate the Separation and the Recapitalization.

(d) Any determination made by Lazard Group (including the Board of Directors of Lazard Group) concerning the satisfaction or waiver of any or all of the conditions set forth in this Section 3.9 shall be conclusive and binding on the Parties.

#### **ARTICLE IV SURVIVAL AND INDEMNIFICATION**

SECTION 4.1 Survival of Agreements. All covenants and agreements of the Parties contained in this Agreement shall survive each of the Separation and the Recapitalization (including the Exchange, the Forced Sale, the Contribution, the First Redemption, the First Distribution, the Financing Transactions, the Second Redemption and the Second Distribution).

SECTION 4.2 Indemnification by LFCM. LFCM shall indemnify, defend and hold harmless (1) Lazard Group, each other Lazard Group Company and each of their respective directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Lazard Group Indemnitees") and (2) LAZ-MD and each of its directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "LAZ-MD Indemnitees"), from and against any and all Indemnifiable Losses of the Lazard Group Indemnitees and the LAZ-MD Indemnitees to the extent relating to, arising out of or resulting from any of the following items regardless of whether arising from or alleged to arise from negligence, recklessness, violation of law, fraud or misrepresentation (without duplication):

(a) the failure of LFCM or any other LFCM Company or any other person to pay, perform or otherwise promptly discharge any LFCM Liabilities or any contract, agreement or arrangement included in the LFCM Assets in accordance with their respective terms, whether prior to, at or after the Distribution Time;

(b) any LFCM Company, any LFCM Liability or any LFCM Asset; and

(c) any breach by LFCM of this Agreement or any of the Ancillary Agreements to which it is a party or any breach by any other LFCM Company of any of the Ancillary Agreements to which it is a party.

SECTION 4.3 Indemnification by Lazard Group. Lazard Group shall indemnify, defend and hold harmless LFCM, each other LFCM Company and each of their respective directors, officers and employees, and each of the heirs, executors, successors and



assigns of any of the foregoing (collectively, the “LFCM Indemnitees”) and the LAZ-MD Indemnitees, from and against any and all Indemnifiable Losses of the LFCM Indemnitees and the LAZ-MD Indemnitees to the extent relating to, arising out of or resulting from any of the following items regardless of whether arising from or alleged to arise from negligence, recklessness, violation of law, fraud or misrepresentation (without duplication):

(a) the failure of Lazard Group or any other Lazard Group Company or any other person to pay, perform or otherwise promptly discharge any Lazard Group Liabilities or any contract, agreement, or arrangement included in the Lazard Group Assets in accordance with their respective terms, whether prior to, at or after the Distribution Time;

(b) any Lazard Group Company, any Lazard Group Liability or any Lazard Group Asset;

(c) any Excluded Asset or Excluded Liability;

(d) any breach by Lazard Group of this Agreement or any of the Ancillary Agreements to which it is a party or any breach by any other Lazard Group Company of any of the Ancillary Agreements to which it is a party; and

(e) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, contained in any Offering Document.

SECTION 4.4 Indemnification by LAZ-MD. LAZ-MD shall indemnify, defend and hold harmless each LFCM Indemnitee and each Lazard Group Indemnitee from and against any and all Indemnifiable Losses of the LFCM Indemnitees and the Lazard Group Indemnitees to the extent relating to, arising out of or resulting from any breach by LAZ-MD of this Agreement or any of the Ancillary Agreements to which it is a party.

SECTION 4.5 Indemnification Obligations Net of Insurance Proceeds and Other Amounts. (a) The Parties intend that any Indemnifiable Loss subject to indemnification or reimbursement pursuant to this Agreement will be net of Insurance Proceeds actually recovered by or on behalf of the Indemnitee in reduction of the related Indemnifiable Loss. Accordingly, except as otherwise expressly provided in such sections of the Insurance Matters Agreement, (i) the amount that any Party (an “Indemnifying Party”) is required to pay to any person entitled to indemnification hereunder (an “Indemnitee”) will be reduced by any Insurance Proceeds theretofore actually recovered by or on behalf of the Indemnitee in reduction of the related Indemnifiable Loss; and (ii) if an Indemnitee receives a payment (an “Indemnity Payment”) required by this Agreement from an Indemnifying Party in respect of any Indemnifiable Loss and subsequently receives Insurance Proceeds in reduction of such Indemnifiable Loss, then the Indemnitee will promptly pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds had been received, realized or recovered before the Indemnity Payment was made.

(b) The existence of a claim by an Indemnitee for monies from an insurer or against a third party in respect of an Indemnifiable Loss shall not, however, delay any Indemnity Payment pursuant to the indemnification provisions contained herein and otherwise determined to be due and owing by an Indemnifying Party.

SECTION 4.6 Procedures for Indemnification of Third Party Claims. (a) If an Indemnitee shall receive actual notice of the assertion by a person (including any Governmental Authority) other than LAZ-MD, any Lazard Group Company or any LFCM Company or any of their respective Affiliates (a “Third Party”) of any claim, or of the commencement by any such person of any Action, with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Section 4.2, 4.3 or 4.4 or any other indemnification provision set forth herein or in any Ancillary Agreement (collectively, a “Third Party Claim”), such Indemnitee shall give such Indemnifying Party and, if Lazard Group is not the Indemnifying Party, Lazard Group prompt written notice thereof (and in any event not more than 30 days after receiving such actual notice of such Third Party Claim). Any such notice shall describe the Third Party Claim in reasonable detail, including, if known, the amount of the Indemnifiable Loss for which indemnification may be available or a good faith estimate thereof. Notwithstanding the foregoing, the failure of any Indemnitee or other person to give notice within the 30-day period as provided in this Section 4.6(a) shall not relieve the related Indemnifying Party of its obligations under this Article IV, except to the extent that such Indemnifying Party is actually prejudiced by such failure to give notice within such 30-day period.

(b) An Indemnifying Party may elect (but is not required) to assume the defense of and defend, at such Indemnifying Party’s own expense and by such Indemnifying Party’s own counsel, any Third Party Claim. Within 30 days after the receipt of notice from an Indemnitee in accordance with Section 4.6(a), the Indemnifying Party shall notify the Indemnitee of its election whether the Indemnifying Party will assume responsibility for defending such Third Party Claim, which election shall specify any reservations or exceptions. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Third Party Claim, such Indemnitee shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnitee. Notwithstanding anything to the contrary, Lazard Group or its designee shall have the right to assume the defense of and defend, at the Indemnifying Party’s expense and by Lazard Group’s own counsel, any of the claims or matters set forth on Schedule 4.6(b).

(c) If an Indemnifying Party elects not to assume responsibility for defending a Third Party Claim, or fails to notify an Indemnitee of its election as provided in Section 4.6(b), such Indemnitee may defend such Third Party Claim at the cost and expense of the Indemnifying Party; provided, that the Indemnifying Party may thereafter assume the defense of such Third Party Claim upon notice to the Indemnitee (but the cost and expense of such Indemnitee in defending such Third Party Claim incurred from the last day of the notice period under Section 4.6(b) until such date as the Indemnifying Party shall assume the defense of such Third Party Claim shall be paid by the Indemnifying Party).

(d) If an Indemnifying Party elects not to assume responsibility for defending a Third Party Claim, or fails to notify an Indemnitee of its election as provided in Section 4.6(b), and has not thereafter assumed such defense as provided in Section 4.6(c), such Indemnitee shall

have the right to settle or compromise such Third Party Claim, and any such settlement or compromise made or caused to be made of such Third Party Claim in accordance with this Article IV shall be binding on the Indemnifying Party, in the same manner as if a final judgment or decree had been entered by a court of competent jurisdiction in the amount of such settlement or compromise. Notwithstanding the foregoing sentence, the Indemnitee shall not compromise or settle a Third Party Claim without the express prior consent of the Indemnifying Party (which consent the Indemnifying Party may withhold in its sole discretion unless the compromise or settlement includes, as a part thereof, a full and unconditional release by the plaintiff or claimant of the Indemnitee and the Indemnifying Party from all liability with respect to such Third Party Claim and does not require the Indemnifying Party to be subject to any non-monetary remedy, in which case such consent may not be unreasonably withheld or delayed).

(e) The Indemnifying Party shall have the right to compromise or settle a Third Party Claim the defense of which it shall have assumed pursuant to Section 4.6(b) or Section 4.6(c) and any such settlement or compromise made or caused to be made of a Third Party Claim in accordance with this Article IV shall be binding on the Indemnitee, in the same manner as if a final judgment or decree had been entered by a court of competent jurisdiction in the amount of such settlement or compromise. Notwithstanding the foregoing sentence, the Indemnifying Party shall not have the right to admit Liability on behalf of the Indemnitee and shall not compromise or settle a Third Party Claim in each case without the express prior consent of the Indemnitee (not to be unreasonably withheld or delayed); provided that such prior consent shall not be required in the case of any such compromise or settlement if and only if the compromise or settlement includes, as a part thereof, a full and unconditional release by the plaintiff or claimant of the Indemnitee from all liability with respect to such Third Party Claim and does not require the Indemnitee to make any payment that is not fully indemnified under this Agreement or to be subject to any non-monetary remedy.

SECTION 4.7 Additional Matters. (a) Any claim on account of an Indemnifiable Loss that does not result from a Third Party Claim shall be asserted by written notice given by the Indemnitee to the related Indemnifying Party, which notice shall be given promptly after the Indemnitee shall receive actual notice of such Indemnifiable Loss (and in any event not more than 30 days after receiving such actual notice of such Indemnifiable Loss). Such Indemnifying Party shall have a period of 30 days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 30-day period, such Indemnifying Party shall be deemed to have agreed to accept responsibility to make payment. If such Indemnifying Party does not respond within such 30-day period or rejects such claim in whole or in part, such Indemnitee shall be free to pursue such remedies as may be available to such Party as contemplated by this Agreement and the Ancillary Agreements. Any such notice shall describe the claimed Indemnifiable Loss in reasonable detail, including, if known, the amount of the Indemnifiable Loss for which indemnification may be available or a good faith estimate thereof. Notwithstanding the foregoing, the failure of any Indemnitee or other person to give notice within the 30-day period as provided in this Section 4.7(a) shall not relieve the related Indemnifying Party of its obligations under this Article IV, except to the extent that such Indemnifying Party is actually prejudiced by such failure to give notice within such 30-day period.

(b) In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against any other person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(c) LFCM shall, and shall cause the other LFCM Indemnitees to, Lazard Group shall, and shall cause the other Lazard Group Indemnitees to, and LAZ-MD shall, and shall cause the other LAZ-MD Indemnitees to, make available to each other, their counsel and other representatives, all information and documents reasonably available to them that relate to any Third Party Claim, and otherwise cooperate as may reasonably be required in connection with the investigation, defense and settlement thereof, subject to the terms and conditions of a mutually acceptable joint defense agreement.

SECTION 4.8 Remedies Cumulative. The remedies provided in this Article IV shall be cumulative and shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party; provided, that the procedures set forth in Section 4.6 and Section 4.7 shall be the exclusive procedures governing any indemnity action brought under this Agreement, except as otherwise expressly provided in any of the Ancillary Agreements.

SECTION 4.9 Survival of Indemnities. The rights and obligations of each of Lazard Group, LAZ-MD and LFCM and their respective Indemnitees under this Article IV shall survive the sale or other transfer by any Party of any Assets or businesses or the assignment by it of any Liabilities.

## ARTICLE V

### CERTAIN ADDITIONAL COVENANTS RELATING TO THE SEPARATION AND RECAPITALIZATION

SECTION 5.1 Intercompany Agreements; Intercompany Accounts. (a) All contracts, licenses, agreements, commitments or other arrangements, formal or informal, written or oral, between any of LAZ-MD or any Lazard Group Company, on the one hand, and any LFCM Company, on the other hand, in existence as of the Distribution Time, shall terminate effective as of the Distribution Time, and no persons party to any such contract, license, agreement, commitment or other arrangement shall have any rights under such contract, license, agreement, commitment or arrangement, except, in each case, (i) for this Agreement and any Ancillary Agreement (including each other agreement or instrument expressly contemplated by this Agreement or any Ancillary Agreement (A) to be entered into by any of the Parties or, if applicable, any of the members of their respective Groups or (B) to survive the Separation), (ii) for any contracts, licenses, agreements, commitments or other arrangements to which any person other than the Parties or their respective Subsidiaries is a party and (iii) the agreements set forth on Schedule 5.1.

(b) Notwithstanding anything to the contrary in Section 5.1(a), after the Distribution Time, the Parties shall be obligated to pay only those intercompany accounts between any of LAZ-MD or any Lazard Group Company, on the one hand, and any LFCM Company, on the other hand, outstanding as of the Distribution Time that arose in connection with transfers of goods and services in the ordinary course of business, consistent with past practices (which the Parties shall use reasonable efforts to settle prior to the Distribution Time) and all other intercompany accounts outstanding as of the Distribution Time shall be settled without transfer of non-financial assets as of the Distribution Time, except as otherwise contemplated by this Agreement.

SECTION 5.2 Guarantee Obligations. (a) Lazard Group and LFCM shall cooperate, and shall cause their respective Groups to cooperate, to terminate, or to cause a Lazard Group Company to be substituted in all respects for any LFCM Company in respect of, all obligations of any LFCM Company under any Lazard Group Liabilities for which such LFCM Company may be liable, as guarantor, original tenant, primary obligor or otherwise. If such a termination or substitution is not effected by the Distribution Time, (i) Lazard Group shall indemnify and hold harmless the LFCM Indemnitees for any Indemnifiable Loss arising from or relating thereto, and (ii) without the prior written consent of LFCM, from and after the Distribution Time, Lazard Group shall not, and shall not permit any other Lazard Group Company to, renew or extend the term of, increase its obligations under, or transfer to a third party, any loan, lease, contract or other obligation for which any LFCM Company is or may be liable unless all obligations of the LFCM Companies with respect thereto are thereupon terminated by documentation reasonably satisfactory in form and substance to LFCM; provided, that the limitations contained in clause (ii) shall not apply in the event that a Lazard Group Company obtains a letter of credit from a financial institution reasonably acceptable to LFCM and for the benefit of LFCM with respect to such obligation of the LFCM Companies.

(b) Lazard Group and LFCM shall cooperate, and shall cause their respective Groups to cooperate, to terminate, or to cause an LFCM Company to be substituted in all respects for any Lazard Group Company in respect of, all obligations of any Lazard Group Company under any LFCM Liabilities for which such Lazard Group Company may be liable, as guarantor, original tenant, primary obligor or otherwise. If such a termination or substitution is not effected by the Distribution Time, (i) LFCM shall indemnify and hold harmless the Lazard Group Indemnitees for any Indemnifiable Loss arising from or relating thereto, and (ii) without the prior written consent of Lazard Group, from and after the Distribution Time, LFCM shall not, and shall not permit any other LFCM Company to, renew or extend the term of, increase its obligations under, or transfer to a third party, any loan, lease, contract or other obligation for which any Lazard Group Company is or may be liable unless all obligations of the Lazard Group Companies with respect thereto are thereupon terminated by documentation reasonably satisfactory in form and substance to Lazard Group; provided, that the limitations contained in clause (ii) shall not apply in the event that an LFCM Company obtains a letter of credit from a financial institution reasonably acceptable to Lazard Group and for the benefit of Lazard Group with respect to such obligation of the Lazard Group Companies.

SECTION 5.3 Commercially Reasonable Efforts. (a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties shall use its commercially reasonable efforts, prior to, at and after the Distribution Time, to take, or cause to

be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Without limiting the foregoing, prior to, at and after the Distribution Time, each Party shall cooperate with the other Parties, and without any further consideration, to cause to be executed and delivered all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all consents, approvals or authorizations of, any Governmental Authority or any other person under any permit, license, agreement, indenture or other instrument (including any Consents or Governmental Approvals), and to take all such other actions as such Party may reasonably be requested to take by any other Party from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and each of the Separation and Recapitalization (including the Exchange, Forced Sale, Contribution, First Redemption, First Distribution, Financing Transactions, Second Redemption and Second Distribution) and the other transactions contemplated hereby and thereby.

(c) Each of the Parties shall, and, if applicable, shall cause members of its Group to, use its commercially reasonable efforts to obtain, or cause to be obtained, any consent, substitution, approval or amendment required to novate (including with respect to any federal government contract) or assign all obligations under agreements, leases, licenses and other obligations or Liabilities of any nature whatsoever that constitute LFCM Liabilities, or to obtain in writing the unconditional release of all parties to such arrangements other than any member of the LFCM Companies, so that, in any such case, LFCM and its Group will be solely responsible for such Liabilities; provided, that no Party or the other members of its Group shall be obligated to pay any consideration therefor to any Governmental Authority or third party from whom such consents, approvals, substitutions and amendments are requested.

## ARTICLE VI

### ACCESS TO INFORMATION

SECTION 6.1 Agreement for Exchange of Information. (a) At any time before, on or after the Distribution Time, (i) Lazard Group, on behalf of each Lazard Group Company, agrees to provide, or cause to be provided, to each of LAZ-MD and LFCM, (ii) LFCM, on behalf of each LFCM Company, agrees to provide, or cause to be provided, to each of LAZ-MD and Lazard Group, and (iii) LAZ-MD agrees to provide, or cause to be provided, to each of LFCM and Lazard Group, in each case as soon as reasonably practicable after written request therefor from such other Party, any Information in the possession or under the control of such respective Group, if applicable, that the requesting Party reasonably needs (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting Party (including under applicable securities or tax laws) by a Governmental Authority having jurisdiction over the requesting Party, (ii) for use in any other judicial, regulatory, administrative, tax or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation, tax or other similar requirements, or (iii) to comply with its obligations under this Agreement or any Ancillary Agreement; provided, however, that in the event that any Party reasonably determines that any such provision of Information could be commercially detrimental to such Party or any

member of its Group, if applicable, violate any law or agreement to which such Party or member of its Group, if applicable, is a party, or waive any attorney-client privilege applicable to such Party or member of its Group, if applicable, the Parties shall take all reasonable measures to permit the compliance with the obligations pursuant to this Section 6.1(a) in a manner that avoids any such harm or consequence (including by entering into joint defense or similar arrangements); provided, further, that in the event, after taking all such reasonable measures, the Party subject to such law or agreement is unable to provide any Information without violating such law or agreement, such Party shall not be obligated to provide such Information to the extent it would violate such law or agreement. The Parties intend that any transfer of Information that would otherwise be within the attorney-client privilege shall not operate as a waiver of any potentially applicable privilege. Each Party shall make its employees and facilities available and accessible during normal business hours and on reasonable prior notice to provide an explanation of any Information provided hereunder.

(b) Notwithstanding anything to the contrary in Section 6.1(a), after the Distribution Time, LFCM shall provide, or cause to be provided, to Lazard Group in such form as Lazard Group shall request, at no charge to Lazard Group, all financial and other data and Information in the possession or under the control of LFCM or any other LFCM Company as Lazard Group determines necessary or advisable in order to prepare Lazard Group's and other Lazard Group Companies' financial statements or any other reports or filings of Lazard Group Companies with any Governmental Authority.

SECTION 6.2 Ownership of Information. Any Information owned by one Group or Party that is provided to a requesting Party pursuant to Section 6.1 shall be deemed to remain the property of the providing person (or person on whose behalf such Information is being provided). Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Information.

SECTION 6.3 Compensation for Providing Information. The Party requesting such Information agrees to reimburse the other Party for the reasonable out-of-pocket costs, if any, of creating, gathering and copying such Information, to the extent that such costs are incurred for the benefit of the requesting Party by or on behalf of such other Party or its Group, if applicable. Except as may be otherwise specifically provided elsewhere in this Agreement or in any other Ancillary Agreement, such costs shall be computed in accordance with the providing Party's standard methodology and procedures.

SECTION 6.4 Record Retention. To facilitate the possible exchange of Information pursuant to this Article VI and other provisions of this Agreement after the Distribution Time, the Parties agree to use their reasonable best efforts to retain all Information in their respective possession or control at the Distribution Time in accordance with the policies of Lazard Group as in effect at the Distribution Time.

SECTION 6.5 Limitation of Liability. No Party shall have any liability to the other Party in the event that any Information exchanged or provided pursuant to this Agreement that is an estimate or forecast, or which is based on an estimate or forecast, is found to be inaccurate, in the absence of willful misconduct or fraud by the Party providing such Information. No Party shall have any liability to the other Party if any Information is destroyed after using its reasonable best efforts in accordance with the provisions of Section 6.4.

SECTION 6.6 Other Agreements Providing for Exchange of Information. The rights and obligations granted under this Article VI are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange or confidential treatment of Information set forth in any Ancillary Agreement.

SECTION 6.7 Production of Witnesses; Records; Cooperation. (a) After the Distribution Time, except in the case of an adversarial Action by one Party (or, if applicable, any member of its Group) against another Party (or, if applicable, any member of its Group) (which shall be governed by such discovery rules as may be applicable thereto), each Party shall use its reasonable best efforts to make available to the other Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, at the offices of such Party during normal business hours, in each case to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required (and, in the case of any such person, for reasonable periods of time) in connection with any Action in which the requesting Party may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. The requesting Party shall bear all out-of-pocket costs and expenses (including allocated costs of in-house counsel and other personnel) in connection therewith.

(b) If an Indemnifying Party chooses to defend or to seek to compromise or settle any Third Party Claim, each Party shall use its reasonable best efforts to make available to the other Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of such Party and, if applicable, the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available during normal business hours, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required (and, in the case of any such person, for reasonable periods of time) in connection with such defense, settlement or compromise, as the case may be, and shall otherwise cooperate in such defense, settlement or compromise, as the case may be, in each case at the Indemnifying Party's expense. The Indemnifying Party shall bear all out-of-pocket costs and expenses (including allocated costs of in-house counsel and other personnel) in connection therewith.

(c) Without limiting the foregoing, the Parties shall cooperate and consult, and, if applicable, cause each member of its respective Group to cooperate and consult, to the extent reasonably necessary with respect to any Actions.

(d) Without limiting any provision of this Section 6.7, each of the Parties agrees to cooperate, and, if applicable, to cause each member of its respective Group to cooperate, with each other in the defense of any infringement or similar claim with respect to any intellectual property and shall not claim to acknowledge, or permit any member of its respective



Group to claim to acknowledge, the validity or infringing use of any intellectual property of a third person in a manner that would hamper or undermine the defense of such infringement or similar claim.

(e) The obligation of the Parties to provide witnesses pursuant to this Section 6.7 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses, directors, officers, employees, other personnel and agents without regard to whether any such individual could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 6.7(a)).

(f) In connection with any matter contemplated by this Section 6.7, the applicable Parties will enter into a mutually acceptable joint defense agreement so as to maintain to the extent practicable any applicable attorney-client privilege or work product immunity of any Party or, if applicable, any member of any Group.

SECTION 6.8 Confidentiality. (a) Subject to Section 6.9, each of the Parties agrees to hold, and to cause each member of its Group and its and each member of its Group's respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives (collectively, and together with the members of its Group, "Representatives") to hold, in strict confidence, with at least the same degree of care that applies to Lazard Group's confidential and proprietary information pursuant to policies in effect at the Distribution Time, all Information concerning each such other Party or Group (including such person's clients, transactions, business, assets, liabilities, performance or operations) that is either in its possession (including Information in its possession prior to any of the date hereof, the Contribution Effective Time or the Distribution Time) or furnished by any such other Party or its Representatives at any time pursuant to this Agreement, any Ancillary Agreement or otherwise (collectively, "Covered Information"), except that the following shall not be deemed to be Covered Information: any such Information to the extent that (i) at the time of disclosure such Information is generally available to and known by the public (other than as a result of a disclosure by the disclosing Party or by any of its Representatives in breach of this Section 6.8) or (ii) such Information has after the Distribution Time been lawfully acquired from other sources by such Party (or, if applicable, any member of such Party's Group) on a non-public basis which sources are, to the knowledge of the Party acquiring such Information, not themselves bound by a contractual, legal or fiduciary obligation that would limit or prohibit disclosure of such Information.

(b) Subject to Section 6.9, each Party agrees (i) not to use any Covered Information other than for such purposes as shall be expressly permitted hereunder or under any Ancillary Agreement and (ii) not to release or disclose, or permit to be released or disclosed, any Covered Information to any other person, except its Representatives who need to know such Covered Information (who shall be advised of their obligations hereunder with respect to such Covered Information), except in compliance with Section 6.9. Without limiting the foregoing, when any Covered Information is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, each Party will promptly after request of the Party that provided such Covered Information either return to such Party all such Covered Information in a tangible form (including all copies thereof and all notes, analyses, presentations, extracts or summaries based thereon) or certify to the other Party that it has destroyed such Covered

Information (and such copies thereof and such notes, extracts, analyses, presentations or summaries based thereon). Notwithstanding the return or destruction of the Covered Information, such Party will continue to be bound by its obligations of confidentiality and other obligations hereunder.

SECTION 6.9 Protective Arrangements. In the event that any Party or any member of its Group either determines on the advice of its counsel that it is required to disclose any Covered Information of any other Party (or any member of such other Party's Group) pursuant to applicable law or receives any demand under lawful process or from any Governmental Authority to disclose or provide Covered Information of any other Party (or any member of such other Party's Group), such Party shall notify the other Party prior to disclosing or providing such Covered Information and shall cooperate at the expense of the requesting Party in seeking any reasonable protective arrangements requested by such other Party. Subject to the foregoing, the person that received such request may thereafter disclose or provide Covered Information if and to the extent required by such law (as so advised by counsel) or by lawful process or such Governmental Authority; provided, that the person shall only disclose such portion of the Covered Information so required to be disclosed or provided.

## ARTICLE VII

### NO REPRESENTATIONS OR WARRANTIES

SECTION 7.1 No Representations or Warranties to LFCM. LFCM, on behalf of itself and all LFCM Companies and their Representatives, understands and agrees that, except as expressly set forth herein or in any other Ancillary Agreement, (a) none of Lazard Group, any other Lazard Group Company, LAZ-MD, their respective Representatives or any other person is, in this Agreement or in any other agreement or document, making any representation or warranty of any kind whatsoever, express or implied, to LFCM, any other LFCM Company or any of their Representatives in any way with respect any of the transactions contemplated hereby or the business, assets, condition or prospects (financial or otherwise) of, or any other matter involving, the Assets, Liabilities or businesses of Lazard Group, any other Lazard Group Company, LAZ-MD, LFCM or any other LFCM Company, any LFCM Assets, any LFCM Liabilities or the LFCM Businesses, (b) LFCM and each member of the LFCM Companies shall take all of the LFCM Assets, the LFCM Businesses and LFCM Liabilities on an "as is, where is" basis, and all implied warranties of merchantability, fitness for a specific purpose or otherwise are hereby expressly disclaimed by LAZ-MD, Lazard Group (on behalf of itself and each other Lazard Group Company), their respective Representatives and each other person, and (c) none of Lazard Group, any other Lazard Group Company, LAZ-MD, their respective Representatives or any other person is making any representation or warranty with respect to the Separation and the Recapitalization (including the Exchange, Forced Sale, Contribution, First Redemption, First Distribution, Financing Transactions, Second Redemption and Second Distribution) or the entering into of this Agreement or the Ancillary Agreements or the transactions contemplated hereby and thereby.

SECTION 7.2 LFCM to Bear Risk. Except as expressly set forth herein or in any other Ancillary Agreement, LFCM and each other LFCM Company shall bear the economic and legal risk that the LFCM Assets shall prove to be insufficient or that the title of any LFCM

Company to any LFCM Assets shall be other than good and marketable and free from encumbrances.

SECTION 7.3 LAZ-MD to Bear Risk. Except as expressly set forth herein or in any other Ancillary Agreement, LAZ-MD shall bear the economic and legal risk that the assets it holds immediately after the Separation and Recapitalization shall prove to be insufficient or that the title of LAZ-MD to any such assets shall be other than good and marketable and free from encumbrances.

SECTION 7.4 No Representations or Warranties to LAZ-MD. LAZ-MD, on behalf of itself and its Representatives, understands and agrees that, except as expressly set forth herein or in any other Ancillary Agreement, (a) none of Lazard Group, any other Lazard Group Company, LFCM, any other LFCM Company, their respective Representatives or any other person is, in this Agreement or in any other agreement or document, making any representation or warranty of any kind whatsoever, express or implied, to LAZ-MD or its Representatives in any way with respect any of the transactions contemplated hereby or the business, assets, condition or prospects (financial or otherwise) of, or any other matter involving, the Assets, Liabilities or businesses of Lazard Group, any other Lazard Group Company, LAZ-MD, LFCM or any other LFCM Company, any LFCM Assets, any LFCM Liabilities or the LFCM Businesses, (b) LFCM and each member of the LFCM Companies shall take all of the LFCM Assets, the LFCM Businesses and LFCM Liabilities on an “as is, where is” basis, and all implied warranties of merchantability, fitness for a specific purpose or otherwise are hereby expressly disclaimed by Lazard Group (on behalf of itself and each other Lazard Group Company), its Representatives and each other person, and (c) none of Lazard Group, any other Lazard Group Company, LFCM, any other LFCM Company, their respective Representatives or any other person is making any representation or warranty with respect to the Separation and the Recapitalization (including the Exchange, Forced Sale, Contribution, First Redemption, First Distribution, Financing Transactions, Second Redemption and Second Distribution) or the entering into of this Agreement or the Ancillary Agreements or the transactions contemplated hereby and thereby.

## ARTICLE VIII

### LAZ-MD EXCHANGEABLE INTERESTS

SECTION 8.1 Exchange Rights. (a) LAZ-MD Class II Interests shall be exchangeable with LAZ-MD for Lazard Group Common Interests held by LAZ-MD, on the terms, and subject to the conditions, set forth in this Article VIII, at the LAZ-MD Exchange Ratio then in effect (the “LAZ-MD Exchange”), and Lazard Group Common Interests held by LAZ-MD or any Lazard Group MD Common Interests shall be exchangeable with Lazard Ltd Sub A and Lazard Ltd Sub B for shares of Lazard Ltd Common Stock, on the terms, and subject to the conditions, set forth in this Article VIII, at the Lazard Group Exchange Ratio then in effect (the “Lazard Group Exchange,” and together with the LAZ-MD Exchange, the “MD Exchanges”).

(b) Provisions that apply to the exchange of all of an Exchangeable Interest shall also apply to an exchange of a portion of an Exchangeable Interest. Each MD Exchange

shall be expressed in terms of the LAZ-MD Class II Units or Lazard Group Common Units being exchanged, as applicable (with each Exchange involving the transfer of the entire Exchangeable Interest (or applicable portion thereof, including associated capital, being exchanged)). Notwithstanding anything herein to the contrary, neither the portion of any LAZ-MD Class II Interest consisting of "Class II Exchangeable Units" nor any "Dormant Class II Interest" (each as defined in the LAZ-MD Operating Agreement) shall be exchangeable for Lazard Group Common Interests held by LAZ-MD or for Lazard Ltd Common Stock.

(c) A holder of a LAZ-MD Class II Interest is not entitled to any rights of a holder of a Lazard Group Common Interest or Lazard Ltd Common Stock with respect to such LAZ-MD Class II Interest until, in the case of a Lazard Group Common Interest, such holder has exchanged its LAZ-MD Class II Interest for such Lazard Group Common Interest and only to the extent that such LAZ-MD Class II Interest shall have been exchanged for a Lazard Group Common Interest pursuant to this Article VIII, and, in the case of Lazard Ltd Common Stock, such holder has exchanged its Lazard Group Common Interest for such Lazard Ltd Common Stock and only to the extent that such Lazard Group Common Interest shall have been exchanged for Lazard Ltd Common Stock pursuant to this Article VIII. A holder of a Lazard Group Common Interest is not entitled to any rights of a holder of Lazard Ltd Common Stock with respect to such Lazard Group Common Interest until such holder has exchanged its Lazard Group Common Interest for such Lazard Ltd Common Stock, and only to the extent that such Lazard Group Common Interest shall have been exchanged for Lazard Ltd Common Stock pursuant to this Article VIII.

SECTION 8.2 Elective Exchange. (a) Elective Exchanges. Each Exchangeable MD Member shall be entitled to effect the MD Exchanges for shares of Lazard Ltd Common Stock in accordance with this Article VIII (each such exchange, an "Elective Exchange") on the following dates:

(i) Each Exchangeable MD Member shall be entitled to effect the MD Exchanges with respect to all of such Exchangeable MD Member's Exchangeable Interest for shares of Lazard Ltd Common Stock on the date that is the eighth anniversary of the IPO Date and on each subsequent anniversary date of the IPO Date (the "General Exchange Date"); and

(ii) Each Exchangeable MD Member who is a party to a Retention Agreement and entitled to accelerated exchange rights thereunder or who shall otherwise be entitled to accelerated exchange rights under any Retention Agreement shall be entitled to effect the MD Exchanges with respect to such Exchangeable MD Member's Exchangeable Interest (or applicable portion thereof) on the anniversary dates of the IPO Date or such other dates, in each case as set forth in the applicable Retention Agreement (each, an "Accelerated Exchange Date", and together with the General Exchange Date, the "Applicable Exchange Date"), in each case in the amounts, on the terms and subject to the conditions set forth in such Retention Agreement.

(b) Procedures. (i) Subject to clause (ii) below, each Elective Exchange of a LAZ-MD Class II Interest shall be effected in accordance with Section 7.4 of the LAZ-MD Operating Agreement and Section 7.05(a) of the New Lazard Group Operating Agreement, and

each Elective Exchange of a Lazard Group MD Common Interest shall be effected in accordance with Section 7.05(b) of the New Lazard Group Operating Agreement.

(ii) Except as otherwise provided in this clause (ii), each Exchangeable MD Member who shall be entitled to make an Elective Exchange and desires to exchange such member's Exchangeable Interest (or portion thereof) so exchangeable (an "Electing Member") shall prepare and deliver to LAZ-MD and each of Lazard Ltd Sub A and Lazard Ltd Sub B a written request signed by such Electing Member (A) stating the amount of Units underlying the Exchangeable Interest that such Electing Member desires to exchange, (B) stating whether the Electing Member shall elect to have such exchange consummated on the Applicable Exchange Date or the date immediately prior to the date of effectiveness of any registration statement of Lazard Ltd that Lazard Ltd may file in order to register the sale by the Electing Member of the shares of Lazard Ltd Common Stock to be issued in such exchange to such Electing Member (such date, the "Registration Exchange Date", and the date selected by the Exchanging Member, the "Exchange Effective Date"), and (C) certifying that such Electing Member is entitled to exchange the portion of the Exchangeable Interest that such member desires to exchange and that such Electing Member is the beneficial owner of such Exchangeable Interest (each such request, an "Exchange Request"). A properly completed Exchange Request must be delivered to LAZ-MD and each of Lazard Ltd Sub A and Lazard Ltd Sub B not less than 60 days or more than 90 days prior to the anniversary date on which such Electing Member desires to effect the Exchanges in accordance with this Section. Each of Lazard Ltd Sub A and Lazard Ltd Sub B shall have the right to determine whether any Exchange Request is proper or to waive any infraction of these procedures. Once delivered, an Exchange Request shall be irrevocable.

(iii) Each Elective Exchange shall be consummated effective as of the close of Lazard Ltd's business on the applicable Exchange Effective Date (such time, the "Elective Exchange Effective Time"), and the Electing Member shall be deemed to have become the holder of record of the applicable shares of Lazard Ltd Common Stock at such Elective Exchange Effective Time (or, in the case of an Electing Member who is an Electing LAZ-MD Exchange Member (as defined in the LAZ-MD Operating Agreement), at the time of receipt of such shares of Lazard Ltd Common Stock) and all rights of the Electing Member in respect of the portion of the Exchangeable Interest so exchanged shall terminate at such Elective Exchange Effective Time. In the event that an Electing Member shall select the Registration Exchange Date as the Exchange Effective Date in accordance with clause (ii) above, such Elective Exchange shall be null and void (and such Electing Member shall continue to hold the applicable Exchangeable Interest) in the event that the applicable registration statement shall be abandoned by Lazard Ltd prior to its effectiveness.

SECTION 8.3 Mandatory Exchanges. (a) Mandatory Exchanges. With respect to each Exchangeable Interest, a LAZ-MD Exchange and/or a Lazard Group Exchange shall occur with respect to all or a portion of such Exchangeable Interest, without any action required on the part of the Exchangeable MD Member holding such Exchangeable Interest (a "Mandatory Exchange"), as follows:

(i) A Mandatory Exchange with respect to all Exchangeable Interests shall occur in the event of a Change in Control unless otherwise determined by the Incumbent Lazard Ltd Board;

(ii) Each of (1) LAZ-MD and (2) Lazard Ltd Sub A and Lazard Ltd Sub B (with the prior approval of the Lazard Ltd Board) shall be entitled to cause the Mandatory Exchange (including any Mandatory Lazard Group Exchange) with respect to all or any portion of the Exchangeable Interests, in such party's or parties' discretion (as applicable), beginning on the date that is the ninth anniversary of the IPO Date and ending thirty days thereafter (and during an equivalent 30 day period starting on each subsequent anniversary of the IPO Date); and

(iii) Each of (1) LAZ-MD and (2) Lazard Ltd Sub A and Lazard Ltd Sub B (with the prior approval of the Lazard Ltd Board) shall be entitled after the first anniversary of the date hereof to cause a Mandatory Exchange involving only a LAZ-MD Exchange (a "Partial LAZ-MD Mandatory Exchange") with respect to all or any portion of the LAZ-MD Class II Interests in such party's or parties' discretion (as applicable) at any time in the event that such person determines, in good faith, that such Partial LAZ-MD Mandatory Exchange is necessary or advisable in light of actual or potential tax, legal or regulatory concerns.

The Exchangeable MD Member(s) to which any such Mandatory Exchange under this Section 8.3 shall apply, the "Mandatory Exchange Members," and together with the Electing Members, the "Exchanging Members." In the event of a transaction that would otherwise be a Change in Control but for the requirement in the definition thereof that a Change in Control be consummated after the first anniversary of the date hereof, a Mandatory Exchange with respect to all Exchangeable Interests shall occur on the first business day following the first anniversary of the date hereof unless otherwise determined by the Incumbent Lazard Ltd Board.

(b) Procedures. (i) Each Mandatory Exchange of a LAZ-MD Class II Interest shall be effected in accordance with Section 7.4 of the LAZ-MD Operating Agreement and Section 7.05(a) of the New Lazard Group Operating Agreement; provided, however, that each Partial LAZ-MD Mandatory Exchange shall be effected in accordance with Section 7.4 of the LAZ-MD Operating Agreement and Section 7.05(b) and Section 7.05(c) of the New Lazard Group Operating Agreement; and provided further that each Mandatory Lazard Group Exchange shall be effected in accordance with Section 7.05(b) of the New Lazard Group Operating Agreement.

(ii) A Mandatory Exchange pursuant to Section 8.3(a)(i) shall be consummated immediately prior to the applicable Change in Control or, at the discretion of Lazard Ltd Sub A and Lazard Ltd Sub B (with the prior approval of the Lazard Ltd Board), at an earlier time specified by Lazard Ltd Sub A and Lazard Ltd Sub B in order to permit the holders of the Exchangeable Interests to participate in such Change in Control together with the holders of Lazard Ltd Common Stock.

(iii) In the event of a Mandatory Exchange pursuant to Section 8.3(a)(ii) or Section 8.3(a)(iii), the party electing to cause the Mandatory Exchange shall provide written notice to each of LAZ-MD and Lazard Group of such election, which notice shall state (A) the clause of Section 8.3(a) pursuant to which such party is electing to cause the Mandatory Exchange, (B) whether the Mandatory Exchange shall apply to all or a portion of the Exchangeable Interests and, if it shall apply only to a portion thereof, to which Exchangeable

Interests such Mandatory Exchange shall apply, and (C) the date and time on which the Mandatory Exchange shall be consummated. If no date or time is specified in such notice, then such Mandatory Exchange shall be consummated 10 business days after the date of such notice.

(iv) In the event of any Mandatory Exchange, Lazard Ltd Sub A and Lazard Ltd Sub B shall use their respective reasonable best efforts to deliver notice thereof to the Mandatory Exchange Members not less than 30 days prior to the effective date of such Mandatory Exchange.

Notwithstanding anything to the contrary set forth herein, any failure to provide such notice for any reason shall not affect the validity or enforceability of any Mandatory Exchange.

SECTION 8.4 Exchangeable Interests Generally. (a) No New Issuances of Exchangeable Interests. LAZ-MD hereby agrees not to grant, issue or otherwise allocate any LAZ-MD Class II Interests (including any LAZ-MD Class II Units), or any securities exchangeable for or convertible into any LAZ-MD Class II Interests, other than the issuance of LAZ-MD Class II Interests pursuant to the Exchange and the Forced Sale and the Initial Grant. Lazard Group hereby agrees not to grant, issue or otherwise allocate any Lazard Group Common Interests (including any Lazard Group Common Units), or any securities exchangeable for or convertible into any Lazard Group Common Interests, other than (1) the issuance to LAZ-MD of a Lazard Group Common Interest in connection with the recapitalization of the limited liability company interests of Lazard Group at the time of effectiveness of the New Lazard Group Operating Agreement, (2) the issuance of Lazard Group Common Interests to the Contributing Subsidiaries pursuant to the Financing Transactions, or (3) the issuance of Lazard Group Common Interests to the Contributing Subsidiaries or Lazard Ltd or its other Subsidiaries as set forth in Article IX.

(b) Transfers of Exchangeable Interests. No Exchangeable MD Member may transfer, sell, convey, assign, gift, hypothecate, pledge or otherwise dispose of, or encumber, any of its Exchangeable Interest except as permitted by the applicable Operating Agreement or pursuant to an exchange contemplated by this Article VIII. LAZ-MD shall have the right to effect a Lazard Group Exchange with respect to the Lazard Group Common Interest that it holds at any time in accordance with this Article VIII.

LAZ-MD hereby agrees that, notwithstanding anything herein to the contrary, it shall not transfer, sell, convey, assign, gift, hypothecate, pledge or otherwise dispose of all or any portion of the Lazard Group Common Interest it from time to time holds or agree to subject such Lazard Group Common Interest to a lien, pledge, security interest, right of first refusal, option or other similar limitation, except as contemplated or permitted by this Article VIII or as required by law.

(c) Repurchases of Exchangeable Interests. LAZ-MD may repurchase any LAZ-MD Class II Interest, and Lazard Group may repurchase any Lazard Group MD Common Interest, pursuant to a written agreement with the Exchangeable MD Member to transfer such Exchangeable Interest to LAZ-MD or Lazard Group, as applicable. Any repurchase of a LAZ-MD Class II Interest shall require the simultaneous sale by LAZ-MD, and repurchase by Lazard Group, of a portion of LAZ-MD's Lazard Group Common Interest consisting of the number of

Lazard Group Common Units into which the LAZ-MD Class II Interest being repurchased would then be exchangeable pursuant to a LAZ-MD Exchange.

SECTION 8.5 No Fractional Shares. Notwithstanding anything to the contrary herein, Lazard Ltd Sub A and Lazard Ltd Sub B will not transfer any fractional shares of Lazard Ltd Common Stock upon any Lazard Group Exchange. In lieu thereof, in each Lazard Group Exchange, Lazard Ltd Sub A and Lazard Ltd Sub B will transfer shares of Lazard Ltd Common Stock rounded to the nearest whole share.

SECTION 8.6 Taxes. (a) In any MD Exchange, Lazard Group shall pay any documentary, stamp or similar issue or transfer tax due on the issue of Lazard Group Common Interests or shares of Lazard Ltd Common Stock, as applicable, upon such MD Exchange; provided, that the holder of the Exchangeable Interest being so exchanged shall pay any such tax which is due because the holder requests the shares of Lazard Ltd Common Stock to be issued in a name other than the holder's name. Lazard Ltd Sub A and Lazard Ltd Sub B may refuse to deliver the certificate representing the Lazard Ltd Common Stock being transferred to a person other than the Exchanging Member until Lazard Group receives a sum sufficient to pay any tax which will be due because the shares are to be transferred to a person other than the Exchanging Member. Nothing herein shall preclude any tax withholding required by law or regulation.

(b) By effecting an MD Exchange, a holder of an Exchangeable Interest agrees to treat the U.S. federal income tax consequences of its MD Exchange in a manner consistent with the U.S. federal income tax characterization described in the Tax Receivable Agreement.

SECTION 8.7 Lazard Ltd Common Stock. (a) Lazard Ltd covenants and agrees that it shall from time to time as may be necessary reserve, out of its authorized but unissued Lazard Ltd Common Stock, a sufficient number of shares of Lazard Ltd Common Stock solely to sell or otherwise transfer to Lazard Ltd Sub A and Lazard Ltd Sub B to effect the exchange of all outstanding Exchangeable Interests into shares of Lazard Ltd Common Stock pursuant to the MD Exchanges; provided that nothing contained herein shall preclude Lazard Ltd from satisfying its obligations in respect of the sale or other transfer of shares of Lazard Ltd Common Stock to Lazard Ltd Sub A and Lazard Ltd Sub B by delivery of (1) purchased shares which are held by any of its other Subsidiaries or (2) shares issued to any other Subsidiary of Lazard Ltd.

(b) In the event of any Lazard Group Exchange, Lazard Ltd Sub A and Lazard Ltd Sub B shall transfer the requisite shares of Lazard Ltd Common Stock to the Exchanging Member, in such proportions from each of Lazard Ltd Sub A and Lazard Ltd Sub B as such persons shall determine. All such shares of Lazard Ltd Common Stock will be duly authorized, validly issued, fully paid and nonassessable and will be free from preemptive rights and free of any lien or adverse claim created by Lazard Ltd Sub A, Lazard Ltd Sub B or Lazard Ltd.

(c) Lazard Ltd shall use its reasonable best efforts promptly to comply with all federal and state securities laws regulating the offer and delivery of shares of Lazard Ltd Common Stock upon exchange of Exchangeable Interests, if any, and to list or cause to have quoted such shares of Lazard Ltd Common Stock on each national securities exchange or on the



Nasdaq National Market or other over-the-counter market or such other market on which the Lazard Ltd Common Stock is then listed or quoted; provided, however, that if rules of such automated quotation system or exchange permit Lazard Ltd to defer the listing of such Lazard Ltd Common Stock until the first exchange of the Exchangeable Interests into Lazard Ltd Common Stock in accordance with the provisions of this Article VIII, Lazard Ltd shall use its reasonable best efforts to list such Lazard Ltd Common Stock issuable upon exchange of the Exchangeable Interests in accordance with the requirements of such automated quotation system or exchange at such time.

SECTION 8.8 Adjustments to LAZ-MD Exchange Ratio. The LAZ-MD Exchange Ratio shall be appropriately adjusted in the event of any transfer, sale or other disposition of any Lazard Group Common Interests by LAZ-MD that would result in the number of Lazard Group Common Units held by LAZ-MD being less than the number of outstanding LAZ-MD Class II Units (other than, for the avoidance of doubt, pursuant to any Exchange). Any such transfer, sale or other disposition of any such Lazard Group Common Interests by LAZ-MD shall not affect or otherwise alter or adjust the Lazard Group Exchange Ratio except as provided in Section 8.9.

SECTION 8.9 Adjustments to Lazard Group Exchange Ratio. (a) In the event that Lazard Ltd shall:

- (i) pay a dividend or make a distribution on shares of Lazard Ltd Common Stock in the form of shares of Lazard Ltd Common Stock;
- (ii) subdivide the outstanding shares of Lazard Ltd Common Stock into a greater number of shares;
- (iii) combine the outstanding shares of Lazard Ltd Common Stock into a smaller number of shares;
- (iv) make a distribution on shares of Lazard Ltd Common Stock in shares of its share capital other than Lazard Ltd Common Stock; or
- (v) issue by reclassification of the outstanding shares of Lazard Ltd Common Stock any shares of its share capital,

then the Lazard Group Exchange Ratio in effect immediately prior to such action shall be adjusted so that the holder of an Exchangeable Interest thereafter exchanged in accordance with this Article VIII may receive the number of shares of share capital of Lazard Ltd that it would have owned immediately following such action if it had exchanged its Exchangeable Interests in full for shares of Lazard Ltd Common Stock immediately prior to such action.

(b) In the event that Lazard Ltd shall issue to all or substantially all holders of Lazard Ltd Common Stock any rights, options or warrants (other than pursuant to any dividend reinvestment, share purchase or similar plan) entitling the holders thereof to subscribe for or purchase shares of Lazard Ltd Common Stock (or securities exchangeable for or convertible into such shares) for a period expiring within 60 days from the date of issuance of such rights, options or warrants at a price per share less than the Current Market Price as of the Time of

Determination, then the Lazard Group Exchange Ratio in effect immediately prior to such action shall be adjusted by multiplying it by a fraction:

(i) the numerator of which is the sum of (a) the number of shares of Lazard Ltd Common Stock (for the avoidance of doubt, excluding Exchangeable Interests) outstanding on the record date fixed for the applicable distribution plus (b) the total number of additional shares of Lazard Ltd Common Stock offered for subscription or purchase, and

(ii) the denominator of which is the sum of (a) the number of shares of Lazard Ltd Common Stock (for the avoidance of doubt, excluding Exchangeable Interests) outstanding on the record date fixed for the distribution plus (b) the total number of shares of Lazard Ltd Common Stock that the aggregate offering price of the total number of shares offered for subscription or purchase would purchase at the Current Market Price,

except that no adjustment will be made if holders of the Exchangeable Interests may participate in the distribution on a basis and with the notice that the Lazard Ltd Board determines to be fair and appropriate. Any such adjustment shall be subject to further adjustment in order to preserve to the maximum extent practicable the economic rights of the Exchangeable Interests, with any such adjustment to be determined in good faith by the Lazard Ltd Board in consultation with the Board of Directors of LAZ-MD. The adjustment shall become effective immediately after the record date for the determination of shareholders entitled to receive the rights, warrants or options to which this Section 8.9(b) applies. To the extent that such rights, warrants or options are not exercised prior to their expiration (and as a result no additional shares of Lazard Ltd Common Stock are delivered or issued pursuant to such rights, warrants or options), the Lazard Group Exchange Ratio shall be readjusted to the Lazard Group Exchange Ratio that would then be in effect had the adjustments made upon the issuance of such rights, warrants or options been made on the basis of delivery or issuance of only the number of shares of Lazard Ltd Common Stock actually delivered or issued. "Time of Determination" means the time and date of the earlier of (i) the determination of stockholders entitled to receive rights, warrants or options to which this Section 8.9(b) applies and (ii) the time immediately prior to the commencement of ex-dividend trading for such rights, warrants or options on the NYSE or such other U.S. national or regional exchange or market on which the Lazard Ltd Common Stock are then listed or quoted. "Current Market Price" per share of Lazard Ltd Common Stock on any day means the average of the closing price per share of Lazard Ltd Common Stock on each of the 20 consecutive trading days ending on the earlier of the day in question and the day before the "ex date" with respect to the issuance requiring such computation. For purposes of this paragraph, the term "ex date," when used with respect to any issuance, means the first date on which the shares of Lazard Ltd Common Stock trade without the right to receive the issuance.

(c) In the event of (i) any reclassification or change of shares of Lazard Ltd Common Stock issuable upon exchange of the Exchangeable Interests (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination, or any other change for which an adjustment is provided in Section 8.9(a) or Section 8.9(b)); (ii) any consolidation or merger or combination to which Lazard Ltd is a party other than a merger in which Lazard Ltd is the continuing corporation and which does not

result in any reclassification of, or change (other than in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination) in, outstanding shares of Lazard Ltd Common Stock; or (iii) any sale, transfer or other disposition of all or substantially all of the assets of Lazard Ltd, directly or indirectly, to any person as a result of which holders of Lazard Ltd Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for Lazard Ltd Common Stock, then Lazard Ltd shall take all necessary action such that the Exchangeable Interests then outstanding shall be exchangeable into the kind and amount of shares of stock and other securities and property (including cash) receivable upon such reclassification, change, combination, consolidation, merger, sale, transfer or other disposition by a holder of the number of shares of Lazard Ltd Common Stock deliverable upon exchange of such Exchangeable Interests immediately prior to such reclassification, change, combination, consolidation, merger, sale, transfer or other disposition. The provisions of this Section 8.9(c) shall similarly apply to successive reclassifications, changes, combinations, consolidations, mergers, sales or conveyances.

SECTION 8.10 Beneficiaries of This Article. Notwithstanding anything herein to the contrary, LFCM shall not be deemed to be a party to, or beneficiary of, this Article VIII and shall have no rights, including any claim or cause or right of action, either in law or in equity, under this Article VIII.

## **ARTICLE IX RELATIONSHIP AMONG THE PARTIES**

SECTION 9.1 Scope of LAZ-MD Operations. LAZ-MD hereby agrees not to conduct any business other than as set forth in Section 2.5 of the LAZ-MD Operating Agreement.

SECTION 9.2 Parity of Lazard Group Common Units and Shares of Lazard Ltd Common Stock. It is the non-binding intention of each of Lazard Ltd and Lazard Group that, unless otherwise determined by the Lazard Ltd Board, the number of Lazard Group Common Units held directly or indirectly by Lazard Ltd shall at all times equal the number of outstanding shares of Lazard Ltd Common Stock (such that the number of Lazard Group Common Units held directly or indirectly by Lazard Ltd would be proportionately adjusted in the event of any issuance or repurchase by Lazard Ltd of shares of Lazard Ltd Common Stock by means of a parallel issuance or repurchase transaction between Lazard Ltd and its applicable Subsidiaries and Lazard Group), and each of Lazard Ltd and Lazard Group agree to cooperate to effect the intent of this sentence. Any event that would result in an adjustment to the Lazard Group Exchange Ratio pursuant to Section 8.9(a) shall result in an equivalent and customary adjustment of the ratio of shares of Lazard Ltd Common Stock to Lazard Group Common Units established in the immediately preceding sentence to the extent necessary to preserve the economic rights of LAZ-MD and Lazard Ltd in Lazard Group, with such adjustment to be determined in good faith by the Lazard Ltd Board in consultation with LAZ-MD. Notwithstanding anything herein to the contrary, LFCM shall not be deemed to be a party to, or beneficiary of, this Section 9.2 and shall have no rights, including any claim or cause or right of action, either in law or in equity, under this Section 9.2.

SECTION 9.3 Lazard Ltd Expenses. It is the non-binding intention of Lazard Group and Lazard Ltd that Lazard Group shall reimburse Lazard Ltd for all reasonable third party costs, fees and expenses incurred by Lazard Ltd in the ordinary course of business, including all costs associated with all reports and other filings with the SEC. Notwithstanding anything herein to the contrary, LFCM shall not be deemed to be a party to, or beneficiary of, this Section 9.3 and shall have no rights, including any claim or cause or right of action, either in law or in equity, under this Section 9.3.

**ARTICLE X**  
**TERMINATION**

SECTION 10.1 Termination. This Agreement may be terminated by Lazard Group in its sole discretion at any time prior to the later of the consummation of the Separation and the consummation of the Recapitalization.

SECTION 10.2 Effect of Termination. In the event of any termination of this Agreement pursuant to Section 10.1, no Party (or any member of its Group or any of its or its Group's directors or officers) shall have any Liability or further obligation to any other Party.

**ARTICLE XI**  
**MISCELLANEOUS**

SECTION 11.1 Representations. Lazard Group represents on behalf of itself and each other member of the Lazard Group Companies, LFCM represents on behalf of itself and each other member of the LFCM Companies, and LAZ-MD represents on behalf of itself, as follows:

(a) each such person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform each of this Agreement and each other Ancillary Agreement to which it is a party and to consummate the transactions contemplated by this Agreement and the Ancillary Agreements to which it is a party; and

(b) this Agreement has been duly executed and delivered by such person (if such person is a Party) and constitutes a valid and binding agreement of it enforceable against such person in accordance with the terms thereof (assuming the due execution and delivery thereof by the other Party), and each of the other Ancillary Agreements to which it will be a party will be duly executed and delivered by it and will constitute a valid and binding agreement of it enforceable against such person in accordance with the terms thereof (assuming the due execution and delivery thereof by the other party or parties to such Ancillary Agreement).

SECTION 11.2 Entire Agreement. This Agreement, the Exhibits and Schedules hereto and the Ancillary Agreements shall constitute the entire agreement among the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter.

SECTION 11.3 Expenses. (a) Except as expressly set forth in this Agreement or in any Ancillary Agreement, and regardless whether or not the Separation or the Recapitalization is consummated, all third party fees, costs and expenses paid or incurred in connection with the transactions contemplated by this Agreement and the Ancillary Agreements will be paid by the Party incurring such fees, costs or expenses.

(b) With respect to the Common Stock IPO Transaction, Lazard Ltd shall pay all third party costs, fees and expenses relating to the Common Stock IPO Transaction, all of the reimbursable expenses of the managing underwriters pursuant to the underwriting agreements, all of the costs of producing and filing the applicable Registration Statement (or any comparable foreign securities law filing) and printing, mailing and otherwise distributing the prospectus contained in such Registration Statement (or any comparable foreign securities law filing), as well as the underwriters' discount as provided in the underwriting agreement.

(c) With respect to the Exchangeable Securities IPO Transaction, FinanceCo shall pay all third party costs, fees and expenses relating to the Exchangeable Securities IPO Transaction, all of the reimbursable expenses of the managing underwriters pursuant to the underwriting agreements, all of the costs of producing and filing the applicable Registration Statement (or any comparable foreign securities law filing) and printing, mailing and otherwise distributing the prospectus contained in such Registration Statement (or any comparable foreign securities law filing), as well as the underwriters' discount as provided in the underwriting agreement

(d) With respect to the Debt Securities Offering, Lazard Group shall pay all third party costs, fees and expenses relating to the Debt Securities Offering, all of the reimbursable expenses of the managing underwriters pursuant to the underwriting agreements, all of the costs of producing and filing the Debt Securities Prospectus (or any comparable foreign securities law filing) and printing, mailing and otherwise distributing the prospectus contained in such Debt Securities Prospectus (or any comparable foreign securities law filing), as well as the underwriters' discount as provided in the underwriting agreement.

For the avoidance of doubt, all costs, fees and expenses of the LFCM Companies arising in connection with LFCM's broker-dealer subsidiary's involvement as an underwriter in any of the Common Stock IPO Transaction, the Exchangeable Securities IPO Transaction and the Debt Securities Offering (regardless of when such costs, fees and expenses were or are incurred) shall be borne solely by the LFCM Companies.

SECTION 11.4 Notices. All notices, consents, waivers and other communications required or permitted by this Agreement shall be in writing and shall be deemed given to a Party when (a) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (b) sent by facsimile with confirmation of transmission by the transmitting equipment; or (c) received or rejected by the addressee, if sent by certified mail, return receipt requested, in each case to the following addresses and facsimile numbers and marked to the attention of the person (by name or title) designated below (or to such other address, facsimile number or person as a Party may designate by notice to the other Parties):

If to Lazard Group or any other Lazard Group Company (other than Lazard Ltd):

Lazard Group LLC  
30 Rockefeller Plaza  
New York, New York 10020  
Attention: General Counsel  
Fax: (212) 332-5972  
If to Lazard Ltd:

Lazard Ltd  
30 Rockefeller Plaza  
New York, New York 10020  
Attention: General Counsel  
Fax: (212) 332-5972

If to LFCM or any other LFCM Company:

LFCM Holdings LLC  
30 Rockefeller Plaza  
New York, New York 10020  
Attention: Chief Executive Officer  
Fax: (212) 332-1789

If to LAZ-MD:

LAZ-MD Holdings LLC  
30 Rockefeller Plaza  
New York, New York 10020  
Attention: Board of Directors  
Fax: (212) 332-5972

SECTION 11.5 Amendment, Modification or Waiver. This Agreement may be amended, modified, waived or supplemented, in whole or in part, only by a written agreement signed by all of the Parties; provided, that any amendment, modification, waiver or supplement to Article VIII shall only require a written agreement signed by Lazard Ltd, Lazard Group and LAZ-MD and, provided, further, that any amendment, modification, waiver or supplement to Section 9.2 or Section 9.3 shall only require a written agreement signed by Lazard Group and Lazard Ltd. No failure or delay on the part of any Party in the exercise of any right hereunder shall impair such right or be construed to be a waiver of, or acquiescence in, any breach of any representation, warranty or agreement herein, nor shall any single or partial exercise of any such right preclude other or further exercise thereof or of any other right. The waiver by such Parties of any breach of this Agreement shall not be construed as a waiver of any subsequent breach.

SECTION 11.6 Successors and Assigns; No Third Party Beneficiaries. (a) This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties and their successors and permitted assigns, but neither this Agreement nor any of the

rights, interests and obligations hereunder shall be assigned or otherwise transferred, in whole or in part, by any Party without the prior written consent of each of the Parties.

(b) Except for the provisions of Article IV, which are also for the benefit of the Indemnitees, this Agreement is solely for the benefit of the Parties and is not intended to confer upon any other persons any rights or remedies hereunder.

SECTION 11.7 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SECTION 11.8 Negotiation. In the event of any dispute or disagreement between any of the Parties hereto (or any of their respective Group members) arising out of or in connection with this Agreement or any Ancillary Agreement (including with respect to the interpretation or performance of any provision hereof or thereof), the dispute or disagreement, upon written request of a Party, as applicable, shall be referred to representatives of the Parties involved in such dispute for decision, Lazard Ltd and Lazard Group being represented by their respective Chief Executive Officers, LFCM being represented by its Chief Executive Officer, and LAZ-MD being represented by its board of managers. Such applicable representatives of the Parties shall promptly meet in a good faith effort to resolve the dispute or disagreement or determine a means to resolve the dispute or disagreement. If such representatives do not agree upon a decision within 30 days after reference of the matter to them, the Parties shall be free to exercise all rights and remedies available to them under this Agreement or the applicable Ancillary Agreement.

SECTION 11.9 Specific Performance. The Parties acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement or any of the Ancillary Agreements to which it is a party were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent or cure breaches of the provisions of this Agreement and such Ancillary Agreement and to enforce specifically the terms and provisions hereof and thereof, this being in addition to any other remedy to which they may be entitled by law or equity.

SECTION 11.10 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (other than the laws regarding choice of laws and conflicts of laws that would apply the substantive laws of any other jurisdiction) as to all matters, including matters of validity, construction, effect, performance and remedies.

SECTION 11.11 Delaware Court. Each of the Parties agrees that all actions or proceedings arising out of or in connection with this Agreement or any Ancillary Agreement, or for recognition and enforcement of any judgment arising out of or in connection with this Agreement or any Ancillary Agreement, shall be tried and determined exclusively in the state or federal courts in the State of Delaware, and each of the Parties hereby irrevocably submits with regard to any such action or proceeding for itself and in respect to its property, generally and unconditionally, to the exclusive jurisdiction of the aforesaid courts. Each of the Parties hereby

expressly waives any right it may have to assert, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any such action or proceeding: (a) any claim that it is not subject to personal jurisdiction in the aforesaid courts for any reason; (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts; and (c) that (i) any of the aforesaid courts is an inconvenient or inappropriate forum for such action or proceeding, (ii) venue is not proper in any of the aforesaid courts and (iii) this Agreement or any Ancillary Agreement, or the subject matter hereof or thereof, may not be enforced in or by any of the aforesaid courts.

SECTION 11.12 Interpretation; Conflict with Ancillary Agreements. The Article and Section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning or interpretation of this Agreement. The provisions of this Agreement shall govern in the event of any conflict between any provision of this Agreement and that of any Ancillary Agreement, and the Parties shall execute or cause to be executed an amendment, if necessary in their good faith judgment, to such Ancillary Agreement to remove such conflict.

SECTION 11.13 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any applicable rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

SECTION 11.14 Additional Parties. Each of Lazard Ltd Sub A and Lazard Ltd Sub B may be added as parties to this Agreement for the purposes of Article VIII and this Article XI only after the date hereof by execution of a written agreement signed by such person to become a party hereto. It is expressly agreed that this Agreement shall become effective and be in full force and effect immediately upon the execution and delivery hereof by each of the Parties set forth in the Preamble hereto. Until such time as Lazard Ltd Sub A and Lazard Ltd Sub B are added as parties hereto in accordance with this Section 11.14, Lazard Ltd shall cause each of Lazard Ltd Sub A and Lazard Ltd Sub B to comply with its obligations and responsibilities under Article VIII.



IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above written.

LAZARD LTD

By: /s/ Michael J. Castellano

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Name: Michael J. Castellano

Title: Director and Vice President

LAZARD LLC

By: /s/ Michael J. Castellano

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Name: Michael J. Castellano

Title: Chief Financial Officer

LAZ-MD HOLDINGS LLC

By: /s/ Scott D. Hoffman

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Name: Scott D. Hoffman

Title: Member

LFCM HOLDINGS LLC

By: /s/ Michael J. Castellano

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Name: Michael J. Castellano

Title: Authorized Signatory

[Signature Page to Master Separation Agreement]

AGREEMENT RELATING TO RETENTION AND  
NONCOMPETITION AND OTHER COVENANTS

AGREEMENT, dated as of May 10, 2005 (this "Agreement"), by and between Lazard LLC, a Delaware limited liability company ("Lazard"), on its behalf and on behalf of its subsidiaries and affiliates (collectively with Lazard, and its and their predecessors and successors, the "Firm"), and Steven J. Golub (the "Executive").

WHEREAS, as of the date hereof, the Executive is a "Managing Director" and a "Class A Member" of Lazard (each as defined in the Third Amended and Restated Operating Agreement of Lazard, dated as of January 1, 2002, as amended (as it may be amended from time to time, the "LLC Agreement")); and

WHEREAS, pursuant to the LLC Agreement and those certain Goodwill Vesting Agreement and Acknowledgements entered into between Lazard and the Executive (each a "Goodwill Agreement," and, together with the LLC Agreement, the "Current Agreements"), as a Class A Member, the Executive is subject to certain restrictions relating to competition and solicitation; and

WHEREAS, in connection with the Executive's participation in the reorganization of Lazard (the "Reorganization") currently expected to occur substantially on the terms and conditions described in Amendment No. 2 to the draft Registration Statement on Form S-1 (the "S-1") dated March 21, 2005, as filed with the Securities and Exchange Commission, relating to the initial public offering (the "IPO" and together with the Reorganization and the HoldCo Formation (as defined below), as each may be modified, adjusted or implemented after the date hereof, the "Transactions") of shares of Class A common stock of Lazard Ltd, a Bermuda limited company ("PubliCo"), the Executive has agreed to enter into this Agreement with Lazard to set forth the Executive's (1) understanding of the terms of the Transactions applicable to the Executive as a Class A Member (as defined in the LLC Agreement) and as a member of a newly formed Delaware limited liability company ("HoldCo") to be formed in connection with the Reorganization and of the fact that the terms are in draft form and may be changed or altered after the date hereof (other than as expressly provided herein), and approval of the Transactions (including as such terms may be changed or altered), (2) continuing employment commitment in contemplation of the IPO and following the IPO, as well as the terms and conditions of the Executive's continued employment with the Firm prior to the IPO (as provided in Section 3(b)), and (3) obligations in respect of keeping information concerning the Firm confidential, not engaging in competitive activities, not soliciting the Firm's clients, not hiring the Firm's employees, not disparaging the Firm or its directors, members or employees, and cooperating with the Firm in maintaining certain relationships, while employed by the Firm and following the termination of the Executive's employment.

NOW, THEREFORE, in consideration of the premises contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Executive and Lazard hereby agree as follows:

1. Term. Subject to the final sentence of this Section 1, Sections 3(d) and (e), Section 10(c) and Section 16(b), the “Term” of this Agreement shall commence as of the date hereof (the “Effective Date”) and shall continue until the third anniversary of the IPO Date. Notwithstanding that the Term commences as of the Effective Date, certain provisions of this Agreement shall not take effect until a later date, as specified herein. In addition, notwithstanding anything to the contrary contained herein, this Agreement (other than Section 3(b)) shall terminate (i) on December 31, 2005, if the date of the closing of the IPO (the “IPO Date”) does not occur prior to December 31, 2005, or (ii) on such date earlier than December 31, 2005, if any, on which (A) the IPO is finally abandoned or terminated by Lazard or (B) the Purchase and Transaction Support Agreement among Lazard and certain holders of “Class B-1 Interests” and “Class C Interests” (each as defined in the LLC Agreement) terminates. Upon any such termination, this Agreement (other than Section 3(b)) shall be of no further force and effect and the rights and obligations of the parties hereto shall be governed by the terms of the Current Agreements and any agreements or portions thereof that had otherwise been superseded by Section 16(a).

2. The Transactions.

(a) Participation in the Reorganization. The Executive hereby acknowledges that he has reviewed and understands the terms of the proposed Transactions and that such terms, including the structure of the Transactions, may be modified or otherwise altered by the Board of Directors of Lazard, an authorized committee thereof or the “Head of Lazard and Chairman of the Executive Committee” (as defined in the LLC Agreement) as such person(s) may determine in furtherance of the purposes underlying the Transactions. The Executive hereby covenants to execute and deliver such documents, consents and agreements as shall be necessary to effectuate each of the Transactions (as described in the S-1 or as such Transactions may be modified or altered in accordance with the foregoing sentence), including, without limitation, any amendments to the Current Agreements or this Agreement (solely to the extent such amendments are necessary to effectuate any such modifications and alterations to the Transactions and are not inconsistent with the intent and purpose of this Agreement and other than as set forth in the last sentence of this Section 2(a)), a customary accredited investor representation letter, a HoldCo membership agreement and the stockholders’ agreement referred to in Section 2(f). Notwithstanding anything contained herein to the contrary, in no event shall the following provisions be modified in a manner that materially and adversely affects the following rights of the Executive as and to the extent set forth in such provisions of this Agreement: (i) Section 2(c) solely with respect to the vesting of the Class A-2 Interests and the corresponding Holdco Interests, (ii) Section 2(e) solely with respect to the timing of payment of the memo and other capital in Lazard, (iii) Section 2(g)(i) solely with respect to the last sentence thereof relating to the restrictive covenants applicable to the Exchangeable Interests, (iv) Section 2(g)(ii) solely with respect to the timing of exchangeability of the Exchangeable Interests, (v) Section 2(g)(iv) solely with respect to the definition of Cause, and (vi) Schedule I.

(b) Formation of HoldCo. Effective upon the Reorganization and consummation of the mandatory sale of all “Interests” (as defined in the LLC Agreement) pursuant to Section 6.02(b) of the LLC Agreement (as the provisions of such Section 6.02(b) may be waived or modified) or otherwise (the “HoldCo Formation”), and provided that as of the effective time of the HoldCo Formation the Executive continues to be employed by the Firm, the Executive shall receive, in exchange for the Executive’s Class A Interests (as defined in the LLC

Agreement) outstanding immediately prior to the HoldCo Formation, the percentage of membership interests in HoldCo set forth on Schedule I attached hereto (such percentage to be increased pro rata to reflect the redemption of Class B-1 Interests pursuant to the Reorganization) that have substantially the same rights, obligations and terms (including with respect to vesting) with respect to HoldCo pursuant to the HoldCo limited liability company operating agreement (the "HoldCo LLC Agreement") and applicable law as those of the exchanged Class A Interests, except as provided herein, including in Sections 2(a) and 2(d), or except to the extent that any other changes, taken as a whole with any benefits provided, are not materially adverse to the Executive (such membership interests, the "HoldCo Interests"). The HoldCo LLC Agreement will include those terms set forth on Schedule II attached hereto, subject to the limitations set forth therein.

(c) Vesting of Class A-2 Interests (or the HoldCo Interests Corresponding to Such Class A-2 Interests). Subject to the consummation of the HoldCo Formation and subject to and effective upon the IPO Date, and provided that as of the IPO Date the Executive continues to be employed by the Firm (or has had his employment terminated by the Firm without "Cause" (as defined below) or on account of "disability" within the meaning of the long-term disability plan of the Firm applicable to the Executive ("Disability") or death), following the date hereof and prior to the IPO Date, the Class A-2 Interests (as defined in the LLC Agreement) (the "Class A-2 Interests") held by the Executive as of the date hereof (or upon consummation of the Reorganization, the HoldCo Interests received by the Executive in the Reorganization that correspond to the Executive's Class A-2 Interests as of the date hereof) that are not vested as of the IPO Date, shall become fully vested. Such vesting shall occur (i) in the case of a termination of employment prior to the IPO Date on the terms described above in this Section 2(c), on the date of such termination (provided that in the event that the IPO Date shall not occur as contemplated by this Agreement, such vesting shall be deemed not to have occurred, unless it is otherwise provided by the Current Agreements) or (ii) in any other case, on the IPO Date.

(d) Profits Interest Allocation. In connection with the Reorganization, subject to the consummation of the HoldCo Formation and subject to and effective upon the closing of the IPO, and provided that as of the IPO Date the Executive continues to be employed by HoldCo or one of its affiliates (including Lazard), the Executive shall become a member participating in the profits of HoldCo with a profit percentage in HoldCo of no less than the amount specified on Schedule I attached hereto (the "Profits Interest") (such percentage to be increased pro rata to reflect the redemption of Class B-1 Interests pursuant to the Reorganization) having the rights, obligations and terms set forth in the HoldCo LLC Agreement so long as the Executive shall remain employed by the Firm. Subject to the provisions of the HoldCo LLC Agreement and the determination of the Board of Directors of HoldCo (the "HoldCo Board"), HoldCo shall make (i) distributions in respect of income taxes arising from such Profit Interests and (ii) from and after the third anniversary of the IPO Date distributions that are intended to be equivalent to the aggregate amount of dividends that the Executive (and, if applicable, the Executive's "Entities" (as defined below)) would have received had the Executive (and, if applicable, the Executive's Entities) exchanged such person's "Exchangeable Interests" (as defined below) for exchangeable membership interests in Lazard that were then immediately exchanged for "PubliCo Shares" (as defined below) effective as of the third anniversary of the IPO Date (with such amount of distributions, and such profit percentage, to be adjusted from time to time to reflect the actual exchange, in whole or in part, of such Exchangeable Interests).

(e) Treatment of Memo Capital and Other Capital. Upon the HoldCo Formation, HoldCo shall assume the obligations of Lazard for memo capital and other capital in Lazard, and the Executive hereby acknowledges such assumption and releases Lazard in full from such obligations. HoldCo shall distribute to the Executive amounts in respect of the Executive's assumed memo capital in respect of Class A-1 capital and former Class A-1 capital, if any, in equal installments on the first, second, third and fourth anniversaries of the IPO Date, plus any interest accrued through each distribution date. The Executive further hereby agrees that all of his rights and title to and in any and all capital of HoldCo allocated with respect to any Exchangeable Interests which are exchanged for exchangeable membership interests in Lazard that are in turn exchanged for PubliCo Shares, and the related profits interests (other than, for the avoidance of doubt, the capital to be repaid in accordance with the immediately foregoing sentence), shall be forfeited without payment therefor, effective immediately upon the exchange of such Exchangeable Interests. This Section 2(e) supercedes and replaces any other agreements or understandings with respect to all capital of Lazard and HoldCo, other than in respect of earnings on such capital, which shall be continued in accordance with past practice.

(f) Stockholders' Agreement. The Executive hereby agrees that all Exchangeable Interests and PubliCo Shares (as defined in Section 2(g)(i)) held by the Executive and the Executive's Entities (including PubliCo Shares obtained pursuant to the exchange of Exchangeable Interests for exchangeable membership interests in Lazard which are then exchanged for PubliCo Shares) shall be subject to a stockholders' agreement which shall provide, among other things, that the Executive (on behalf of himself and any "Entity" (as defined in Section 2(g)(ii)) to whom he has transferred any Class A-2 Interests (as defined in the LLC Agreement) or transfers any such Exchangeable Interests or PubliCo Shares) shall delegate to such person(s) or entity as is described in such agreement the right to vote PubliCo Shares held by the Executive or by any such Entity to whom he made such a transfer. The Executive hereby agrees to execute and deliver such stockholders' agreement (or, in the case of any Entity, to cause the execution and delivery thereof) in accordance with the HoldCo LLC Agreement. The stockholders' agreement will include those terms set forth on Schedule III attached hereto, subject to the limitations set forth therein.

(g) Exchangeable Interests.

(i) A portion of the HoldCo Interests received by the Executive pursuant to Section 2(b) equal in percentage to the Executive's Lazard Class A-2 Interests as of the IPO Date as adjusted in the same manner as all other Lazard Class A-2 Interests in connection with the HoldCo Formation (such portion, the "Exchangeable Interests") shall be exchangeable, on the terms set forth in this Section 2(g) and the HoldCo LLC Agreement, for membership interests in Lazard that are in turn exchangeable for shares of Class A common stock of PubliCo ("PubliCo Shares"), such exchange to be accomplished in each case by HoldCo distributing to the Executive (in exchange for the appropriate portion of the Executive's Exchangeable Interests) the corresponding portion of HoldCo's applicable ownership interest in Lazard and causing PubliCo to issue the PubliCo Shares to the Executive in exchange for such distributed ownership interest in Lazard (or such other structure as may be reflected in the HoldCo LLC Agreement and documents ancillary thereto which provide for a similar exchange, directly or indirectly, of Exchangeable Inter-

ests for PubliCo Shares). The documents reflecting the Exchangeable Interests shall contain the restrictive covenants set forth in the HoldCo LLC Agreement addressing the subject matter of the Covenants, which covenants shall be consistent with, and no more restrictive on the Executive than those contained in this Agreement. The Executive's Exchangeable Interests shall not be subject to reduction for any reason.

(ii) Subject to the provisions of the HoldCo LLC Agreement, the Exchangeable Interests may be exchanged for exchangeable membership interests in Lazard that are in turn exchangeable for PubliCo Shares as described above, at the Executive's election, on and after the eighth anniversary of the IPO Date; provided, however, that (A) if the Executive remains employed by the Firm through the third anniversary of the IPO Date, the Executive's Exchangeable Interests (and any Exchangeable Interests held by any trust or any entity that is wholly-owned by the Executive or of which the entire ownership or beneficial interests are held by any combination of the Executive and his spouse, parents, and any of their descendants by lineage or adoption (an "Entity")), may be exchanged for exchangeable membership interests in Lazard that are in turn exchangeable for PubliCo Shares, in whole or in part, at the Executive's (or, if applicable, such Entity's) election, in three equal installments on and after each of the third, fourth and fifth anniversaries of the IPO Date, provided that each such installment may be exchanged only if the Executive has complied with the Covenants (as defined in Section 10), and (B) if the Executive remains employed by the Firm through the second anniversary of the IPO Date (but not through the third anniversary of the IPO Date), the Executive's Exchangeable Interests may be exchanged, in whole or in part, at the Executive's (or, if applicable, such Entity's) election, in three equal installments on and after each of the fourth, fifth and sixth anniversaries of the IPO Date, provided that each such installment may be exchanged only if the Executive has complied with the Covenants. Notwithstanding the above, (w) if the Executive's employment is terminated by the Firm without "Cause" or by the Executive for Good Reason (each as defined below) or by reason of the Executive's Disability prior to the third anniversary of the IPO Date, the Executive's Exchangeable Interests may be exchanged as if the Executive had remained employed on the third anniversary of the IPO Date and complied with the requirements of clause (A) above (i.e., the Executive may exchange his Exchangeable Interests on the third, fourth and fifth anniversaries of the IPO Date as described in clause (A) above, provided that each such installment may be exchanged only if the Executive has complied with the Covenants); (x) if the Executive's employment is terminated by reason of the Executive's death (1) prior to or on the second anniversary of the IPO Date, the Executive's Exchangeable Interests shall, at the election of the Firm, either (A) become exchangeable in full no later than the first anniversary of such death or (B) be purchased by HoldCo at the trading price of PubliCo Shares on the date of such repurchase no later than the first anniversary of such death or (2) subsequent to the second anniversary of the IPO Date but prior to the fourth anniversary of the IPO Date, the Executive's Exchangeable Interests may, to the extent not previously exchanged, be exchangeable in full on the later of (A) the third anniversary of the IPO Date and (B) the anniversary of the IPO Date next following such death; (y) if following the IPO Date and prior to the third anniversary of the IPO Date, the Executive's employment terminates due to his "Retirement" (defined as the

voluntary resignation by the Executive on or after the date he attains age 65 or attains age 55 and has at least ten years of continuous service as a managing director of Lazard or one of its affiliates) and thereafter the Executive dies, the Executive's Exchangeable Interests shall be treated as set forth in clause (x) of this Section, provided that the Covenants have been complied with since his retirement without regard to the time limits set forth therein; and (z) in the event of a "Change of Control" (as defined in the HoldCo LLC Agreement), the Executive's Exchangeable Interests shall be exchanged prior to the occurrence of such event at a time and in a fashion designed to allow the Executive to participate in the Change of Control transaction on a basis no less favorable (prior to any applicable taxes) than that applicable to holders of PubliCo Shares.

(iii) Prior to the applicable exchange date and as a condition to the exchange of the Exchangeable Interests for PubliCo Shares, the Executive shall have entered into a stockholders' agreement, as described in Section 2(f), and otherwise complied in all material respects with the terms of the HoldCo LLC Agreement applicable to such exchange. Each of HoldCo and PubliCo shall have the right to require the exchange of all or part of the Executive's Exchangeable Interests for PubliCo Shares during the period beginning on the ninth anniversary of the IPO Date and ending 30 days after such anniversary.

(iv) For purposes of this Agreement, "Cause" shall mean: (A) conviction of the Executive of, or a guilty or *nolo contendere* plea (or the equivalent in a non-United States jurisdiction) by the Executive to, a felony (or the equivalent in a non-United States jurisdiction), or of any other crime that legally prohibits the Executive from working for the Firm; (B) breach by the Executive of a regulatory rule that materially adversely affects the Executive's ability to perform his duties to the Firm; (C) willful and deliberate failure on the part of the Executive (i) to perform his employment duties in any material respect or (ii) to follow specific reasonable directions received from the Firm, in each case following written notice to the Executive of such failure and, if such failure is curable, the Executive's failing to cure such failure within a reasonable time (but in no event less than 30 days); or (D) a breach of the Covenants that is (individually or combined with other such breaches) demonstrably and materially injurious to Lazard or any of its affiliates. Notwithstanding the foregoing, with respect to the events described in clauses (B) and (C)(i) hereof, the Executive's acts or failure to act shall not constitute Cause to the extent taken (or not taken) based upon the direct instructions of the Head of Lazard (or after the IPO Date, the Chief Executive Officer of PubliCo (the "CEO") or the Board of Directors of PubliCo (the "PubliCo Board")) or a more senior executive officer of Lazard.

(h) Registration; Dilution. The definitive agreements relating to the Transactions will contain (i) provisions obligating PubliCo to file a registration statement with the U.S. Securities and Exchange Commission in order to register the reoffer and resale of the PubliCo Shares on and following the exchange of the Exchangeable Interests, subject to customary blackout provisions and other customary restrictions, and obligating PubliCo to use reasonable efforts to list such PubliCo Shares on the New York Stock Exchange, and (ii) customary antidilution and corporate event adjustment protections (consistent with adjustments applicable

to PubliCo Shares) with respect to the Exchangeable Interests and the Exchangeable Interests' exchange rights into PubliCo Shares.

(i) Cooperation With Respect to Taxes. Lazard shall use its reasonable efforts to structure the Transactions in a manner that does not result in any material tax to the Executive (that the Executive would not have incurred in the absence of the Transactions) upon the exchange of the Class A-2 Interests into Exchangeable Interests or other exchange of Class A-2 Interests into HoldCo Interests, it being understood that this shall not be a commitment to maintain the current tax treatment or benefits applicable to the Executive.

(j) HoldCo Governance Structure. Lazard shall use its reasonable efforts to structure the HoldCo governance terms with a view to permitting it to perform its obligations under this Agreement, including, without limitation, with respect to making the distributions and payments provided for in Sections 2(d) and (e) and permitting and effecting the exchange of the Exchangeable Interests for PubliCo Shares in the manner and at the times contemplated by Section 2(g).

### 3. Continued Employment.

(a) Employment. The Executive hereby agrees to continue in the employ of the Firm, subject to the terms and conditions of this Agreement. In that regard, the Executive is committed to remaining in the employ of the Firm through the IPO Date and for at least two years following the IPO Date. Lazard acknowledges that this Section 3(a) is not legally binding or enforceable, nor is this Section 3(a) consideration for any right or benefit under this Agreement.

(b) Duties and Responsibilities; Code of Conduct. During the portion of the Term that is prior to the IPO Date, the Executive shall serve as a Managing Director of Lazard or one of its affiliates (including, but not limited to, HoldCo or PubliCo) and as Vice Chairman of Lazard, and during the portion of the Term commencing on and following the IPO Date, the Executive shall serve as Vice Chairman of PubliCo and as a Managing Director and the Chairman of the Financial Advisory Group of Lazard Group, LLC. In such positions, the Executive shall have such duties and responsibilities as the Head of Lazard (or after the IPO Date, the CEO) may from time to time determine and as are commensurate with such positions. During the Term, other than in respect of charitable, educational and similar activities which do not materially affect the Executive's duties to the Firm (or in respect of directorships, trusteeships, or similar posts, in each case, that are approved by the head of the Lazard house at which the Executive serves as a Managing Director prior to the IPO Date, or the CEO or PubliCo Board as per the policy of PubliCo from and after the IPO Date), the Executive shall devote his entire working time, labor, skill and energies to the business and affairs of the Firm. During the Term, the Executive shall comply with the Firm's professional code of conduct as in effect from time to time and shall execute on an annual basis and at such additional times as the Firm may reasonably request such code as set forth in the Firm's "Professional Conduct Manual" or other applicable manual or handbook of the Firm as in effect from time to time and applicable to other managing directors in the same geographic location as the Executive.



(c) Compensation.

(i) Base Salary. During the portion of the Term commencing on the IPO Date, subject to the Executive's continued employment hereunder, the Executive shall be paid a base salary at an annual rate of \$1.5 million (the "Base Salary"), payable in accordance with the Firm's normal payroll practices. The CEO, the PubliCo Board or a committee of the PubliCo Board (the "Committee") may from time to time review and increase the Executive's Base Salary in his, or its sole discretion, as applicable.

(ii) Annual Bonus. During the portion of the Term commencing on the IPO Date, subject to the Executive's continued employment hereunder through the date of payment, the Executive shall be paid a bonus in respect of each calendar year ending during such portion of the Term in an amount not less than \$1.5 million (the "Minimum Bonus Amount"), which Minimum Bonus Amount may be increased by the CEO or the PubliCo Board or the Committee (to the extent required by law, the rules of any stock exchange or stock trading system to which PubliCo is subject, or corporate governance procedures established by the PubliCo Board), in his or its discretion, as applicable (each year's award paid pursuant to this Section 3(c)(ii) shall hereinafter be referred to as the "Bonus"). Consistent with the policies and programs generally applicable to the senior most executives of the Firm, any portion of the Bonus (including the Minimum Bonus Amount) may be satisfied in the form of equity compensation which may be subject to vesting conditions and/or restrictive covenants (it being understood that the sole remedy for violation of any such restrictive covenants shall be forfeiture of such equity compensation and/or recapture of previous gains in respect of such equity compensation and that notwithstanding Section 11(b), money damages shall not be an available remedy).

(iii) Long-term Incentive Compensation. During the portion of the Term commencing on the IPO Date, subject to the Executive's continued employment hereunder, the Executive shall be eligible to participate in any equity incentive plan for executives of the Firm as may be in effect from time to time, in accordance with the terms of any such plan.

(iv) Employee Benefit Plans. During the portion of the Term commencing on the IPO Date, subject to the Executive's continued employment hereunder, the Executive shall be eligible to participate in the employee retirement and welfare benefit plans and programs of the type made available to the senior most executive's of the Firm generally, in accordance with their terms and as such plans and programs may be in effect from time to time, including, without limitation, savings, profit-sharing and other retirement plans or programs, 401(k), medical, dental, flexible spending account, hospitalization, short-term and long-term disability and life insurance plans.

(d) Termination of Employment.

(i) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Term. If the Firm determines in good faith that the Disability of the Executive has occurred during the Term, it may give the Executive written notice in accordance with Section 16(c) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Firm shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties.

(ii) Cause. The Firm may terminate the Executive's employment during the Term either with or without Cause.

(iii) Good Reason. The Executive's employment may be terminated during the portion of the Term commencing on the IPO Date by the Executive with or without Good Reason. For purposes of this Agreement, "Good Reason" shall mean in the absence of a written consent of the Executive: (A) the assignment to the Executive of any duties inconsistent in any material respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as of the IPO Date as contemplated by Section 3(b) of this Agreement, or any other action by the Firm which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Firm, promptly after receipt of notice thereof given by the Executive; or (B) a material breach of the terms of this Agreement following the IPO Date, including, without limitation, any failure by the Firm to comply with any of the provisions of Section 3(c) of this Agreement, excluding for this purpose an action not taken in bad faith and which is remedied by the Firm promptly after receipt of notice thereof given by the Executive. The Executive's mental or physical incapacity following the occurrence of an event described above in clause (A) or (B) shall not affect the Executive's ability to terminate employment for Good Reason.

(iv) Notice of Termination. Any termination by the Firm for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 16(c) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (A) indicates the specific termination provision in this Agreement relied upon, (B) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and (C) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice). The failure by the Executive or the Firm to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Firm, respectively, hereunder or preclude the

Executive or the Firm, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Firm's rights hereunder.

(v) Date of Termination. For purposes of this Agreement, "Date of Termination" means (A) if the Executive's employment is terminated by the Firm for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein within 30 days of such notice, as the case may be, (B) if the Executive's employment is terminated by the Firm other than for Cause or Disability, the Date of Termination shall be the date on which the Firm notifies the Executive of such termination, (C) if the Executive's employment is voluntarily terminated by the Executive without Good Reason, the Date of Termination shall be the date as specified by the Executive in the Notice of Termination, which date shall not be less than three months after the Executive notifies the Firm of such termination, unless waived in writing by the Firm, and (D) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

(e) Obligations of the Firm upon Termination following the IPO Date.

(i) By the Firm Other Than for Cause, Death or Disability or By the Executive for Good Reason, Following the IPO Date and prior to a Change of Control. If, during the portion of the Term following the IPO Date and prior to a Change of Control, the Firm shall terminate the Executive's employment other than for Cause, death or Disability or the Executive shall terminate employment for Good Reason:

(A) the Firm shall pay to the Executive in a lump sum in cash within 30 days after the Date of Termination the aggregate of the following amounts:

(I) the sum of (x) the Executive's Base Salary through the Date of Termination, (y) the product of (1) the Minimum Bonus Amount and (2) a fraction, the numerator of which is the number of days elapsed in the current calendar year through the Date of Termination and the denominator of which is 365 (the "Pro-Rata Bonus"), and (z) any earned and unpaid cash bonus amounts for calendar years completed prior to the Date of Termination, in each case, to the extent not theretofore paid (the sum of the amounts described in subclauses (x), (y) and (z), the "Accrued Obligations"); and

(II) the amount equal to the product of (x) two and (y) the sum of the Executive's Base Salary and the greater of (1) the Minimum Bonus Amount or (2) the average annual bonus (or, to the extent applicable, cash distributions) paid or payable to the Executive for the two calendar years immediately preceding the year during which occurs the Date of Termination (the "Average Annual Bonus"); and

(B) (I) until the later to occur of the second anniversary of the Executive's Date of Termination and February 29, 2008, the Executive and his eligible dependents shall continue to be eligible to participate in the medical and dental benefit plans of Lazard Group on the same basis as the Executive participated in such plans immediately prior to the Date of Termination, which benefits continuation period shall not run concurrently with or reduce the Executive's right to continued coverage under COBRA and, (II) for purposes of determining the Executive's eligibility for and right to commence receiving benefits under the retiree healthcare benefit plans of Lazard Group, the Executive will receive additional years of age and service credit equal to the number of years and portions thereof in the benefits continuation period described in clause (I) above (the "Medical Benefits"); and

(C) to the extent not theretofore paid or provided, the Firm shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Firm and its affiliates through the Date of Termination (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(ii) Death. If the Executive's employment is terminated by reason of the Executive's death during the portion of the Term commencing on the IPO Date, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of the Accrued Obligations, and the timely payment or provision of Other Benefits. The Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 3(e)(ii) shall include death benefits as in effect on the date of the Executive's death with respect to senior executives of the Firm.

(iii) Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the portion of the Term commencing on the IPO Date, this Agreement shall terminate without further obligations to the Executive, other than for payment of the Accrued Obligations and the timely payment or provision of Other Benefits. The Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 3(e)(iii) shall include, and the Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits as in effect at any time thereafter generally with respect to senior executives of the Firm.

(iv) Cause; Other Than for Good Reason; Expiration of the Term. If, during the portion of the Term commencing on the IPO Date, the Executive's employment shall be terminated for Cause or the Executive terminates his employment without Good Reason, or if the Executive's employment with the Firm

ceases upon or following the expiration of the Term, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay or provide to the Executive (i) the Accrued Obligations (provided that the Executive shall not be entitled to the Pro-Rata Bonus upon a termination by the Firm for Cause or by the Executive without Good Reason) and (ii) the Other Benefits, in each case to the extent theretofore unpaid.

(v) By the Firm Other Than for Cause, Death or Disability or By the Executive for Good Reason, Following the IPO Date and On or After a Change of Control. If, during the portion of the Term following the IPO Date and on or after a Change of Control, the Firm shall terminate the Executive's employment other than for Cause, death or Disability or the Executive shall terminate employment for Good Reason, the Firm shall pay or provide to the Executive: (A) a lump sum cash payment within 30 days after the Date of Termination equal to the sum of (I) the Accrued Obligations and (II) the amount equal to the product of (x) three and (y) the sum of the Executive's Base Salary and the greater of (1) the Minimum Bonus Amount or (2) the Average Annual Bonus, (B) the Medical Benefits as described in Section 3(e)(i)(B) above until the later to occur of the third anniversary of the Executive's Date of Termination and February 29, 2008 (which, for the avoidance of doubt, shall also be the period used for determining the Executive's years of age and service credit), and (C) Other Benefits.

(f) Section 409A of the Code. Notwithstanding the timing of the payments pursuant to Section 3(e) of this Agreement, to the extent the Executive would otherwise be entitled to a payment during the six months beginning on the Date of Termination that would be subject to the additional tax imposed under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), (i) the payment will not be made to the Executive and instead will be made, at the election of the Firm, either to a trust in compliance with Rev. Proc. 92-64 or an escrow account established to fund such payments (provided that such funds shall be at all times subject to the creditors of the Firm and its affiliates) and (ii) the payment, together with interest thereon at the rate of "prime" plus 1%, will be paid to the Executive on the earlier of the six-month anniversary of Date of Termination or the Executive's death or disability (within the meaning of Section 409A of the Code). Similarly, to the extent the Executive would otherwise be entitled to any benefit (other than a cash payment) during the six months beginning on the Date of Termination that would be subject to the additional tax under Section 409A of the Code, the benefit will be delayed and will begin being provided (together, if applicable, with an adjustment to compensate the Executive for the delay, with such adjustment to be determined in the Firm's reasonable good faith discretion) on the earlier of the six-month anniversary of the Date of Termination or the Executive's death or disability (within the meaning of Section 409A of the Code). The Firm will establish the trust or escrow account, as applicable, no later than ten days after the Executive's Date of Termination. It is the intention of the parties that the payments and benefits to which the Executive could become entitled in connection with termination of employment under this Agreement comply with Section 409A of the Code. In the event that the parties determine that any such benefit or right does not so comply, they 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 on the Executive and the Firm).

(g) Non-exclusivity of Rights. Except as specifically provided, nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Firm or any of its affiliates and for which the Executive may qualify, provided that to the extent the Executive is entitled to severance pay under Section 3(e) of this Agreement, he shall not be entitled to severance pay under any severance policy of the Firm or its affiliates. Amounts or benefits that are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Firm or any of its affiliates at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

(h) Full Settlement. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, such amounts shall not be reduced whether or not the Executive obtains other employment. Except as provided in Section 16(f), the Firm's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Firm may have against the Executive.

(i) Certain Additional Payments by the Firm.

(i) Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment, benefit or distribution by the Firm or its affiliates to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 3(i)) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive 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 the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive 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, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(ii) Subject to the provisions of Section 3(i)(iii), all determinations required to be made under this Section 3(i), 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 the Firm as may be designated by the Executive (the "Accounting Firm") which shall provide detailed supporting calculations both to the Firm and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the

Firm. All fees and expenses of the Accounting Firm shall be borne solely by the Firm. Any Gross-Up Payment, as determined pursuant to this Section 3(i), shall be paid by the Firm to the Executive within five days of the later of (A) the due date for the payment of any Excise Tax, and (B) the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Firm and the Executive. 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 the Firm should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Firm exhausts its remedies pursuant to Section 3(i)(iii) and the Executive thereafter is 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 the Firm to or for the benefit of the Executive.

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

- (A) give the Firm any information reasonably requested by the Firm relating to such claim,
- (B) take such action in connection with contesting such claim as the Firm 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 the Firm,
- (C) cooperate with the Firm in good faith in order effectively to contest such claim, and
- (D) permit the Firm to participate in any proceedings relating to such claim;

provided, however, that the Firm 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 the Executive 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 3(i)(iii), the Firm shall control

all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees 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 the Firm shall determine; provided, however, that if the Firm directs the Executive to pay such claim and sue for a refund, the Firm shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided, that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Firm's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive 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.

(iv) If, after the receipt by the Executive of an amount advanced by the Firm pursuant to Section 3(i)(iii), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Firm's complying with the requirements of Section 3(i)(iii)) promptly pay to the Firm the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Firm pursuant to Section 3(i)(iii), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Firm does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

4. Confidential Information. In the course of involvement in the Firm's activities or otherwise, the Executive has obtained or may obtain confidential information concerning the Firm's businesses, strategies, operations, financial affairs, organizational and personnel matters (including information regarding any aspect of the Executive's tenure as a managing director, member, partner or employee of the Firm or of the termination of such position, partnership or employment), policies, procedures and other non-public matters, or concerning those of third parties. The Executive shall not at any time (whether during or after the Executive's employment with the Firm) disclose or use for the Executive's own benefit or purposes or the benefit or purposes of any other person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise other than the Firm, any trade secrets, information, data, or other confidential or proprietary information relating to customers, development programs, costs, marketing, trading, investment, sales activities, promotion, credit and financial data, financing methods, plans, or the business and affairs of the Firm, provided that the foregoing shall not apply to information which is not unique to the Firm or which is generally known to



the industry or the public other than as a result of the Executive's breach of this covenant or as required pursuant to an order of a court, governmental agency or other authorized tribunal. The Executive agrees that upon termination of the Executive's employment with the Firm for any reason, the Executive or, in the event of the Executive's death, the Executive's heirs or estate at the request of the Firm, shall return to the Firm immediately all memoranda, books, papers, plans, information, letters and other data, and all copies thereof or therefrom, in any way relating to the business of the Firm, except that the Executive (or the Executive's heirs or estate) may retain personal notes, notebooks and diaries. The Executive further agrees that the Executive shall not retain or use for the Executive's account at any time any trade names, trademark or other proprietary business designation used or owned in connection with the businesses of the Firm. Without limiting the foregoing, the existence of, and any information concerning, any dispute between the Executive and the Firm shall be subject to the terms of this Section 4, except that the Executive may disclose information concerning such dispute to the arbitrator or court that is considering such dispute, and to the Executive's legal counsel, spouse or domestic partner, and tax and financial advisors (provided that such persons agree not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

#### 5. Noncompetition.

(a) The Executive acknowledges and recognizes the highly competitive nature of the businesses of the Firm. The Executive further acknowledges and agrees that in connection with the Reorganization, and in the course of the Executive's subsequent employment with the Firm, the Executive 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 Executive 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. As a Managing Director and Class A Member of Lazard, the Executive is currently bound by certain restrictive covenants, including a noncompetition restriction, pursuant to the terms of the Goodwill Agreement. Accordingly, the Executive hereby reaffirms and agrees that while employed by the Firm and thereafter until (i) three months after the Executive's Date of Termination for any reason other than a termination by the Firm without Cause or by the Executive for Good Reason or (ii) one month after the Executive's Date of Termination by the Firm without Cause or by the Executive for Good Reason (such period, the "Noncompete Restriction Period"), the Executive shall not, directly or indirectly, on the Executive's behalf or on behalf of any other person, firm, corporation, association or other entity, as an employee, director, advisor, partner, consultant or otherwise, engage in a "Competing Activity," or acquire or maintain any ownership interest in, a "Competitive Enterprise." For purposes of this Agreement, (i) "Competing Activity" means the providing of services or performance of activities for a Competitive Enterprise in a line of business that is similar to any line of business to which the Executive provided services to the Firm in a capacity that is similar to the capacity in which the Executive acted for the Firm while employed by the Firm, and (ii) "Competitive Enterprise" shall mean a business (or business unit) that (A) engages in any activity or (B) owns or controls a significant interest in any entity that engages in any activity, that in either case, competes anywhere with any activity in which the Firm is engaged up to and including the Executive's Date of Termination. Notwithstanding anything to the contrary in this

Section 5, the foregoing provisions of this Section 5 shall not prohibit the Executive's providing services to an entity having a stand-alone business unit which unit would, if considered separately for purposes of the definition of "Competitive Enterprise" hereunder, constitute such a Competitive Enterprise, provided the Executive is not providing services to such business unit and provided further that employment in a senior executive capacity of the business unit shall be deemed to be engaging in a Competitive Activity. Further, notwithstanding anything in this Section 5, the Executive shall not be considered to be in violation of this Section 5 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 Executive'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).

(b) The Executive acknowledges that the Firm is engaged in business throughout the world. Accordingly, and in view of the nature of the Executive's position and responsibilities, the Executive agrees that the provisions of this Section 5 shall be applicable to each jurisdiction, foreign country, state, possession or territory in which the Firm may be engaged in business while the Executive is employed by the Firm.

6. Nonsolicitation of Clients. The Executive hereby agrees that during the Noncompete Restriction Period, the Executive shall not, in any manner, directly or indirectly, (a) 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 Executive is soliciting a Client to provide them with services that would be considered a Competing Activity if such services were provided by the Executive, or (b) interfere with or damage (or attempt to interfere with or damage) any relationship between the Firm and a Client. For purposes of this Agreement, 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 Executive provided services, or for whom the Executive transacted business, or whose identity became known to the Executive in connection with the Executive'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.

7. No Hire of Employees. The Executive hereby agrees that while employed by the Firm and thereafter until six-months after the Executive's Date of Termination (the "No Hire Restriction Period"), the Executive 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, 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.

8. Nondisparagement; Transfer of Client Relationships. The Executive shall not at any time (whether during or after the Executive's employment with the Firm), and shall instruct his spouse, domestic partner, parents, and any of their lineal descendants (it being agreed that in any dispute between the parties regarding whether the Executive breached such obligation to instruct, the Firm shall bear the burden of demonstrating that the Executive 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. During the period commencing on the Executive's Date of Termination and ending 90 days thereafter, the Executive hereby agrees to take all actions and do all such things as may be reasonably requested by the Firm from time to time to maintain for the Firm the business, goodwill, and business relationships with any of the Firm's Clients with whom the Executive worked during the term of the Executive's employment, provided that such actions and things do not materially interfere with other employment of the Executive.

9. Notice of Termination Required. Pursuant to Sections 3(d)(iv) and (v), the Executive has agreed to provide three months' written notice to the Firm prior to his termination of employment. The Executive hereby agrees that, if, during the three-month period after the Executive has provided notice of termination to the Firm or prior thereto, the Executive enters (or has entered into) a written agreement to perform Competing Activities for a Competitive Enterprise, such action shall be deemed a violation of Section 5.

10. Covenants Generally.

(a) The Executive's covenants as set forth in Sections 4 through 9 of this Agreement are from time to time 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.

(b) The Executive acknowledges that the Executive's compliance with the Covenants is an important factor to the continued success of the Firm's operations and its future prospects. The Executive further acknowledges the importance to the Firm of his continued employment during the period prior to and following the IPO Date and of his not competing or otherwise interfering with the Firm during such period. The Executive understands that the provisions of the Covenants may limit the Executive's ability to work in a business similar to the business of the Firm; however, the Executive agrees that in light of the Executive's education, skills, abilities and financial resources, the Executive shall not assert, and it shall not be relevant nor admissible as evidence in any dispute arising in respect of the Covenants, that any provisions of the Covenants prevent the Executive from earning a living. In connection with the enforcement of or any dispute arising in connection with the Covenants, the wishes or preferences of a Client or prospective Client of the Firm as to who shall perform its services, or the fact that the

Client or prospective Client of the Firm may also be a Client of a third party with whom the Executive is or becomes associated, shall neither be relevant nor admissible as evidence. The Executive hereby agrees that prior to accepting employment with any other person or entity during his employment with the Firm or during the Noncompete Restriction Period or the No Hire Restriction Period, the Executive shall provide such prospective employer with written notice of the provisions of this Agreement, with a copy of such notice delivered no later than the date of the Executive's commencement of such employment with such prospective employer, to the General Counsel of Lazard or HoldCo, as the case may be.

(c) The provisions of Sections 4 through 11 shall remain in full force and effect from the date hereof through the expiration of the period specified therein notwithstanding the earlier termination of the Term or the Executive's employment.

#### 11. Remedies.

(a) Forfeiture of Class A-2 Interests upon a Breach of the Covenants Prior to the IPO Date. If, during the period from the date hereof through the IPO Date, the Executive breaches any of the Covenants set forth in Section 5, 6 or 7 in any respect or breaches any other Covenant in a material respect, the Executive shall be required to forfeit (i) all unvested Class A-2 Interests, plus (ii) if the Executive has violated the Goodwill Agreement, all vested Class A-2 Interests (such forfeitures, the "Pre-IPO Damages"). The Executive and Lazard agree that the Pre-IPO Damages are reasonable in proportion to the probable damages likely to be sustained by the Firm if the Executive breaches the Covenants, that the amount of actual damages to be sustained by the Firm in the event of such breach is incapable of precise estimation, that such forfeiture of interests is not intended to constitute a penalty or punitive damages for any purposes, and that the forfeiture of such interests by the Executive would not result in severe economic hardship for the Executive and his family. The Executive further agrees that satisfaction of any Pre-IPO Damages as set forth in this Section 11(a) shall not, in any manner, relieve the Executive of any future obligations to abide by the Covenants.

(b) Other Remedies. The Firm and the Executive acknowledge that the time, scope, geographic area and other provisions of the Covenants have been specifically negotiated by sophisticated commercial parties and agree that all such provisions are reasonable under the circumstances of the activities contemplated by this Agreement. The Executive 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 Executive and (iv) are not injurious to the public. The Executive further acknowledges and agrees that the Executive's breach of the Covenants will cause the Firm irreparable harm, which cannot be adequately compensated by money damages. The Executive also agrees that the Firm shall be entitled to injunctive relief for any actual or threatened violation of any of the Covenants in addition to any other remedies it may have, including money damages. The Executive acknowledges and agrees that any such injunctive relief or other remedies (including the Pre-IPO Damages) shall be in addition to, and not in lieu of, any forfeitures of awards (required pursuant to the terms of any such awards) that may be granted to the Executive in the future under one or more of the Firm's compensation and benefit plans.

12. Arbitration. Subject to the provisions of Sections 13 and 14, any dispute, controversy or claim between the Executive and the Firm on or subsequent to the IPO Date arising out of or relating to or concerning the provisions of this Agreement, any agreement between the Executive and the Firm relating to or arising out of the Executive's employment with the Firm or otherwise concerning any rights, obligations or other aspects of the Executive's employment relationship in respect of the Firm ("Employment Related Matters"), shall be finally settled by arbitration in New York City before, and in accordance with the rules then obtaining of, the New York Stock Exchange, Inc. (the "NYSE") or, if the NYSE declines to arbitrate the matter, the American Arbitration Association (the "AAA") in accordance with the commercial arbitration rules of the AAA. Prior to the IPO Date, any such dispute shall be resolved in accordance with the provisions of Section 9.04 of the LLC Agreement.

13. Injunctive Relief; Submission to Jurisdiction. Notwithstanding the provisions of Section 12, and in addition to its right to submit any dispute or controversy to arbitration, the Firm may bring an action or special proceeding in a state or federal court of competent jurisdiction sitting in the City of New York, whether or not an arbitration proceeding has theretofore been or is ever initiated, for the purpose of temporarily, preliminarily, or permanently enforcing the provisions of the Covenants, or to enforce an arbitration award, and, for the purposes of this Section 13, the Executive (a) expressly consents to the application of Section 14 to any such action or proceeding, (b) agrees that proof shall not be required that monetary damages for breach of the provisions of the Covenants or this Agreement would be difficult to calculate and that remedies at law would be inadequate, and (c) irrevocably appoints the General Counsel of Lazard as the Executive's agent for service of process in connection with any such action or proceeding, who shall promptly advise the Executive of any such service of process.

14. Choice of Forum.

(a) THE EXECUTIVE AND THE FIRM 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 OR RELATING TO OR CONCERNING THIS AGREEMENT OR ANY EMPLOYMENT RELATED MATTERS THAT IS NOT OTHERWISE REQUIRED TO BE ARBITRATED OR RESOLVED ACCORDING TO THE PROVISIONS OF SECTION 12. This includes any suit, action or proceeding to compel arbitration or to enforce an arbitration award. This also includes any suit, action, or proceeding arising out of or relating to any post-employment Employment Related Matters. The Executive and the Firm acknowledge that the forum designated by this Section 14 has a reasonable relation to this Agreement, and to the Executive's relationship to the Firm. Notwithstanding the foregoing, nothing herein shall preclude the Firm or the Executive from bringing any action or proceeding in any other court for the purpose of enforcing the provisions of Sections 13, 14 or 15.

(b) The agreement of the Executive and the Firm as to forum is independent of the law that may be applied in the action, and the Executive and the Firm agree to such forum even if the forum may under applicable law choose to apply non-forum law. The Executive and the Firm hereby waive, to the fullest extent permitted by applicable law, any objection which the Executive or the Firm 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 Section

14(a). The Executive and the Firm 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 14, or, to the extent applicable, Section 12. The Executive and the Firm 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 Executive and the Firm.

15. Choice of Law. 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.

16. Miscellaneous.

(a) This Agreement shall supersede any other agreement, written or oral, pertaining to the matters covered herein, except to the extent set forth on Schedule I. In the event that this Agreement is terminated pursuant to the penultimate sentence of Section 1, all agreements that had been superseded pursuant to this Section 16(a) shall revert to full effectiveness.

(b) Other than in the case of a termination of this Agreement in accordance with the penultimate sentence of Section 1, Sections 3(e), 3(h), 3(i), 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15 shall survive the termination of this Agreement and the Executive's employment and shall inure to the benefit of and be binding and enforceable by the Firm and the Executive. Section 3(b) shall survive the termination of this Agreement for any reason, including, without limitation, the penultimate sentence of Section 1.

(c) Notices hereunder shall be delivered to Lazard at its principal executive office directed to the attention of its General Counsel, and to the Executive at the Executive's last address appearing in the Firm's employment records. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid.

(d) This Agreement may not be amended or modified, other than by a written agreement executed by the Executive and the Firm, nor may any provision hereof be waived other than by a writing executed by the Executive or the Firm; provided, that any waiver, consent, amendment or modification of any of the provisions of this Agreement shall not be effective against the Firm without the written consent of the Head of Lazard (or after the IPO Date, the CEO) or its successors, or such individual's designee. The Executive may not, directly or indirectly (including by operation of law), assign the Executive's rights or obligations hereunder without the prior written consent of the Head of Lazard (or after the IPO Date, the CEO) or its successors, or such individual's designee, and any such assignment by the Executive in violation of this Agreement shall be void. This Agreement shall be binding upon the Executive's permitted successors and assigns. Without the Executive's consent, Lazard may at any time and from time to time assign its rights and obligations hereunder to any of its subsidiaries or affiliates (and have such rights and obligations reassigned to it or to any other subsidiary or affiliate), provided

that no such assignment shall relieve Lazard from its obligations under this Agreement or impair Lazard's right to enforce this Agreement against the Executive. This Agreement shall be binding upon and inure to the benefit of the Firm and its successors and assigns.

(e) Without limiting the provisions of Section 10(a), if any provision of this Agreement is finally held to be invalid, illegal or unenforceable (whether in whole or in part), such provision shall be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability and the remaining provisions shall not be affected thereby.

(f) The Firm may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation, and may withhold from, and offset by, any amounts or benefits provided under this Agreement, any amounts owed to the Firm by the Executive, including, without limitation, any advances, expenses, loans, or other monies the Executive owes the Firm pursuant to a written agreement or any written policy of the Firm which has been communicated to the Executive.

(g) Except as expressly provided herein, this Agreement shall not confer on any person other than the Firm and the Executive any rights or remedies hereunder. There shall be no third-party beneficiaries to this Agreement.

(h) The captions in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

IN WITNESS WHEREOF, the Executive and the Firm hereto have caused this Agreement to be executed and delivered on the date first above written.

LAZARD LLC  
(on its behalf, and on behalf of its subsidiaries and affiliates)

/s/ Scott D. Hoffman

By: \_\_\_\_\_

Name: **Scott D. Hoffman**

Title: **Authorized Person**

STEVEN J. GOLUB

/s/ Steven J. Golub

By: \_\_\_\_\_



**SCHEDULE I**

HoldCo Interests (as per Section 2(b)): 1.7%

Profit Interests (as per Section 2(d)): 1.7%

Initialed by the Executive:



\_\_\_\_\_

Initialed by Lazard:



\_\_\_\_\_

AGREEMENT RELATING TO RETENTION AND  
NONCOMPETITION AND OTHER COVENANTS

AGREEMENT, dated as of May 10, 2005 (this "Agreement"), by and between Lazard LLC, a Delaware limited liability company ("Lazard"), on its behalf and on behalf of its subsidiaries and affiliates (collectively with Lazard, and its and their predecessors and successors, the "Firm"), and the individual named on Schedule I (the "Executive").

WHEREAS, as of the date hereof, the Executive is a "Managing Director" and a "Class A Member" of Lazard (each as defined in the Third Amended and Restated Operating Agreement of Lazard, dated as of January 1, 2002, as amended (as it may be amended from time to time, the "LLC Agreement")); and

WHEREAS, pursuant to the LLC Agreement and the Goodwill Vesting Agreement and Acknowledgement between Lazard and the Executive (the "Goodwill Agreement," and, together with the LLC Agreement, the "Current Agreements"), as a Class A Member, the Executive is subject to certain restrictions relating to competition and solicitation; and

WHEREAS, in connection with the Executive's participation in the reorganization of Lazard (the "Reorganization") currently expected to occur substantially on the terms and conditions described in Amendment No. 2 to the draft Registration Statement on Form S-1 (the "S-1") dated March 21, 2005, as filed with the Securities and Exchange Commission, relating to the initial public offering (the "IPO" and together with the Reorganization and the HoldCo Formation (as defined below), as each may be modified, adjusted or implemented after the date hereof, the "Transactions") of shares of Class A common stock of Lazard Ltd, a Bermuda limited company ("PubliCo"), the Executive has agreed to enter into this Agreement with Lazard to set forth the Executive's (1) understanding of the terms of the Transactions applicable to the Executive as a Class A Member (as defined in the LLC Agreement) and as a member of a newly formed Delaware limited liability company ("HoldCo") to be formed in connection with the Reorganization and of the fact that the terms are in draft form and may be changed or altered after the date hereof (other than as expressly provided herein), and approval of the Transactions (including as such terms may be changed or altered), (2) continuing employment commitment in contemplation of the IPO and following the IPO (as provided in Section 3(a)) and (3) obligations in respect of keeping information concerning the Firm confidential, not engaging in competitive activities, not soliciting the Firm's clients, not hiring the Firm's employees, not disparaging the Firm or its directors, members or employees, and cooperating with the Firm in maintaining certain relationships, while employed by the Firm and following the termination of the Executive's employment.

NOW, THEREFORE, in consideration of the premises contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Executive and Lazard hereby agree as follows:

1. Term. Subject to the final sentence of this Section 1, Section 10(c) and to Section 16(b), the "Term" of this Agreement shall commence as of the date hereof (the "Effective Date") and shall continue indefinitely until terminated in accordance with this Section 1. Either party to this Agreement may terminate the Term (and the Executive's employment) upon

three months' prior written notice to the other party; *provided, however*, that such notice (or pay in lieu of notice) shall not be required in the event of the termination of the Executive's employment by reason of the Executive's death or "disability" (within the meaning of the long-term disability plan of the Firm applicable to the Executive) ("Disability") or by the Firm for Cause (as defined in Section 2(g)(iv)), may be waived by the Firm in the event of receipt of notice of a termination by the Executive or may, if the Firm wishes to terminate the Term with immediate effect, be satisfied by providing the Executive with his base salary during such three-month period in lieu of such notice. Notwithstanding that the Term commences as of the Effective Date, certain provisions of this Agreement shall not take effect until a later date, as specified herein. In addition, notwithstanding anything to the contrary contained herein, this Agreement shall terminate (i) on September 30, 2005, if the date of the closing of the IPO (the "IPO Date") does not occur prior to September 30, 2005, or (ii) on such date earlier than September 30, 2005, if any, on which (A) the IPO is finally abandoned or terminated by Lazard or (B) the Purchase and Transaction Support Agreement among Lazard and certain holders of "Class B-1 Interests" and "Class C Interests" (each as defined in the LLC Agreement) terminates. Upon any such termination, this Agreement shall be of no further force and effect and the rights and obligations of the parties hereto shall be governed by the terms of the Current Agreements and any agreements or portions thereof that had otherwise been superseded by Section 16(a).

## 2. The Transactions.

(a) Participation in the Reorganization. The Executive hereby acknowledges that he has reviewed and understands the terms of the proposed Transactions and that such terms, including the structure of the Transactions, may be modified or otherwise altered by the Board of Directors of Lazard, an authorized committee thereof or the "Head of Lazard and Chairman of the Executive Committee" (as defined in the LLC Agreement) as such person(s) may determine in furtherance of the purposes underlying the Transactions. The Executive hereby covenants to execute and deliver such documents, consents and agreements as shall be necessary to effectuate each of the Transactions (as described in the S-1 or as such Transactions may be modified or altered in accordance with the foregoing sentence), including, without limitation, any amendments to the Current Agreements or this Agreement (solely to the extent such amendments are necessary to effectuate any such modifications and alterations to the Transactions and are not inconsistent with the intent and purpose of this Agreement and other than as set forth in the last sentence of this Section 2(a)), a customary accredited investor representation letter, a HoldCo membership agreement and the stockholders' agreement referred to in Section 2(f). Notwithstanding anything contained herein to the contrary, in no event shall the following provisions be modified in a manner that materially and adversely affects the following rights of the Executive as and to the extent set forth in such provisions of this Agreement: (i) Section 2(c) solely with respect to the vesting of the Class A-2 Interests and the corresponding Holdco Interests, (ii) Section 2(e) solely with respect to the timing of payment of the memo and other capital in Lazard, (iii) Section 2(g)(i) solely with respect to the last sentence thereof relating to the restrictive covenants applicable to the Exchangeable Interests, (iv) Section 2(g)(ii) solely with respect to the timing of exchangeability of the Exchangeable Interests, (v) Section 2(g)(iv) solely with respect to the definition of Cause and (vi) Schedule I.

(b) Formation of HoldCo. Effective upon the Reorganization and consummation of the mandatory sale of all "Interests" (as defined in the LLC Agreement) pursuant

to Section 6.02(b) of the LLC Agreement (as the provisions of such Section 6.02(b) may be waived or modified) or otherwise (the “HoldCo Formation”), and provided that as of the effective time of the HoldCo Formation the Executive continues to be employed by the Firm, the Executive shall receive, in exchange for the Executive’s Class A Interests (as defined in the LLC Agreement) outstanding immediately prior to the HoldCo Formation, the percentage of membership interests in HoldCo set forth on Schedule I attached hereto (such percentage to be increased pro rata to reflect the redemption of Class B-1 Interests pursuant to the Reorganization) that have substantially the same rights, obligations and terms (including with respect to vesting) with respect to HoldCo pursuant to the HoldCo limited liability company operating agreement (the “HoldCo LLC Agreement”) and applicable law as those of the exchanged Class A Interests, except as provided herein, including in Sections 2(a) and 2(d), or except to the extent that any other changes, taken as a whole with any benefits provided, are not materially adverse to the Executive (such membership interests, the “HoldCo Interests”). The HoldCo LLC Agreement will include those terms set forth on Schedule II attached hereto, subject to the limitations set forth therein.

(c) Vesting of Class A-2 Interests (or the HoldCo Interests Corresponding to Such Class A-2 Interests). Subject to the consummation of the HoldCo Formation and subject to and effective upon the IPO Date, and provided that as of the IPO Date the Executive continues to be employed by the Firm (or has had his employment terminated by the Firm without “Cause” (as defined below) or on account of Disability or death), following the date hereof and prior to the IPO Date, the Class A-2 Interests (as defined in the LLC Agreement) (the “Class A-2 Interests”) held by the Executive as of the date hereof (or upon consummation of the Reorganization, the HoldCo Interests received by the Executive in the Reorganization that correspond to the Executive’s Class A-2 Interests as of the date hereof) that are not vested as of the IPO Date, shall become fully vested. Such vesting shall occur (i) in the case of a termination of employment prior to the IPO Date on the terms described above in this Section 2(c), on the date of such termination (provided that in the event that the IPO Date shall not occur as contemplated by this Agreement, such vesting shall be deemed not to have occurred, unless it is otherwise provided by the Current Agreements) or (ii) in any other case, on the IPO Date.

(d) Profits Interest Allocation. In connection with the Reorganization, subject to the consummation of the HoldCo Formation and subject to and effective upon the closing of the IPO, and provided that as of the IPO Date the Executive continues to be employed by HoldCo or one of its affiliates (including Lazard), the Executive shall become a member participating in the profits of HoldCo with a profit percentage in HoldCo of no less than the amount specified on Schedule I attached hereto (the “Profits Interest”) (such percentage to be increased pro rata to reflect the redemption of Class B-1 Interests pursuant to the Reorganization) having the rights, obligations and terms set forth in the HoldCo LLC Agreement so long as the Executive shall remain employed by the Firm. Subject to the provisions of the HoldCo LLC Agreement and the determination of the Board of Directors of HoldCo (the “HoldCo Board”), HoldCo shall make (i) distributions in respect of income taxes arising from such Profit Interests and (ii) from and after the third anniversary of the IPO Date distributions that are intended to be equivalent to the aggregate amount of dividends that the Executive (and, if applicable, the Executive’s “Entities” (as defined below)) would have received had the Executive (and, if applicable, the Executive’s Entities) exchanged such person’s “Exchangeable Interests” (as defined below) for exchangeable membership interests in Lazard that were then immediately exchanged for “PubliCo Shares” (as defined below) effective as of the third anniversary of the IPO Date (with such

amount of distributions, and such profit percentage, to be adjusted from time to time to reflect the actual exchange, in whole or in part, of such Exchangeable Interests).

(e) Treatment of Memo Capital and Other Capital. Upon the HoldCo Formation, HoldCo shall assume the obligations of Lazard for memo capital and other capital in Lazard, and the Executive hereby acknowledges such assumption and releases Lazard in full from such obligations. HoldCo shall distribute to the Executive amounts in respect of the Executive's assumed memo capital in respect of Class A-1 capital and former Class A-1 capital, if any, in equal installments on the first, second, third and fourth anniversaries of the IPO Date, plus any interest accrued through each distribution date. The Executive further hereby agrees that all of his rights and title to and in any and all capital of HoldCo allocated with respect to any Exchangeable Interests which are exchanged for exchangeable membership interests in Lazard that are in turn exchanged for PubliCo Shares, and the related profits interests (other than, for the avoidance of doubt, the capital to be repaid in accordance with the immediately foregoing sentence), shall be forfeited without payment therefor, effective immediately upon the exchange of such Exchangeable Interests. This Section 2(e) supercedes and replaces any other agreements or understandings with respect to all capital of Lazard and HoldCo, other than in respect of earnings on such capital, which shall be continued in accordance with past practice.

(f) Stockholders' Agreement. The Executive hereby agrees that all Exchangeable Interests and PubliCo Shares (as defined in Section 2(g)(i)) held by the Executive and the Executive's Entities (including PubliCo Shares obtained pursuant to the exchange of Exchangeable Interests for exchangeable membership interests in Lazard which are then exchanged for PubliCo Shares) shall be subject to a stockholders' agreement which shall provide, among other things, that the Executive (on behalf of himself and any "Entity" (as defined in Section 2(g)(ii)) to whom he has transferred any Class A-2 Interests (as defined in the LLC Agreement) or transfers any such Exchangeable Interests or PubliCo Shares) shall delegate to such person(s) or entity as is described in such agreement the right to vote PubliCo Shares held by the Executive or by any such Entity to whom he made such a transfer. The Executive hereby agrees to execute and deliver such stockholders' agreement (or, in the case of any Entity, to cause the execution and delivery thereof) in accordance with the HoldCo LLC Agreement. The stockholders' agreement will include those terms set forth on Schedule III attached hereto, subject to the limitations set forth therein.

(g) Exchangeable Interests.

(i) A portion of the HoldCo Interests received by the Executive pursuant to Section 2(b) equal in percentage to the Executive's Lazard Class A-2 Interests as of the IPO Date as adjusted in the same manner as all other Lazard Class A-2 Interests in connection with the HoldCo Formation (such portion, the "Exchangeable Interests") shall be exchangeable, on the terms set forth in this Section 2(g) and the HoldCo LLC Agreement, for membership interests in Lazard that are in turn exchangeable for shares of Class A common stock of PubliCo ("PubliCo Shares"), such exchange to be accomplished in each case by HoldCo distributing to the Executive (in exchange for the appropriate portion of the Executive's Exchangeable Interests) the corresponding portion of HoldCo's applicable ownership interest in Lazard and causing PubliCo to issue the PubliCo Shares to the Executive in ex-

change for such distributed ownership interest in Lazard (or such other structure as may be reflected in the Holdco LLC Agreement and documents ancillary thereto which provide for a similar exchange, directly or indirectly, of Exchangeable Interests for PubliCo Shares). The documents reflecting the Exchangeable Interests shall contain the restrictive covenants set forth in the HoldCo LLC Agreement addressing the subject matter of the Covenants, which covenants shall be consistent with, and no more restrictive on the Executive than those contained in this Agreement. The Executive's Exchangeable Interests shall not be subject to reduction for any reason.

(ii) Subject to the provisions of the HoldCo LLC Agreement, the Exchangeable Interests may be exchanged for exchangeable membership interests in Lazard that are in turn exchangeable for PubliCo Shares as described above, at the Executive's election, on and after the eighth anniversary of the IPO Date; *provided, however*, that (A) if the Executive remains employed by the Firm through the third anniversary of the IPO Date, the Executive's Exchangeable Interests (and any Exchangeable Interests held by any trust or any entity that is wholly-owned by the Executive or of which the entire ownership or beneficial interests are held by any combination of the Executive and his spouse, parents, and any of their descendants by lineage or adoption (an "Entity")), may be exchanged for exchangeable membership interests in Lazard that are in turn exchangeable for PubliCo Shares, in whole or in part, at the Executive's (or, if applicable, such Entity's) election, in three equal installments on and after each of the third, fourth and fifth anniversaries of the IPO Date, provided that each such installment may be exchanged only if the Executive has complied with the Covenants (as defined in Section 10), and (B) if the Executive remains employed by the Firm through the second anniversary of the IPO Date (but not through the third anniversary of the IPO Date), the Executive's Exchangeable Interests may be exchanged, in whole or in part, at the Executive's (or, if applicable, such Entity's) election, in three equal installments on and after each of the fourth, fifth and sixth anniversaries of the IPO Date, provided that each such installment may be exchanged only if the Executive has complied with the Covenants. Notwithstanding the above, (w) if the Executive's employment is terminated by the Firm without "Cause" (as defined below) or by reason of the Executive's Disability prior to the third anniversary of the IPO Date, the Executive's Exchangeable Interests may be exchanged as if the Executive had remained employed on the third anniversary of the IPO Date and complied with the requirements of clause (A) above (i.e., the Executive may exchange his Exchangeable Interests on the third, fourth and fifth anniversaries of the IPO Date as described in clause (A) above, provided that each such installment may be exchanged only if the Executive has complied with the Covenants); (x) if the Executive's employment is terminated by reason of the Executive's death (1) prior to or on the second anniversary of the IPO Date, the Executive's Exchangeable Interests shall, at the election of the Firm, either (A) become exchangeable in full no later than the first anniversary of such death or (B) be purchased by HoldCo at the trading price of PubliCo Shares on the date of such repurchase no later than the first anniversary of such death or (2) subsequent to the second anniversary of the IPO Date but prior to the fourth anniversary of the IPO Date, the Executive's Exchangeable Interests may, to the extent not previously exchanged, be exchangeable in full on the later of (A) the third anniversary

of the IPO Date and (B) the anniversary of the IPO Date next following such death; (y) if following the IPO Date and prior to the third anniversary of the IPO Date, the Executive's employment terminates due to his Retirement (defined as the voluntary resignation by the Executive on or after the date he attains age 65 or attains age 55 and has at least ten years of continuous service as a managing director of Lazard or one of its affiliates) and thereafter the Executive dies, the Executive's Exchangeable Interests shall be treated as set forth in clause (x) of this Section, provided that the Covenants have been complied with since his retirement without regard to the time limits set forth therein; and (z) in the event of a "Change of Control" (as defined in the HoldCo LLC Agreement), the Executive's Exchangeable Interests shall be exchanged prior to the occurrence of such event at a time and in a fashion designed to allow the Executive to participate in the Change of Control transaction on a basis no less favorable (prior to any applicable taxes) than that applicable to holders of PubliCo Shares.

(iii) Prior to the applicable exchange date and as a condition to the exchange of the Exchangeable Interests for PubliCo Shares, the Executive shall have entered into a stockholders' agreement, as described in Section 2(f), and otherwise complied in all material respects with the terms of the HoldCo LLC Agreement applicable to such exchange. Each of HoldCo and PubliCo shall have the right to require the exchange of all or part of the Executive's Exchangeable Interests for PubliCo Shares during the period beginning on the ninth anniversary of the IPO Date and ending 30 days after such anniversary.

(iv) For purposes of this Agreement, "Cause" shall mean: (A) conviction of the Executive of, or a guilty or *nolo contendere* plea (or the equivalent in a non-United States jurisdiction) by the Executive to, a felony (or the equivalent in a non-United States jurisdiction), or of any other crime that legally prohibits the Executive from working for the Firm; (B) breach by the Executive of a regulatory rule that materially adversely affects the Executive's ability to perform his duties to the Firm; (C) willful and deliberate failure on the part of the Executive (i) to perform his employment duties in any material respect or (ii) to follow specific reasonable directions received from the Firm, in each case following written notice to the Executive of such failure and, if such failure is curable, the Executive's failing to cure such failure within a reasonable time (but in no event less than 30 days); or (D) a breach of the Covenants that is (individually or combined with other such breaches) demonstrably and materially injurious to Lazard or any of its affiliates. Notwithstanding the foregoing, with respect to the events described in clauses (B) and (C)(i) hereof, the Executive's acts or failure to act shall not constitute Cause to the extent taken (or not taken) based upon the direct instructions of the Head of Lazard (or after the IPO Date, the Chief Executive Officer of PubliCo (the "CEO")) or the Board of Directors of PubliCo or a more senior executive officer of Lazard.

(h) Registration; Dilution. The definitive agreements relating to the Transactions will contain (i) provisions obligating PubliCo to file a registration statement with the U.S. Securities and Exchange Commission in order to register the reoffer and resale of the PubliCo Shares on and following the exchange of the Exchangeable Interests, subject to custom-

ary blackout provisions and other customary restrictions, and obligating PubliCo to use reasonable efforts to list such PubliCo Shares on the New York Stock Exchange, and (ii) customary antidilution and corporate event adjustment protections (consistent with adjustments applicable to PubliCo Shares) with respect to the Exchangeable Interests and the Exchangeable Interests' exchange rights into PubliCo Shares.

(i) Cooperation With Respect to Taxes. Lazard shall use its reasonable efforts to structure the Transactions in a manner that does not result in any material tax to the Executive (that the Executive would not have incurred in the absence of the Transactions) upon the exchange of the Class A-2 Interests into Exchangeable Interests or other exchange of Class A-2 Interests into HoldCo Interests, it being understood that this shall not be a commitment to maintain the current tax treatment or benefits applicable to the Executive.

(j) HoldCo Governance Structure. Lazard shall use its reasonable efforts to structure the HoldCo governance terms with a view to permitting it to perform its obligations under this Agreement, including, without limitation, with respect to making the distributions and payments provided for in Sections 2(d) and (e) and permitting and effecting the exchange of the Exchangeable Interests for PubliCo Shares in the manner and at the times contemplated by Section 2(g).

3. Continued Employment. (a) Employment. The Executive hereby agrees to continue in the employ of the Firm, subject to the terms and conditions of this Agreement. In that regard, the Executive is committed to remaining in the employ of the Firm through the IPO Date and for at least two years following the IPO Date. Lazard acknowledges that this Section 3(a) is not legally binding or enforceable, nor is this Section 3(a) consideration for any right or benefit under this Agreement.

(b) Duties and Responsibilities; Code of Conduct. During the Term, the Executive shall serve as a Managing Director of Lazard or one of its affiliates (including, but not limited to, HoldCo or PubliCo), with such duties and responsibilities as the Head of Lazard (or after the IPO Date, the CEO) may from time to time determine, and, other than in respect of charitable, educational and similar activities which do not materially affect the Executive's duties to the Firm (or in respect of directorships, trusteeships, or similar posts, in each case, that are approved by the head of the Lazard house at which the Executive serves as a Managing Director) shall devote his entire working time, labor, skill and energies to the business and affairs of the Firm. During the Term, the Executive shall comply with the Firm's professional code of conduct as in effect from time to time and shall execute on an annual basis and at such additional times as the Firm may reasonably request such code as set forth in the Firm's "Professional Conduct Manual" or other applicable manual or handbook of the Firm as in effect from time to time and applicable to other managing directors in the same geographic location as the Executive.

(c) Compensation.

(i) Base Salary. During the portion of the Term commencing on the IPO Date, subject to the Executive's continued employment hereunder, the Executive shall be paid an annualized base salary in the amount of the Executive's base salary as in effect on the date hereof, payable in the same manner



as other managing directors in the same geographic location are paid. The Executive's base salary shall be subject to annual review and increase, but not decrease, unless such decrease is in line with an across-the-board base salary decrease to all managing directors in the same geographic location as the Executive.

(ii) Annual Bonus. During the portion of the Term commencing on the IPO Date, subject to the Executive's continued employment hereunder through the date of payment, the Executive may be awarded an annual bonus in an amount determined in the sole discretion of the CEO (subject to approval of the Board of Directors, or a committee of the Board of Directors, of PubliCo, to the extent required by law, the rules of any stock exchange or stock trading system to which PubliCo is subject, or corporate governance procedures established by the PubliCo Board of Directors). A portion of any such annual bonus may be satisfied in the form of equity compensation which may be subject to vesting conditions and/or restrictive covenants (it being understood that the sole remedy for violation of any such restrictive covenants shall be forfeiture of such equity compensation and/or recapture of previous gains in respect of such equity compensation and that, notwithstanding Section 11(b)), money damages shall not be an available remedy).

(iii) Long-term Incentive Compensation. During the portion of the Term commencing on the second anniversary of the IPO Date, subject to the Executive's continued employment hereunder, the Executive shall be eligible to participate in any equity incentive plan for executives of the Firm as may be in effect from time to time, in accordance with the terms of any such plan.

(iv) Employee Benefit Plans. During the portion of the Term commencing on the IPO Date, subject to the Executive's continued employment hereunder, the Executive shall be eligible to participate in the employee retirement and welfare benefit plans and programs of the type made available to the Firm's managing directors generally, in accordance with their terms and as such plans and programs may be in effect from time to time, including, without limitation, savings, profit-sharing and other retirement plans or programs, 401(k), medical, dental, flexible spending account, hospitalization, short-term and long-term disability and life insurance plans.

(d) At-Will Employment; No Severance. The Executive's employment hereunder shall be at-will and not for a definite period or duration. Subject to the Executive's right to continue to receive his base salary during the three-month notice period (to the extent not waived by the Firm) provided in Section 1, the Executive shall not be entitled under this Agreement to any severance payments or benefits or, in the absence of a breach of this Agreement by the Firm, any other damages under this Agreement upon termination of the Term or his employment with the Firm for any reason.

4. Confidential Information. In the course of involvement in the Firm's activities or otherwise, the Executive has obtained or may obtain confidential information concerning the Firm's businesses, strategies, operations, financial affairs, organizational and personnel matters (including information regarding any aspect of the Executive's tenure as a managing di-

rector, member, partner or employee of the Firm or of the termination of such position, partnership or employment), policies, procedures and other non-public matters, or concerning those of third parties. The Executive shall not at any time (whether during or after the Executive's employment with the Firm) disclose or use for the Executive's own benefit or purposes or the benefit or purposes of any other person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise other than the Firm, any trade secrets, information, data, or other confidential or proprietary information relating to customers, development programs, costs, marketing, trading, investment, sales activities, promotion, credit and financial data, financing methods, plans, or the business and affairs of the Firm, provided that the foregoing shall not apply to information which is not unique to the Firm or which is generally known to the industry or the public other than as a result of the Executive's breach of this covenant or as required pursuant to an order of a court, governmental agency or other authorized tribunal. The Executive agrees that upon termination of the Executive's employment with the Firm for any reason, the Executive or, in the event of the Executive's death, the Executive's heirs or estate at the request of the Firm, shall return to the Firm immediately all memoranda, books, papers, plans, information, letters and other data, and all copies thereof or therefrom, in any way relating to the business of the Firm, except that the Executive (or the Executive's heirs or estate) may retain personal notes, notebooks and diaries. The Executive further agrees that the Executive shall not retain or use for the Executive's account at any time any trade names, trademark or other proprietary business designation used or owned in connection with the businesses of the Firm. Without limiting the foregoing, the existence of, and any information concerning, any dispute between the Executive and the Firm shall be subject to the terms of this Section 4, except that the Executive may disclose information concerning such dispute to the arbitrator or court that is considering such dispute, and to the Executive's legal counsel, spouse or domestic partner, and tax and financial advisors (provided that such persons agree not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

5. Noncompetition. (a) The Executive acknowledges and recognizes the highly competitive nature of the businesses of the Firm. The Executive further acknowledges and agrees that in connection with the Reorganization, and in the course of the Executive's subsequent employment with the Firm, the Executive 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 Executive 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. As a Managing Director and Class A Member of Lazard, the Executive is currently bound by certain restrictive covenants, including a noncompetition restriction, pursuant to the terms of the Goodwill Agreement. Accordingly, the Executive hereby reaffirms and agrees that while employed by the Firm and thereafter until (i) three months after the Executive'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 Executive's termination by the Firm without Cause (in either case, the date of termination, the "Date of Termination," and such period, the "Noncompete Restriction Period"), the Executive shall not, directly or indirectly, on the Executive's behalf or on behalf of any other person, firm, corporation, association or other entity, as an employee, director, advisor, partner, consultant or otherwise, engage in a "Competing Activity," or acquire or maintain any ownership interest in, a "Competitive Enter-

prise.” For purposes of this Agreement, (i) “Competing Activity” means the providing of services or performance of activities for a Competitive Enterprise in a line of business that is similar to any line of business to which the Executive provided services to the Firm in a capacity that is similar to the capacity in which the Executive acted for the Firm while employed by the Firm, and (ii) “Competitive Enterprise” shall mean a business (or business unit) that (A) engages in any activity or (B) owns or controls a significant interest in any entity that engages in any activity, that in either case, competes anywhere with any activity in which the Firm is engaged up to and including the Executive’s Date of Termination. Further, notwithstanding anything in this Section 5, the Executive shall not be considered to be in violation of this Section 5 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 Executive’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).

(b) The Executive acknowledges that the Firm is engaged in business throughout the world. Accordingly, and in view of the nature of the Executive’s position and responsibilities, the Executive agrees that the provisions of this Section 5 shall be applicable to each jurisdiction, foreign country, state, possession or territory in which the Firm may be engaged in business while the Executive is employed by the Firm.

6. Nonsolicitation of Clients. The Executive hereby agrees that during the Noncompete Restriction Period, the Executive shall not, in any manner, directly or indirectly, (a) 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 Executive is soliciting a Client to provide them with services that would be considered a Competing Activity if such services were provided by the Executive, or (b) interfere with or damage (or attempt to interfere with or damage) any relationship between the Firm and a Client. For purposes of this Agreement, 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, 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.

7. No Hire of Employees. The Executive hereby agrees that while employed by the Firm and thereafter until six-months after the Executive’s Date of Termination (the “No Hire Restriction Period”), the Executive 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, 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.

8. Nondisparagement; Transfer of Client Relationships. The Executive shall not at any time (whether during or after the Executive's employment with the Firm), and shall instruct his spouse, domestic partner, parents, and any of their lineal descendants (it being agreed that in any dispute between the parties regarding whether the Executive breached such obligation to instruct, the Firm shall bear the burden of demonstrating that the Executive 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. During the period commencing on the Executive's Date of Termination and ending 90 days thereafter, the Executive hereby agrees to take all actions and do all such things as may be reasonably requested by the Firm from time to time to maintain for the Firm the business, goodwill, and business relationships with any of the Firm's Clients with whom the Executive worked during the term of the Executive's employment, provided that such actions and things do not materially interfere with other employment of the Executive.

9. Notice of Termination Required. Pursuant to Section 1, the Executive has agreed to provide three months' written notice to the Firm prior to his termination of employment. The Executive hereby agrees that, if, during the three-month period after the Executive has provided notice of termination to the Firm or prior thereto, the Executive enters (or has entered into) a written agreement to perform Competing Activities for a Competitive Enterprise, such action shall be deemed a violation of Section 5.

10. Covenants Generally. (a) The Executive's covenants as set forth in Sections 4 through 9 of this Agreement are from time to time 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.

(b) The Executive acknowledges that the Executive's compliance with the Covenants is an important factor to the continued success of the Firm's operations and its future prospects. The Executive further acknowledges the importance to the Firm of his continued employment during the period prior to and following the IPO Date and of his not competing or otherwise interfering with the Firm during such period. The Executive understands that the provisions of the Covenants may limit the Executive's ability to work in a business similar to the business of the Firm; *however*, the Executive agrees that in light of the Executive's education, skills, abilities and financial resources, the Executive shall not assert, and it shall not be relevant nor admissible as evidence in any dispute arising in respect of the Covenants, that any provisions of the Covenants prevent the Executive from earning a living. In connection with the enforcement of or any dispute arising in connection with the Covenants, the wishes or preferences of a Client or prospective Client of the Firm as to who shall perform its services, or the fact that the Client or prospective Client of the Firm may also be a Client of a third party with whom the Executive is or becomes associated, shall neither be relevant nor admissible as evidence. The Ex-

ecutive hereby agrees that prior to accepting employment with any other person or entity during his employment with the Firm or during the Noncompete Restriction Period or the No Hire Restriction Period, the Executive shall provide such prospective employer with written notice of the provisions of this Agreement, with a copy of such notice delivered no later than the date of the Executive's commencement of such employment with such prospective employer, to the General Counsel of Lazard or HoldCo, as the case may be.

(c) The provisions of Sections 4 through 11 shall remain in full force and effect from the date hereof through the expiration of the period specified therein notwithstanding the earlier termination of the Term or the Executive's employment.

11. Remedies. (a) Forfeiture of Class A-2 Interests upon a Breach of the Covenants Prior to the IPO Date. If, during the period from the date hereof through the IPO Date, the Executive breaches any of the Covenants set forth in Section 5, 6 or 7 in any respect or breaches any other Covenant in a material respect, the Executive shall be required to forfeit (i) all unvested Class A-2 Interests, plus (ii) if the Executive has violated the Goodwill Agreement, all vested Class A-2 Interests (such forfeitures, the "Pre-IPO Damages"). The Executive and Lazard agree that the Pre-IPO Damages are reasonable in proportion to the probable damages likely to be sustained by the Firm if the Executive breaches the Covenants, that the amount of actual damages to be sustained by the Firm in the event of such breach is incapable of precise estimation, that such forfeiture of interests is not intended to constitute a penalty or punitive damages for any purposes, and that the forfeiture of such interests by the Executive would not result in severe economic hardship for the Executive and his family. The Executive further agrees that satisfaction of any Pre-IPO Damages as set forth in this Section 11(a) shall not, in any manner, relieve the Executive of any future obligations to abide by the Covenants.

(b) Other Remedies. The Firm and the Executive acknowledge that the time, scope, geographic area and other provisions of the Covenants have been specifically negotiated by sophisticated commercial parties and agree that all such provisions are reasonable under the circumstances of the activities contemplated by this Agreement. The Executive 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 Executive and (iv) are not injurious to the public. The Executive further acknowledges and agrees that the Executive's breach of the Covenants will cause the Firm irreparable harm, which cannot be adequately compensated by money damages. The Executive also agrees that the Firm shall be entitled to injunctive relief for any actual or threatened violation of any of the Covenants in addition to any other remedies it may have, including money damages. The Executive acknowledges and agrees that any such injunctive relief or other remedies (including the Pre-IPO Damages) shall be in addition to, and not in lieu of, any forfeitures of awards (required pursuant to the terms of any such awards) that may be granted to the Executive in the future under one or more of the Firm's compensation and benefit plans.

12. Arbitration. Subject to the provisions of Sections 13 and 14, any dispute, controversy or claim between the Executive and the Firm on or subsequent to the IPO Date arising out of or relating to or concerning the provisions of this Agreement, any agreement between the Executive and the Firm relating to or arising out of the Executive's employment with the Firm or otherwise concerning any rights, obligations or other aspects of the Executive's em-

ployment relationship in respect of the Firm ("Employment Related Matters"), shall be finally settled by arbitration in New York City before, and in accordance with the rules then obtaining of, the New York Stock Exchange, Inc. (the "NYSE") or, if the NYSE declines to arbitrate the matter, the American Arbitration Association (the "AAA") in accordance with the commercial arbitration rules of the AAA. Prior to the IPO Date, any such dispute shall be resolved in accordance with the provisions of Section 9.04 of the LLC Agreement.

13. Injunctive Relief; Submission to Jurisdiction. Notwithstanding the provisions of Section 12, and in addition to its right to submit any dispute or controversy to arbitration, the Firm may bring an action or special proceeding in a state or federal court of competent jurisdiction sitting in the City of New York, whether or not an arbitration proceeding has theretofore been or is ever initiated, for the purpose of temporarily, preliminarily, or permanently enforcing the provisions of the Covenants, or to enforce an arbitration award, and, for the purposes of this Section 13, the Executive (a) expressly consents to the application of Section 14 to any such action or proceeding, (b) agrees that proof shall not be required that monetary damages for breach of the provisions of the Covenants or this Agreement would be difficult to calculate and that remedies at law would be inadequate, and (c) irrevocably appoints the General Counsel of Lazard as the Executive's agent for service of process in connection with any such action or proceeding, who shall promptly advise the Executive of any such service of process.

14. Choice of Forum. (a) THE EXECUTIVE AND THE FIRM 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 OR RELATING TO OR CONCERNING THIS AGREEMENT OR ANY EMPLOYMENT RELATED MATTERS THAT IS NOT OTHERWISE REQUIRED TO BE ARBITRATED OR RESOLVED ACCORDING TO THE PROVISIONS OF SECTION 12. This includes any suit, action or proceeding to compel arbitration or to enforce an arbitration award. This also includes any suit, action, or proceeding arising out of or relating to any post-employment Employment Related Matters. The Executive and the Firm acknowledge that the forum designated by this Section 14 has a reasonable relation to this Agreement, and to the Executive's relationship to the Firm. Notwithstanding the foregoing, nothing herein shall preclude the Firm or the Executive from bringing any action or proceeding in any other court for the purpose of enforcing the provisions of Sections 13, 14 or 15.

(b) The agreement of the Executive and the Firm as to forum is independent of the law that may be applied in the action, and the Executive and the Firm agree to such forum even if the forum may under applicable law choose to apply non-forum law. The Executive and the Firm hereby waive, to the fullest extent permitted by applicable law, any objection which the Executive or the Firm 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 Section 14(a). The Executive and the Firm 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 14, or, to the extent applicable, Section 12. The Executive and the Firm 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 Executive and the Firm.

15. Choice of Law. 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.

16. Miscellaneous. (a) This Agreement shall supersede any other agreement, written or oral, pertaining to the matters covered herein, except to the extent set forth on Schedule I. In the event that this Agreement is terminated pursuant to the penultimate sentence of Section 1, all agreements that had been superseded pursuant to this Section 16(a) shall revert to full effectiveness.

(b) Other than in the case of a termination of this Agreement in accordance with the penultimate sentence of Section 1, Sections 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15 shall survive the termination of this Agreement and the Executive's employment and shall inure to the benefit of and be binding and enforceable by the Firm and the Executive.

(c) Notices hereunder shall be delivered to Lazard at its principal executive office directed to the attention of its General Counsel, and to the Executive at the Executive's last address appearing in the Firm's employment records. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid.

(d) This Agreement may not be amended or modified, other than by a written agreement executed by the Executive and the Firm, nor may any provision hereof be waived other than by a writing executed by the Executive or the Firm; *provided*, that any waiver, consent, amendment or modification of any of the provisions of this Agreement shall not be effective against the Firm without the written consent of the Head of Lazard (or after the IPO Date, the CEO) or its successors, or such individual's designee. The Executive may not, directly or indirectly (including by operation of law), assign the Executive's rights or obligations hereunder without the prior written consent of the Head of Lazard (or after the IPO Date, the CEO) or its successors, or such individual's designee, and any such assignment by the Executive in violation of this Agreement shall be void. This Agreement shall be binding upon the Executive's permitted successors and assigns. Without the Executive's consent, Lazard may at any time and from time to time assign its rights and obligations hereunder to any of its subsidiaries or affiliates (and have such rights and obligations reassigned to it or to any other subsidiary or affiliate), provided that no such assignment shall relieve Lazard from its obligations under this Agreement or impair Lazard's right to enforce this Agreement against the Executive. This Agreement shall be binding upon and inure to the benefit of the Firm and its successors and assigns.

(e) Without limiting the provisions of Section 10(a), if any provision of this Agreement is finally held to be invalid, illegal or unenforceable (whether in whole or in part), such provision shall be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability and the remaining provisions shall not be affected thereby.

(f) The Firm may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant

to any applicable law or regulation, and may withhold from, and offset by, any amounts or benefits provided under this Agreement, any amounts owed to the Firm by the Executive, including, without limitation, any advances, expenses, loans, or other monies the Executive owes the Firm pursuant to a written agreement or any written policy of the Firm which has been communicated to the Executive.

(g) Except as expressly provided herein, this Agreement shall not confer on any person other than the Firm and the Executive any rights or remedies hereunder. There shall be no third-party beneficiaries to this Agreement.

(h) The captions in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof.



IN WITNESS WHEREOF, the Executive and the Firm hereto have caused this Agreement to be executed and delivered on the date first above written.

LAZARD LLC  
(on its behalf, and on behalf of its subsidiaries and affiliates)

By: \_\_\_\_\_ /s/ Scott D. Hoffman

Name: **Scott D. Hoffman**  
Title: **Authorized Person**

EXECUTIVE (the individual named on Schedule I)

By: \_\_\_\_\_ /s/ Charles G. Ward, III

Print Name: **Charles G. Ward, III**

## SCHEDULE I

Name (as per Preamble):	Mr. Charles Ward
HoldCo Interests (as per Section 2(b)):	1.50%
Profit Interests (as per Section 2(d)):	1.50%

Effective upon the IPO Date, the following provisions of this Schedule I shall take effect and shall constitute binding and enforceable agreements of the Firm.

- Title. Notwithstanding anything to the contrary contained in Section 3(b) of this Agreement, from the IPO Date through the third anniversary of the IPO Date, the Executive shall serve as President of PubliCo and Lazard Group LLC.
- Compensation. Notwithstanding anything to the contrary contained in Sections 3(c)(i) and (ii) of this Agreement, subject to the Executive's continued employment hereunder, for each of the calendar years 2005, 2006 and 2007, the Executive shall, so long as the Executive remains employed by the Firm through the end of the applicable year, be entitled to receive annual compensation (base salary plus annual bonus) of not less than \$3,000,000 per year (the "Guaranteed Amount"), provided that such Guaranteed Amount shall be reduced in the same proportion as any reductions in annual compensation (base salary and annual bonus) applicable to the majority of the other Deputy Chairmen then providing services to the Firm. Notwithstanding the last sentence of Section 3(c)(i) of this Agreement, the Firm may reduce the Executive's base salary if it determines that doing so is necessary to preserve the tax-deductibility of the Executive's compensation. Notwithstanding anything to the contrary contained in Section 3(c)(iv) of this Agreement, during the portion of the Term commencing on the IPO Date, subject to the Executive's continued employment hereunder, the Executive shall be eligible to participate in the employee retirement and welfare benefit plans and programs of the type made available to the senior most executives of the Firm generally, in accordance with their terms and as such plans and programs may be in effect from time to time, including, without limitation, savings, profit-sharing and other retirement plans or programs, 401(k), medical, dental, flexible spending account, hospitalization, short-term and long-term disability and life insurance plans.
- Severance Pay and Benefits under Certain Circumstances. Notwithstanding anything to the contrary contained in Section 3(d) of this Agreement, in the event that during the period commencing on the IPO Date and concluding on the third anniversary thereof, the Executive's employment with the Firm is terminated by the Firm without Cause or by the Executive for Good Reason (as defined below), Lazard shall pay the Executive, in a lump sum in cash within 30 days after the Date of Termination, the aggregate of the following amounts: (i) any unpaid base salary through the Date of Termination; (ii) (x) the product of (1) the Guaranteed Amount and (2) a fraction, the numerator of which is the number of days elapsed in the current calendar year through the Date of Termination and the denominator of which is 365 minus (y) any base salary paid for such year through the Date of Termination (including amounts payable pursuant to clause (i) of this sentence); (iii) any earned and unpaid cash bo-

nus amounts for calendar years completed prior to the Date of Termination; and (iv) the product of (x) the “Severance Multiple” (as defined below) multiplied by (y) the greater of (1) the Guaranteed Amount or (2) the sum of (A) the Executive’s base salary as of the Date of Termination plus (B) the average annual bonus (or, to the extent applicable, cash distributions) paid or payable to the Executive for the two calendar years immediately preceding the year during which occurs the Date of Termination. In addition, (i) for a period of months equal to the product of (x) 12 multiplied by (y) the Severance Multiple, the Executive and his eligible dependents shall continue to be eligible to participate in the medical and dental benefit plans of Lazard on the same basis as the Executive participated in such plans immediately prior to the Date of Termination, to the extent that the applicable plan permits such continued participation for all or any portion of such period (it being agreed that Lazard will use its reasonable efforts to cause such continued coverage to be permitted under the applicable plan for the entire period), which benefits continuation period shall not run concurrently with or reduce the Executive’s right to continued coverage under COBRA and (ii) to the extent permitted under the applicable plan, the Executive will receive additional years of age and service credit equal to the Severance Multiple for purposes of determining his eligibility for and right to commence receiving benefits under the retiree healthcare benefit plans of Lazard Group.

For all purposes of this Agreement, including without limitation, Sections 2(g)(ii) and Section 5(a), a resignation on or prior to the third anniversary of the IPO Date by the Executive for Good Reason shall be treated as a termination of the Executive by the Firm without Cause.

In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Section 3 of this Schedule and such amounts shall not be reduced whether or not the Executive obtains other employment. Except as provided in Section 16(f) of this Agreement, the Firm’s obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Firm may have against the Executive.

4. Certain Definitions. For purposes of this Schedule I, the following terms shall have the following meanings:

- “Good Reason” shall mean (i) the assignment to the Executive of any duties inconsistent in any material respect with the Executive’s position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect as of the IPO Date, or any other action by the Firm which results in a material diminution in such position, authority, duties or responsibilities from the level in effect as of the IPO Date, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Firm, promptly after receipt of notice thereof given by the Executive, (ii) a material breach by the Firm of the terms of this Agreement, including, without limitation, any failure by the Firm to comply with paragraph 2 of this Schedule, excluding for this purpose an action not taken in bad faith and which is remedied by the Firm promptly after receipt of notice thereof given by the Executive, or (iii) any requirement that the Executive’s

principal place of employment be relocated to a location that is more than 30 miles from the Executive's principal place of employment as of the date hereof (in the event of a termination for Good Reason, the notice requirements of Section 1 shall not apply).

- "Severance Multiple" shall equal (i) 1.5, if the Date of Termination occurs prior to a Change of Control or (ii) 3, if the Date of Termination occurs on or following the date of a Change of Control.

5. Excise Tax. In the event it shall be determined that any payment, benefit, or distribution by the Firm to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this paragraph) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986 (the "Code") or any interest or penalties are incurred by the Executive 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 the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive 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, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. All determinations required to be made under this paragraph, 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 certified public accounting firm reasonably acceptable to the Firm as may be designated by the Executive (the "Accounting Firm") which shall provide detailed supporting calculations both to Lazard and the Executive within 15 business days of the receipt of notice from the Executive 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 Gross-Up Payment shall be paid by Lazard to the Executive within five days of the later of (i) the due date for the payment of any Excise Tax, and (ii) the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon Lazard and the Executive. 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") or that Gross-Up Payments which were made by Lazard should not have been made ("Overpayment"). In the event that there occurs an Underpayment and the Executive thereafter is 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 the benefit of the Executive. In the event that there occurs an Overpayment and the Executive becomes entitled to receive any refund with respect to the Excise Tax, the Executive shall promptly pay to Lazard the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto).
6. Section 409A. Notwithstanding anything in this Agreement to the contrary, to the extent the Executive would otherwise be entitled to a payment during the six months beginning on the Date of Termination that would be subject to the additional tax imposed under Section 409A

of the Code, (i) the payment will not be made to the Executive and instead will be made, at the election of the Firm, either to a trust in compliance with Rev. Proc. 92-64 or an escrow account established to fund such payments (provided that such funds shall be at all times subject to the creditors of the Firm and its affiliates) and (ii) the payment, together with interest thereon at the rate of "prime" plus 1%, will be paid to the Executive on the earlier of the six-month anniversary of Date of Termination or the Executive's death or disability (within the meaning of Section 409A of the Code). Similarly, to the extent the Executive would otherwise be entitled to any benefit (other than a cash payment) during the six months beginning on the Date of Termination that would be subject to the additional tax under Section 409A of the Code, the benefit will be delayed and will begin being provided (together, if applicable, with an adjustment to compensate the Executive for the delay, with such adjustment to be determined in the Firm's reasonable good faith discretion) on the earlier of the six-month anniversary of the Date of Termination or the Executive's death or disability (within the meaning of Section 409A of the Code). The Firm will establish the trust or escrow account, as applicable, no later than ten days following the Executive's Date of Termination. It is the intention of the parties that the payments and benefits to which the Executive could become entitled in connection with termination of employment under this Agreement comply with Section 409A of the Code. In the event that the parties determine that any such benefit or right does not so comply, they 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 on the Executive and the Firm).

7. Miscellaneous. Paragraphs 2, 3, 4, 5 and 6 of this Schedule I are hereby added to the list of Sections in Section 16(b) of this Agreement.

Initialed by the Executive:



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Initialed by Lazard:



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