

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported) May 9, 2006

Lazard Ltd

(Exact Name of Registrant as Specified in Its Charter)

Bermuda

(State or Other Jurisdiction of Incorporation)

001-32492

(Commission File Number)

98-0437848

(IRS Employer Identification No.)

Clarendon House, 2 Church Street, Hamilton, Bermuda

(Address of Principal Executive Offices)

HM 11

(Zip Code)

441-295-1422

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

On May 9, 2006, Lazard Ltd issued a press release announcing financial results for its fiscal first quarter ended March 31, 2006. A copy of Lazard Ltd's press release containing this information is being furnished as Exhibit 99.1 to this Report on Form 8-K and is incorporated herein by reference.

The information furnished pursuant to this Item 2.02, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of Lazard Ltd under the Securities Act of 1933 or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.**(d) Exhibits.**

The following exhibits are filed as part of this Report on Form 8-K:

- 99.1 Press Release issued on May 9, 2006.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report on Form 8-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 9, 2006

LAZARD LTD

By: /s/ Scott D. Hoffman

Name: Scott D. Hoffman

Title: Managing Director and General
Counsel

99.1 Press Release issued on May 9, 2006.

LAZARD

Media contact:

Richard Silverman, +1 212 632 6285
richard.silverman@lazard.com

Investor contacts:

Michael J. Castellano
 Chief Financial Officer, +1 212 632 8262

Jean Greene, +1 212 632 1905
investorrelations@lazard.com

LAZARD LTD REPORTS FIRST QUARTER RESULTS

M&A REVENUE UP 59%
INCOME FROM CONTINUING OPERATIONS INCREASED 68%
NET INCOME PER SHARE OF \$0.51

Highlights

- Achieved record first quarter operating revenue^(a) of \$351.1 million, representing an increase of 32% over the first quarter of 2005
- Achieved record first quarter Mergers and Acquisitions (“M&A”) revenue of \$194.0 million, representing an increase of 59% over the first quarter of 2005
- Achieved record first quarter Asset Management revenue of \$124.4 million, representing an increase of 16% over the first quarter of 2005
- Grew assets under management to a record \$95.1 billion from \$88.2 billion at the end of 2005, with net inflows of \$863 million during the first quarter
- Increased operating income^(b) by 108% to \$78.1 million
- Increased pro forma net income on a fully exchanged basis by 68% to \$52.5 million or \$0.51 per common share (diluted)
- Increased income from continuing operations before exchange of outstanding exchangeable interests by 68% to \$19.7 million or \$0.51 per common share (diluted)

NEW YORK, May 9, 2006 – Lazard Ltd (**NYSE: LAZ**) today announced financial results for the first quarter ended March 31, 2006. Pro forma net income, assuming full exchange of outstanding exchangeable interests, increased 68% to \$52.5 million, or \$0.51 per common share (diluted), from \$31.3 million, or \$0.31 per common share (diluted), for the first quarter of 2005. Operating revenue^(a) increased 32% to \$351.1 million compared to \$265.5 million for the first quarter of 2005, resulting from growth in both our Financial Advisory and Asset Management businesses. For the first quarter of 2006 compared to the first quarter of 2005, Financial Advisory revenue increased 41%, driven by 59% growth in M&A revenue, and Asset Management revenue increased 16%.

^(a) Operating revenue excludes interest expense relating to financing activities and revenue relating to the consolidation of LAM General Partnerships, each of which are included in net revenue.

^(b) Operating income is after interest expense and before income taxes and minority interests.

Operating income increased 108% to \$78.1 million for the first quarter of 2006 compared to pro forma \$37.5 million for the first quarter of 2005. Income from continuing operations before exchange of outstanding exchangeable interests increased 68% to \$19.7 million, or \$0.51 per common share (diluted), compared to pro forma \$11.7 million, or \$0.31 per common share (diluted), for the first quarter of 2005.

“The positive momentum across the firm continues, reflecting the investments we have made. Both our Financial Advisory and Asset Management businesses produced record first quarter revenue,” said Bruce Wasserstein, Chairman and Chief Executive Officer of Lazard Ltd. “These excellent results, once again, demonstrate the depth and breadth of our client relationships. The global reach and scale of the Lazard independent advice model continues to drive strong performance, enhancing shareholder value.”

Steven J. Golub, Lazard’s Vice Chairman, noted, “We are pleased to have announced another strong quarter, building on Lazard’s growing track record of solid execution and financial results. The investments we have made in each of our businesses, and across geographies, have strengthened our competitive position. We continue to see opportunities for success in this increasingly robust market environment.”

Lazard believes that pro forma results assuming full exchange of outstanding exchangeable interests provide the most meaningful basis for comparison among present, historical and future periods. See sections “Historical Results” and “Basis of Historical and Pro Forma Information” later in this release for a discussion of Lazard’s historical results and the basis of presentation for Lazard Ltd’s historical and pro forma financial information.

The Company’s quarterly revenue and profits can fluctuate materially depending on the number, size and timing of completed transactions on which it advised, as well as seasonality and other factors. Accordingly, the revenue and profits in any particular quarter may not be indicative of future results. As such, Lazard management believes that annual results are the most meaningful.

Net Revenue

Financial Advisory

Lazard's Financial Advisory business encompasses general strategic and transaction-specific advice to public and private companies, governments and other parties, and includes Financial Restructuring as well as various corporate finance services. Some of our assignments and, therefore, related revenue, are not reflected in publicly available statistical information. This revenue is reflected in our financial statements.

Financial Advisory revenue increased 41% to \$222.1 million for the first quarter of 2006, a record level for first quarter Financial Advisory revenue, compared to \$157.3 million for the first quarter of 2005, driven by strong M&A performance. Corporate Finance and Other revenue also experienced significant growth.

M&A

M&A revenue was \$194.0 million for the first quarter of 2006, representing a 59% increase from \$122.3 million in the first quarter of 2005 and a 6% increase from \$183.0 million in the fourth quarter of 2005. This strong performance reflects a continuing increase in our productivity and strength in the overall mergers and acquisitions market environment. The first quarter of 2006 represents our best quarterly performance in M&A revenue since the fourth quarter of 2000. Additionally, this is the first time that our first quarter M&A revenue has exceeded the level achieved in the fourth quarter of the previous year, reflecting a large level of completed transactions in the first quarter.

Completed M&A transactions in the first quarter of 2006 included the following transactions on which Lazard advised:

- ITV in its £5.4 billion defense against the approach by a private equity consortium
- MCI's \$8.8 billion merger with Verizon Communications
- Prentiss Properties' \$3.3 billion sale to Brandywine Realty Trust
- Maytag's \$2.7 billion sale to Whirlpool
- Marconi's £1.2 billion sale of its telecommunications equipment and international services businesses to Ericsson
- CDC IXIS, a member of the CGW consortium, in the €1.6 billion sale of Technical SAS's real estate portfolio to Bail Investissement
- The Town & Country Trust's \$1.5 billion sale to affiliates of Morgan Stanley Real Estate and Onex Real Estate
- Pfizer's \$1.3 billion acquisition of the Sanofi-Aventis worldwide rights to Exubera
- Montagu Private Equity's €1.0 billion acquisition of BSN Medical from Smith & Nephew and Beiersdorf
- Bon-Ton's \$1.1 billion acquisition of the Northern Department Store Group of Saks

Among the pending M&A transactions announced since the beginning of the year on which Lazard is advising are the following transactions:

- Gaz de France's €37.8 billion merger with Suez
- Caisse d'Epargne's exclusive negotiations with Groupe Banque Populaire for the creation of NATIXIS
- Abertis Infraestructuras' €22.9 billion merger of equals with Autostrade
- Cerberus' \$14.0 billion consortium acquisition of a controlling stake in GMAC
- Fisher Scientific's \$12.8 billion merger with Thermo Electron
- KeySpan's \$11.8 billion sale to National Grid
- International Paper's \$6.1 billion sale of 5.1 million acres of U.S. forestlands
- Nippon Sheet Glass's £3.4 billion acquisition of Pilkington
- Gambro's SEK32.3 billion sale to Investor AB and EQT IV
- Education Management's \$3.1 billion sale to Providence Equity Partners and Goldman Sachs Capital Partners
- Thales's €1.7 billion acquisition of Alcatel's activities in satellites and critical security systems
- Saint-Gobain's \$745 million divestiture of Saint-Gobain Calmar to MeadWestvaco

Financial Restructuring

Financial Restructuring revenue was \$13.6 million for the first quarter of 2006, compared to \$24.1 million for the first quarter of 2005. Despite several high-profile bankruptcy filings, global restructuring activity has been declining, with the global corporate default rate near all-time low levels.

Recently announced Restructuring assignments include our retention to assist Eagle Family Foods in the evaluation of financial alternatives. We are continuing our work on a number of Restructuring assignments, including those involving Calpine's Unsecured Creditors Committee, Collins & Aikman, Eurotunnel, Meridian Automotive, Northwest Airlines Creditors Committee, Olympic Airlines, SunCom Wireless, Tower Automotive and the UAW with regard to alternatives for restructuring Ford Motor Company's post-retirement healthcare obligations to UAW members.

Asset Management

Asset Management revenue increased 16% to \$124.4 million for the first quarter of 2006, a record first quarter level, compared with \$106.9 million for the first quarter of 2005.

Management fees increased 8% to \$103.8 million for the first quarter compared with \$95.7 million for first quarter of 2005. The increase was driven by growth in average assets under management. Average assets under management rose 6% for the first quarter of 2006 to \$91.7 billion from \$86.3 billion for the first quarter of 2005. Assets under management at the end of the first quarter of 2006 were a record \$95.1 billion, representing an increase of 8% from year-end 2005, due principally to market appreciation. The first quarter of 2006 experienced net inflows of \$863 million.

Incentive fees were \$6.5 million for the first quarter of 2006, compared with \$4.8 million for the first quarter of 2005. Incentive fees are recorded on the measurement date, which for most of our funds that are subject to incentive fees falls in the fourth quarter.

Other Asset Management revenue includes \$5.3 million relating to interests in Lazard Asset Management (“LAM”) general partnerships held directly by certain of our managing directors which is also deducted as minority interest expense.

Expenses

Compensation and Benefits

The compensation and benefits expense to operating revenue ratio measured 57.0% for the first quarter of 2006, compared to pro forma 57.5% for the first quarter of 2005. Compensation and benefits expense increased 31% to \$200.1 million for the first quarter of 2006, compared with pro forma \$152.7 million for the first quarter of 2005, reflecting an increase in operating revenue. The increase in compensation and benefits expense was slightly lower than the increase in operating revenue of 32%.

Non-Compensation

Non-compensation expenses were \$58.0 million or 16.5% of operating revenue for the first quarter of 2006, compared with pro forma \$55.9 million or 21.1% of operating revenue for first quarter of 2005. The decrease in the ratio reflects operating leverage from higher operating revenue. The increase in non-compensation expenses primarily reflects increased costs associated with being a public company.

Provision for Income Taxes

The provision for income taxes was \$15.9 million for the first quarter of 2006, compared with a pro forma provision for income taxes of \$7.5 million for the corresponding 2005 period. The effective tax rates for the first quarters of 2006 and 2005 were 20.4% and pro forma 19.9%, respectively. On a fully exchanged basis, the pro forma effective tax rates for each of the first quarters of 2006 and 2005, was 28%.

Minority Interest

Minority interest expense was \$5.3 million in the first quarter of 2006, representing the LAM general partnership interests held by certain of our managing directors, compared to a pro forma benefit of \$4.3 million in the first quarter of 2005.

During the first quarter of 2006, we reached agreement with Banca Intesa S.p.A. to end our strategic alliance in Italy, which is expected to close during the second quarter. This outcome is expected to accelerate the integration of Lazard’s Italian business within the firm’s international network.

Pro Forma Non-GAAP Information

The unaudited pro forma financial information for the first quarter of 2005 is included for informational purposes only and does not purport to reflect the results of operations of Lazard Ltd that would have occurred had it operated as a separate, independent company during the periods presented. Actual results might have differed from pro forma results if Lazard Ltd had operated independently. The pro forma consolidated financial information should not be relied upon as being indicative of Lazard Ltd's results of operations had the transactions contemplated in connection with the separation and recapitalization transactions, including the IPO and the additional financing transactions, been completed on the date assumed. The pro forma financial information also does not project the results of operations for any future periods.

The pro forma information on a fully exchanged basis is included since Lazard believes it provides the most meaningful basis for comparison among present, historical and future periods.

Historical Results

Historical net income is reported as a historical partnership until the IPO on May 10, 2005 and for periods prior to the IPO does not include payments for services rendered by managing directors as compensation expense, a provision for U.S. federal income taxes and a charge for the minority interest relating to the outstanding exchangeable interests. Such payments, tax provisions and minority interest expense are included in subsequent periods. Therefore, historical results for periods prior to the IPO on May 10, 2005 and subsequent to the IPO are not comparable. Notwithstanding such lack of comparability, historical income from continuing operations decreased 75.5% to \$19.7 million for the first quarter of 2006 from \$80.2 million for the first quarter of 2005, reflecting these significant differences in reporting payments for services rendered by managing directors and in tax provisions and minority interest expense.

On an historical basis, compensation and benefits increased 89% to \$200.1 million for the first quarter of 2006, respectively, compared with \$105.9 million for the corresponding 2005 period. As described above, historical compensation and benefits are not on a comparable basis between periods prior to the IPO and subsequent to the IPO. Prior to the IPO, payments for services rendered by all managing directors and by employee members of LAM were not included in compensation and benefits expense whereas for periods subsequent to the IPO they are included.

On an historical basis, the provision for income taxes for the first quarter of 2006 was \$15.9 million, compared with a tax provision of \$7.8 million for the corresponding period in 2005.

* * *

Additional financial, statistical and business-related information is included in a financial supplement. This earnings release, the financial supplement and selected transaction information will be available today on our website at www.lazard.com.

* * *

Lazard, one of the world's preeminent financial advisory and asset management firms, operates from 29 cities across 16 countries in North America, Europe, Asia, Australia and South America. With origins dating back to 1848, the firm provides services including mergers and acquisitions advice, asset management, and restructuring advice to corporations, partnerships, institutions, governments, and individuals. For more information on Lazard, please visit www.lazard.com.

* * *

Cautionary Note Regarding Forward-Looking Statements

This press release contains "forward-looking statements." In some cases, you can identify these statements by forward-looking words such as "may", "might", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential" or "continue", and the negative of these terms and other comparable terminology. These forward-looking statements are not historical facts but instead represent only our belief regarding future results, many of which, by their nature, are inherently uncertain and outside of our control. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by these forward-looking statements.

These factors include, but are not limited to, those discussed in our Annual Report on Form 10-K for the year ended December 31, 2005 under Item 1A "Risk Factors," and also disclosed from time to time in reports on Forms 10-Q and 8-K including the following:

- *A decline in general economic conditions or the global financial markets;*
- *Losses caused by financial or other problems experienced by third parties;*
- *Losses due to unidentified or unanticipated risks;*
- *A lack of liquidity, i.e., ready access to funds, for use in our businesses; and*
- *Competitive pressure.*

#

- 7 -

Basis of Historical and Pro Forma Information

In connection with the IPO on May 10, 2005, Lazard Ltd and its subsidiaries entered into a series of separation and recapitalization transactions, including the separation of its Capital Markets and Other activities from Lazard Group LLC, a Delaware limited liability company that holds Lazard Ltd's businesses. As a result of completing the IPO, Lazard Ltd has no material operating assets other than its indirect ownership of the common membership interests of Lazard Group and its managing member interest in Lazard Group. As of March 31, 2006, the Lazard Group common membership interests were held 37.6% by Lazard Ltd and 62.4% by LAZ-MD Holdings which are effectively exchangeable over time, on a one-for-one basis, for shares of Lazard Ltd common stock. LAZ-MD Holdings is a holding company owned by current and former managing directors of Lazard Group.

Under generally accepted accounting principles in the United States ("U.S. GAAP"), Lazard's historical consolidated financial statements reflect the historical results of operations of Lazard Group, including the separated businesses, until May 10, 2005, which was the effective date of the separation. The separated businesses are presented as discontinued operations as required under U.S. GAAP.

The historical financial statements for the period prior to the IPO do not reflect what the results of operations of Lazard Ltd or Lazard Group would have been had these companies operated as separate, independent public entities for the period prior to the IPO. In addition, the historical results of operations for periods prior to and subsequent to the IPO are not on a comparable basis. Specifically, for periods prior to the IPO the historical results of operations under U.S. GAAP do not give effect to the following matters:

- Payments for services rendered by Lazard's managing directors, which, as a result of Lazard operating as a limited liability company, had been accounted for prior to the IPO as distributions from members' capital, or, in some cases, as minority interest, rather than as compensation and benefits expense, and
- U.S. corporate federal income taxes, since Lazard has operated in the U.S. as a limited liability company that was treated as a partnership for U.S. federal income tax purposes.

For periods subsequent to the IPO, the historical results of operations under U.S. GAAP include:

- Payments for services rendered by managing directors within compensation and benefits expense,
- Provision for U.S. federal income taxes, and
- Allocation of profits to LAZ-MD Holdings' membership interests in Lazard Group as minority interest.

The unaudited pro forma condensed consolidated statements of income information contained in this press release present Lazard's historical financial information adjusted to reflect the separation and recapitalization transactions, including the IPO and the additional financing transactions, assuming they had been completed as of January 1, 2005. The adjustments also include:

- Payments for services rendered by managing directors,
- Income taxes Lazard expects to pay as a corporation, and
- Minority interest expense reflecting LAZ-MD Holdings' ownership of the Lazard Group common membership interests.

LAZARD LTD
OPERATING REVENUE

| | Three Months Ended March 31, | | | |
|--------------------------------|-------------------------------------|---------------------------|----------------------------------|-------|
| | 2006 | Pro Forma 2005 | Increase / (Decrease) | |
| (\$ in thousands) | | | | |
| Financial Advisory | | | | |
| M&A | \$ 193,983 | \$ 122,311 | \$ 71,672 | 59% |
| Financial Restructuring | 13,593 | 24,148 | (10,555) | (44)% |
| Corporate Finance and Other | 14,555 | 10,800 | 3,755 | 35% |
| Total | <u>222,131</u> | <u>157,259</u> | <u>64,872</u> | 41% |
| Asset Management | | | | |
| Management Fees | 103,805 | 95,746 | 8,059 | 8% |
| Incentive Fees | 6,483 | 4,820 | 1,663 | 35% |
| Other Revenue | 14,114 | 6,297 | 7,817 | 124% |
| Total | <u>124,402</u> | <u>106,863</u> | <u>17,539</u> | 16% |
| Corporate | <u>(10,275)</u> | <u>(17,966)</u> | <u>7,691</u> | — |
| Net Revenue | 336,258 | 246,156 | 90,102 | 37% |
| Less - LAM GP Related Revenue | (5,259) | — | (5,259) | — |
| Add - Non-LFB Interest Expense | 20,124 | 19,373 | 751 | — |
| Operating Revenue | <u>\$ 351,123</u> | <u>\$ 265,529</u> | <u>\$ 85,594</u> | 32% |

LAZARD LTD
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

| | Three Months Ended March 31, | |
|--|--|-------------------|
| | 2006 | Pro Forma 2005 |
| | (\$ in thousands, except per share data) | |
| Total revenue | \$ 354,998 | \$ 270,007 |
| LFB interest expense | (3,875) | (4,478) |
| Operating revenue | 351,123 | 265,529 |
| LAM GP related revenue | 5,259 | — |
| Other interest expense | (20,124) | (19,373) |
| Net revenue | 336,258 | 246,156 |
| Operating expenses: | | |
| Compensation and benefits | 200,139 | 152,679 |
| Premises and occupancy costs | 16,591 | 16,383 |
| Professional fees | 14,877 | 8,858 |
| Travel and entertainment | 8,887 | 8,975 |
| Other | 17,648 | 21,733 |
| Operating expenses | 258,142 | 208,628 |
| Operating income from continuing operations | 78,116 | 37,528 |
| Provision for income taxes | 15,940 | 7,458 |
| Income before minority interest in net income | 62,176 | 30,070 |
| Minority interest in net income (excluding LAZ-MD) (a) | 5,262 | (4,274) |
| Minority interest in net income (LAZ-MD only) | 37,228 | 22,609 |
| Income from continuing operations | \$ 19,686 | \$ 11,735 |
| Income from continuing operations assuming full exchange of exchangeable interests | \$ 52,454 | \$ 31,294 |
| Weighted average shares outstanding: | | |
| Basic | 37,502,889 | 37,500,000 |
| Diluted | 41,042,544 | 100,000,000 |
| Net income per share - income from continuing operations: | | |
| Basic | \$ 0.52 | \$ 0.31 |
| Diluted | \$ 0.51 | \$ 0.31 |
| Pro forma weighted average shares outstanding, assuming full exchange of exchangeable interests: | | |
| Basic | 99,621,638 | 100,000,000 |
| Diluted | 103,161,293 | 100,000,000 |
| Pro forma net income per share - income from continuing operations, assuming full exchange of exchangeable interests: | | |
| Basic | \$ 0.53 | \$ 0.31 |
| Diluted | \$ 0.51 | \$ 0.31 |

(a) Primarily includes (i) charges related to the consolidation of LAM related GPs of \$5,259 in the three months ended March 31, 2006, and (ii) credits relating to our strategic alliance in Italy of \$4,357 in the three months ended March 31, 2005.

LAZARD LTD
UNAUDITED HISTORICAL CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Historical net income is reported as a historical partnership until the IPO on May 10, 2005 and does not include payments for services rendered by managing directors as compensation expense and a provision for U.S. federal income taxes. In addition, historical net income for periods prior to the IPO do not include a charge for the minority interest in net income relating to the outstanding exchangeable interests. Such payments, tax provisions and minority interest in net income are included in subsequent periods. Therefore, historical results for periods prior to the IPO on May 10, 2005 and subsequent to the IPO are not comparable.

| | Three Months Ended March 31, | |
|---|--|------------|
| | 2006 | 2005 |
| | (\$ in thousands, except per share data) | |
| Total revenue | \$ 354,998 | \$ 270,007 |
| LFB interest expense | (3,875) | (4,478) |
| Operating revenue | 351,123 | 265,529 |
| LAM GP related revenue | 5,259 | — |
| Other interest expense | (20,124) | (5,430) |
| Net revenue | 336,258 | 260,099 |
| Operating expenses: | | |
| Compensation and benefits | 200,139 | 105,881 |
| Premises and occupancy costs | 16,591 | 16,383 |
| Professional fees | 14,877 | 8,858 |
| Travel and entertainment | 8,887 | 8,975 |
| Other | 17,648 | 21,733 |
| Operating expenses | 258,142 | 161,830 |
| Operating income from continuing operations | 78,116 | 98,269 |
| Provision for income taxes | 15,940 | 7,803 |
| Income before minority interest in net income | 62,176 | 90,466 |
| Minority interest in net income (excluding LAZ-MD) (a) | 5,262 | 10,260 |
| Minority interest in net income (LAZ-MD only) | 37,228 | — |
| Income from continuing operations | 19,686 | 80,206 |
| Loss from discontinued operations (net of income taxes) | — | (6,850) |
| Net Income | \$ 19,686 | \$ 73,356 |
| Weighted average shares outstanding: | | |
| Basic | 37,502,889 | — |
| Diluted | 41,042,544 | — |
| Net income per share from continuing operations: | | |
| Basic | \$ 0.52 | — |
| Diluted | \$ 0.51 | — |

(a) Primarily includes (i) charges related to the consolidation of LAM related GPs of \$5,259 in the three months ended March 31, 2006, (ii) credits relating to our strategic alliance in Italy of \$4,357 in the three months ended March 31, 2005, and (iii) payments for services rendered by our managing directors and employee members of LAM of \$14,534 in the three months ended March 31, 2005.

LAZARD LTD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF INCOME

| | Three Month Period Ended March 31, 2006 | | |
|--|--|---|---|
| | Historical | Pro Forma Adjustment for Full Exchange | Pro Forma as Adjusted, After Full Exchange |
| | (\$ in thousands, except per share data) | | |
| Total revenue | \$ 354,998 | \$ — | \$ 354,998 |
| LFB interest expense | (3,875) | — | (3,875) |
| Operating revenue | 351,123 | — | 351,123 |
| LAM GP related revenue | 5,259(a) | — | 5,259 |
| Other interest expense | (20,124) | — | (20,124) |
| Net revenue | 336,258 | — | 336,258 |
| Operating expenses: | | | |
| Compensation and benefits | 200,139 | — | 200,139 |
| Premises and occupancy costs | 16,591 | — | 16,591 |
| Professional fees | 14,877 | — | 14,877 |
| Travel and entertainment | 8,887 | — | 8,887 |
| Other | 17,648 | — | 17,648 |
| Operating expenses | 258,142 | — | 258,142 |
| Operating income from continuing operations | 78,116 | — | 78,116 |
| Provision for income taxes | 15,940 | 4,460 (j) | 20,400 |
| Income before minority interest in net income | 62,176 | (4,460) | 57,716 |
| Minority interest in net income (excluding LAZ-MD) | 5,262 | — | 5,262 |
| Minority interest in net income (LAZ-MD only) | 37,228 | (37,228) (k) | — |
| Net income | <u>\$ 19,686</u> | <u>\$ 32,768</u> | <u>\$ 52,454</u> |
| Weighted average shares outstanding: | | | |
| Basic | 37,502,889 (g) | | 99,621,638 (l) |
| Diluted | 41,042,544 (h) | | 103,161,293 (m) |
| Net income per share: | | | |
| Basic | \$ 0.52(i) | | \$ 0.53(n) |
| Diluted | \$ 0.51(i) | | \$ 0.51(n) |

See Notes to Unaudited Condensed Consolidated Statements of Income

LAZARD LTD
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME

| | Three Month Period Ended March 31, 2005 | | | | |
|--|--|-----------------------|---|--|--|
| | Historical | Pro Forma Adjustments | Pro Forma as Adjusted, Prior to Full Exchange | Pro Forma Adjustment for Full Exchange | Pro Forma as Adjusted, After Full Exchange |
| | (\$ in thousands, except per share data) | | | | |
| Total revenue | \$ 270,007 | \$ — | \$ 270,007 | \$ — | \$ 270,007 |
| LFB interest expense | (4,478) | — | (4,478) | — | (4,478) |
| Operating revenue | 265,529 | — | 265,529 | — | 265,529 |
| LAM GP related revenue | — | — | — | — | — |
| Other interest expense | (5,430) (b) | (13,943) (c) | (19,373) | — | (19,373) |
| Net revenue | 260,099 | (13,943) | 246,156 | — | 246,156 |
| Operating expenses: | | | | | |
| Compensation and benefits | 105,881 | 46,798 (d) | 152,679 | — | 152,679 |
| Premises and occupancy costs | 16,383 | — | 16,383 | — | 16,383 |
| Professional fees | 8,858 | — | 8,858 | — | 8,858 |
| Travel and entertainment | 8,975 | — | 8,975 | — | 8,975 |
| Other | 21,733 | — | 21,733 | — | 21,733 |
| Operating expenses | 161,830 | 46,798 | 208,628 | — | 208,628 |
| Operating income from continuing operations | 98,269 | (60,741) | 37,528 | — | 37,528 |
| Provision for income taxes | 7,803 | (345) (e) | 7,458 | 3,050 (j) | 10,508 |
| Income before minority interest in net income | 90,466 | (60,396) | 30,070 | (3,050) | 27,020 |
| Minority interest in net income (excluding LAZ-MD) | 10,260 | (14,534) (d) | (4,274) | — | (4,274) |
| Minority interest in net income (LAZ-MD only) | — | 22,609 (f) | 22,609 | (22,609) (k) | — |
| Income from continuing operations | <u>\$ 80,206</u> | <u>(\$ 68,471)</u> | <u>\$ 11,735</u> | <u>\$ 19,559</u> | <u>\$ 31,294</u> |
| Weighted average shares outstanding: | | | | | |
| Basic | | | 37,500,000 (g) | | 100,000,000 (l) |
| Diluted | | | 100,000,000 (h) | | 100,000,000 (m) |
| Net income per share: | | | | | |
| Basic | | | \$ 0.31(i) | | \$ 0.31(n) |
| Diluted | | | \$ 0.31(i) | | \$ 0.31(n) |

See Notes to Unaudited Condensed Consolidated Statements of Income

Notes to Unaudited Condensed Consolidated Statements of Income

- (a) LAM GP related revenue relates to interests in LAM general partnerships held directly by various of our managing directors which is also deducted in minority interests.
- (b) Interest expense includes accrued dividends related to Lazard Group's mandatorily redeemable preferred stock issued in March 2001, which amounted to \$2,000 for the three months ended March 31, 2005.
- (c) Reflects net incremental interest expense related to the May 2005 separation and recapitalization transactions, including the financing transactions and the amortization of capitalized costs associated with the financing transactions.
- (d) Reflects payments for services rendered by our employee members of LAM and managing directors, which prior to the IPO were accounted for as either distributions from members' capital or as minority interest expense. Following the completion of the IPO, our policy is that our employee compensation and benefits expense, including that payable to our managing directors, will not exceed 57.5% of operating revenue each year (although we retain the ability to change this policy in the future).
- (e) Represents (i) a tax benefit related to the reclassification of LAM minority interest, (ii) the net income tax impact associated with the separation and recapitalization transactions and (iii) an adjustment for Lazard Ltd entity-level taxes.
- (f) Represents the adjustment for LAZ-MD Holdings' ownership of the Lazard Group common membership interests.
- (g) For basic net income per share, the weighted average shares outstanding represents primarily the 37,500,000 shares of Class A common stock outstanding immediately following the equity public offering.
- (h) For diluted net income per share, the three month period ended March 31, 2006 includes, (i) incremental shares issuable from non-vested stock unit awards, and (ii) the shares issuable with respect to the exercise of the purchase contracts associated with the equity security units offered in the ESU offering and the IXIS ESU placement. The LAZ-MD Holdings exchangeable interests on an as-if-exchanged basis have been excluded, because, under the as-if-exchanged method of accounting, such securities are not dilutive.

For diluted net income per share for the three months ended March 31, 2005, the weighted average shares outstanding includes LAZ-MD Holdings exchangeable interests on an as-if-exchanged basis and excludes the shares issuable with respect to the exercise of the purchase contracts associated with the equity security units offered in the ESU offering and the IXIS ESU placement because, under the treasury stock method of accounting, such securities are not dilutive.
- (i) Calculated after considering the impact of all the pro forma adjustments described above and based on the weighted average basic and diluted shares outstanding, as applicable, as described in notes (g) and (h) above.
- (j) Represents an adjustment for Lazard Ltd entity-level taxes to effect a full exchange of LAZ-MD Holdings' ownership of Lazard Group common membership interests, as of January 1, 2005.
- (k) Represents a reversal of the minority interests related to LAZ-MD Holdings' ownership of Lazard Group common membership interests to effect a full exchange of interests as of January 1, 2005.
- (l) For basic net income per share, as if the LAZ-MD Holdings exchangeable interests were fully exchanged as of January 1, 2005, the weighted average shares outstanding includes shares of Class A Common Stock outstanding immediately following the equity public offering and shares issuable to LAZ-MD Holdings' in exchange for its membership interests in Lazard Group, exchangeable on a one-for-one basis for Class A Common Stock less, for the three month period ended March 31, 2006, the impact of the repurchase of interests in LAZ-MD Holdings on July 26, 2005.
- (m) For diluted net income per share, as if the LAZ-MD Holdings exchangeable interests were fully exchanged as of January 1, 2005, the weighted average shares outstanding includes shares of Class A Common Stock outstanding immediately following the equity public offering, shares issuable to LAZ-MD Holdings' in exchange for its membership interests in Lazard Group, exchangeable on a one-for-one basis for Class A Common Stock less, for the three month period ended March 31, 2006, the impact of the repurchase of interests in LAZ-MD Holdings on July 26, 2005 and, for the period ended March 31, 2006, incremental shares issuable from non-vested stock unit awards and shares issuable with respect to the exercise of the purchase contracts associated with the equity security units offered in the ESU offering.
- (n) Calculated after considering the impact of all the pro forma adjustments described above and based on the weighted average basic and diluted shares outstanding, as applicable, as described in notes (l) and (m) above.

LAZARD LTD
UNAUDITED CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL CONDITION
AS OF MARCH 31, 2006
(\$ in thousands)

ASSETS

| | |
|--|--------------------|
| Cash and cash equivalents | \$ 404,172 |
| Cash and securities segregated for regulatory purposes | 20,460 |
| Securities owned - at fair value | 349,229 |
| Receivables | 638,973 |
| Other assets | 365,210 |
| Total assets | <u>\$1,778,044</u> |

LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIENCY)

| | |
|-----------------------------------|------------------|
| Payables | \$ 548,129 |
| Accrued compensation and benefits | 179,727 |
| Other liabilities | 549,887 |
| Senior notes: | |
| Underlying equity security units | 437,500 |
| Others | 578,017 |
| Subordinated loans | 200,000 |
| Total liabilities | <u>2,493,260</u> |
| Commitments and contingencies | |
| Minority interest | 107,018 |

STOCKHOLDERS' EQUITY (DEFICIENCY)

| | |
|---|--------------------|
| Common stock: | |
| Class A, par value \$.01 per share | 375 |
| Class B, par value \$.01 per share | |
| Additional paid-in capital | (859,877) |
| Accumulated other comprehensive income (loss), net of tax | (27,785) |
| Retained earnings | 65,053 |
| Total stockholders' equity (deficiency) | <u>(822,234)</u> |
| Total liabilities and stockholders' equity (deficiency) | <u>\$1,778,044</u> |

LAZARD LTD
RECONCILIATION OF SHARES OUTSTANDING AND NET INCOME FOR BASIC & DILUTED E.P.S.

BEFORE FULL EXCHANGE

| | <u>Three Month Period Ended March 31, 2006</u> | | | <u>Pro Forma Three Month Period Ended March 31, 2005</u> | | |
|--|--|-----------------------|--|--|---------------------------|---|
| | <u>Weighted Average Shares Outstanding</u> | <u>Net Income</u> | <u>Net Income Per Share</u> | <u>Weighted Average Shares Outstanding</u> | <u>Net Income (a)</u> | <u>Net Income Per Share (a)</u> |
| Amounts as reported for basic net income per share | 37,502,889 | \$ 19,686 | \$ 0.52 | 37,500,000 | \$ 11,735 | \$ 0.31 |
| Amounts applicable to LAZ-MDexchangeable interests: | | | (\$ in thousands, except per share data) | | | |
| Share of Lazard Group net income | | | | | 22,609 (b) | |
| Additional Corporate tax | | | | | (3,050) (c) | |
| Shares issuable | | | | 62,500,000 | | |
| Equity security units | 3,003,074 | 958 (d) | | | | |
| Restricted stock units | 536,581 | 167 (d) | | | | |
| Amounts as reported for diluted net income per share (e) | <u>41,042,544</u> | <u>\$ 20,811</u> | <u>\$ 0.51</u> | <u>100,000,000</u> | <u>\$ 31,294</u> | <u>\$ 0.31</u> |

ASSUMING PRO FORMA FULL EXCHANGE AS OF JANUARY 1, 2005

| | <u>Three Month Period Ended March 31, 2006</u> | | | <u>Three Month Period Ended March 31, 2005</u> | | |
|--|--|-----------------------|-------------------------------------|--|---------------------------|---|
| | <u>Weighted Average Shares Outstanding</u> | <u>Net Income</u> | <u>Net Income Per Share</u> | <u>Weighted Average Shares Outstanding</u> | <u>Net Income (a)</u> | <u>Net Income Per Share (a)</u> |
| Amounts as reported for basic net income per share | 99,621,638 | \$ 52,454 | \$ 0.53 | 100,000,000 | \$ 31,294 | \$ 0.31 |
| Equity security units | 3,003,074 | | | | | |
| Restricted stock units | 536,581 | | | | | |
| Amounts as reported for diluted net income per share (e) | <u>103,161,293</u> | <u>\$ 52,454</u> | <u>\$ 0.51</u> | <u>100,000,000</u> | <u>\$ 31,294</u> | <u>\$ 0.31</u> |

- (a) For the three month period ended March 31, 2005, net income excludes loss from discontinued operations.
- (b) Approximately 62.5% of the pro forma Lazard Group net income of \$36,174 for the three months ended March 31, 2005.
- (c) Based on pro forma Lazard Group operating income of \$37,528 for the three month period ended March 31, 2005.
- (d) Change in Lazard Group net income allocable to Lazard Ltd resulting from incremental shares.
- (e) The LAZ-MD exchangeable interests were antidilutive for the three month period ended March 31, 2006, consequently the effect of their conversion to shares of Class A Common Stock has been excluded from diluted earnings per share during such period. The ESUs were antidilutive for the three month periods ended March 31, 2005.

LAZARD LTD
ASSETS UNDER MANAGEMENT (“AUM”)

| | As of | | | | |
|-------------------------|-------------------|----------------------|-----------------------|------------------|-------------------|
| | March 31, 2006 | December 31, 2005 | September 30, 2005 | June 30, 2005 | March 31, 2005 |
| | (\$ in millions) | | | | |
| Equities | \$ 77,997 | \$ 70,896 | \$ 69,154 | \$ 66,077 | \$ 69,724 |
| Fixed Income | 10,884 | 11,113 | 11,454 | 11,211 | 11,314 |
| Alternative Investments | 3,515 | 3,394 | 3,204 | 3,054 | 2,921 |
| Merchant Banking | 796 | 826 | 801 | 801 | 523 |
| Cash | 1,941 | 2,005 | 1,979 | 1,869 | 1,775 |
| Total AUM | <u>\$ 95,133</u> | <u>\$ 88,234</u> | <u>\$ 86,592</u> | <u>\$ 83,012</u> | <u>\$ 86,257</u> |

| | Three Months Ended March 31, | | Year Ended |
|------------------------------|------------------------------|------------------|----------------------|
| | 2006 | 2005 | December 31, 2005 |
| | (\$ in millions) | | |
| AUM - Beginning of Period | \$ 88,234 | \$ 86,435 | \$ 86,435 |
| Net Flows | 863 | 346 | (4,198) |
| Market Appreciation | 5,757 | (43) | 7,355 |
| Foreign Currency Adjustments | 279 | (481) | (1,358) |
| AUM - End of Period | <u>\$ 95,133</u> | <u>\$ 86,257</u> | <u>\$ 88,234</u> |
| Average AUM (note) | <u>\$ 91,684</u> | <u>\$ 86,346</u> | <u>\$ 86,106</u> |

Note: Average AUM is based on an average of quarterly ending balances for the respective periods

LAZARD LTD
SCHEDULE OF PRO FORMA INCOME TAX PROVISION

ALLOCATION OF OPERATING INCOME

| | Three Months Ended March 31, | |
|---|---|---------------------------|
| | 2006 | Pro Forma 2005 |
| | (\$ in thousands) | |
| Operating income: | | |
| Lazard Group | \$78,250 | \$ 37,528 |
| Lazard Ltd | (134) | — |
| Total | <u>\$78,116</u> | <u>\$ 37,528</u> |
| Operating income allocable to Lazard Ltd: | | |
| Lazard Group (a) | \$29,458 | \$ 14,073 |
| Lazard Ltd (100%) | (134) | — |
| Total | <u>\$29,324</u> | <u>\$ 14,073</u> |
| Operating income allocable to LAZ-MD Holdings: | | |
| Lazard Group (b) | <u>\$48,792</u> | <u>\$ 23,455</u> |

PRO FORMA INCOME TAX PROVISION PRIOR TO FULL EXCHANGE

| | Three Months Ended March 31, | |
|--|---|----------------|
| | 2006 | 2005 |
| | (\$ in thousands) | |
| Lazard Ltd's entity level taxes (28%) (c) | \$ 7,657 | \$3,940 |
| Flow through provision for Lazard Group income taxes applicable to LAZ-MD Holdings' ownership (b) - effective tax rates of 17.0% and 15.0% for the three month periods ended March 31, 2006 and 2005, respectively | <u>8,283</u> | <u>3,518</u> |
| Total pro forma provision for income taxes | <u>\$15,940</u> | <u>\$7,458</u> |
| Lazard Ltd consolidated effective tax rate | <u>20.4%</u> | <u>19.9%</u> |

- (a) Approximately 37.6% and 37.5% for the three months ended March 31, 2006 and 2005, respectively.
- (b) Approximately 62.4% and 62.5% for the three months ended March 31, 2006 and 2005, respectively.
- (c) Lazard Ltd's entity level taxes is 28% of operating income less Lazard Ltd's share of LAM GP related revenues which is \$1,980 and \$0, for the three months ended March 31, 2006 and 2005, respectively.