

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) August 9, 2005  
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LAZARD LTD  
(Exact Name of Registrant as Specified in Its Charter)  
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BERMUDA  
(State or Other Jurisdiction of Incorporation)  
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001-32492

98-0437848

(Commission File Number)

(IRS Employer Identification No.)

CLARENDON HOUSE, 2 CHURCH STREET, HAMILTON, BERMUDA

HM 11

(Address of Principal Executive Offices)

(Zip Code)

441-295-1422

(Registrant's Telephone Number, Including Area Code)  
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NOT APPLICABLE

(Former Name or Former Address, if Changed Since Last Report)  
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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 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On August 9, 2005, the Board of Directors of Lazard Ltd (the "Board") approved an arrangement for the compensation of Non-Executive Directors that will provide them with an annual cash retainer of US \$50,000 and an annual award of deferred stock units ("DSUs") with a grant value of US \$50,000. The Chair of the Audit Committee shall be paid an additional annual retainer of US \$30,000 and the Chairs of each of the Nominating & Governance Committee and the Compensation Committee shall be paid an additional annual retainer US \$20,000, in each case to be paid 50% in cash and 50% in DSUs. Each of the other members of the Audit Committee shall be paid an additional annual retainer of US \$20,000 and each of the other members of the Nominating & Governance Committee and the Compensation Committee shall be paid an additional annual retainer of US \$15,000, in each case to be paid 50% in cash and 50% in DSUs. All DSUs awarded under this arrangement will be (i) issued under the Lazard Ltd 2005 Equity Incentive Plan or any successor plan thereto, and (ii) converted to Lazard Class A common stock, par value \$0.01 per share, and distributed to the Director in accordance with the vesting schedule determined by the Nominating & Governance Committee.

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On August 10, 2005, Lazard Ltd issued a press release announcing financial results for its fiscal second quarter ended June 30, 2005. 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.

(C) EXHIBITS.

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

99.1 Press Release issued on August 10, 2005.

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: August 10, 2005

LAZARD LTD

By: /s/ Scott D. Hoffman

-----  
Name: Scott D. Hoffman  
Title: Managing Director and  
General Counsel

EXHIBIT INDEX

99.1 Press Release issued on August 10, 2005.

LAZARD

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LAZARD LTD REPORTS IMPROVED FINANCIAL RESULTS IN THE  
SECOND QUARTER AND FIRST HALF OF 2005

M&A REVENUE INCREASED 35% TO \$182.0 MILLION IN 2Q05  
AND 46% TO \$304.3 MILLION IN THE FIRST HALF OF 2005

OPERATING REVENUES(1) INCREASED 17% TO \$330.1 MILLION IN 2Q05 AND  
21% TO \$595.7 MILLION IN THE FIRST HALF OF 2005

PRO FORMA OPERATING INCOME(2) INCREASED 45% TO \$57.0 MILLION IN 2Q05 AND  
107% TO \$94.5 MILLION IN THE FIRST HALF OF 2005

PRO FORMA NET INCOME ON A FULLY EXCHANGED BASIS  
INCREASED 29% TO \$32.0 MILLION OR 32 CENTS PER DILUTED SHARE IN 2Q05 AND  
92% TO \$63.3 MILLION OR 63 CENTS PER DILUTED SHARE IN THE FIRST HALF OF 2005

NEW YORK, August 10, 2005 - Lazard Ltd (NYSE:LAZ) today announced financial results for its second quarter and first half ended June 30, 2005:

- o M&A net revenues increased 35% to \$182.0 million in the second quarter of 2005 from \$135.1 million in the second quarter of 2004 and increased 46% to \$304.3 million in the first half of 2005 from \$208.9 million in the first half of 2004;
- o Operating revenues(1) increased 17% to \$330.1 million in the second quarter of 2005 from \$282.1 million in the second quarter of 2004 and increased 21% to \$595.7 million in the first half of 2005 from \$491.0 million in the first half of 2004;

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- (1) Operating revenues exclude interest expense relating to financing activities which are included in net revenues.  
(2) Operating income is before income taxes and minority interest.

Lazard-2

- o Pro forma operating income(2) increased 45% to \$57.0 million in the second quarter of 2005 from \$39.4 million in the second quarter of 2004 and increased 107% to \$94.5 million in the first half of 2005 from \$45.6 million in the first half of 2004;
- o Pro forma net income assuming full exchange of outstanding exchangeable interests increased 29% to \$32.0 million in the second quarter of 2005 from \$24.7 million in the second quarter of 2004 and increased 92% to \$63.3 million in the first half of 2005 from \$32.9 million in the first half of 2004;
- o Pro forma net income before exchange of outstanding exchangeable interests increased 29% to \$12.0 million in the second quarter of 2005 from \$9.3 million in the second quarter of 2004 and increased 92% to \$23.7 million in the first half of 2005 from \$12.4 million in the first half of 2004 which include the additional minority interest related to the exchangeable interests;
- o Pro forma net income per fully diluted share increased 29% to 32 cents for the second quarter of 2005 from 25 cents in the second quarter of 2004 and increased 92% to 63 cents for the first half of 2005 from 33 cents for the first half of 2004;
- o The 2005 pro forma operating income, net income and net income per share amounts exclude one-time IPO-related professional fees and other costs of \$4.6 million or 3 cents per fully diluted share.

"We are very pleased with our strong performance" said Bruce Wasserstein, Chairman and Chief Executive Officer of Lazard Ltd. "Our results for the quarter and for the first six months of this year underscore the strength of Lazard's franchise and the effectiveness of our business model, which is to generate revenues through our focus on M&A, financial restructuring and asset management. The investments we have made in the past to broaden our global advisory capabilities have positioned the firm for long-term growth."

Steven J. Golub, Lazard's Vice Chairman, noted: "We are pleased that our strong results demonstrate the benefits of our simple business model which should now be readily understood. By aligning our compensation costs at no more than 57.5% of our operating revenues and containing our non-compensation costs, we are achieving the benefits of our operating leverage."

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(2) Operating income is before income taxes and minority interest.

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.

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 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 net income from continuing operations decreased by 43% to \$37.9 million in the second quarter of 2005 from \$66.9 million in the second quarter of 2004, and increased 43% to \$118.1 million in the first half of 2005 from \$82.8 million in the first half of 2004, reflecting these differences in reporting payments for services rendered by managing directors and in tax provisions and minority interest expense.

THE COMPANY'S QUARTERLY REVENUES AND PROFITS CAN FLUCTUATE MATERIALLY DEPENDING ON THE NUMBER AND SIZE OF COMPLETED TRANSACTIONS ON WHICH IT ADVISED, AS WELL AS SEASONALITY AND OTHER FACTORS. ACCORDINGLY, THE REVENUES AND PROFITS IN ANY PARTICULAR QUARTER MAY NOT BE INDICATIVE OF FUTURE RESULTS.

The basis of presentation for Lazard Ltd's historical and pro forma financial information is discussed later in this release (see section entitled "Basis of Historical and Pro Forma Information").

#### NET REVENUES

#### FINANCIAL ADVISORY

Financial Advisory (which includes primarily M&A and Financial Restructuring) net revenues increased 24% to \$211.6 million in the second quarter of 2005, from \$170.1 million in the second quarter of 2004 and increased 34% to \$368.8 million in the first half of 2005 from \$275.6 million in the first half of 2004.

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M&A

M&A net revenues increased 35% to \$182.0 million in the second quarter of 2005 from \$135.1 million in the second quarter of 2004 and increased 46% to \$304.3 million in the first half of 2005 from \$208.9 million in the first half of 2004.

Announced second-quarter 2005 M&A pending transactions included the following transactions on which Lazard is advising:

- o Duke Energy in its \$14.3 billion merger with Cinergy
- o Royal Dutch Shell in its (euro)4.4 billion sale of Basell
- o Resolution Life Group in its (pound)1.8 billion merger with Britannic Group
- o Yellow Brick Road Management in its (euro)1.8 billion sale to a group of private investors
- o Pfizer in its \$1.8 billion acquisition of Vicuron Pharmaceuticals
- o Pirelli S.p.A. in the (euro)1.3 billion sale of its energy and telecom cables and systems businesses
- o IIR Holdings in its (pound)768 million sale to T&F Informa
- o Groupe Danone in the (pound)470 million sale of its sauce business to H.J. Heinz Company
- o Viacom in the announced segmentation of its businesses
- o Maytag in its current sale process
- o Neuf Telecom in its merger with Cegetel

Completed second-quarter 2005 M&A transactions included the following transactions on which Lazard advised:

- o Telecom Italia Mobile in its (euro)21 billion sale to Telecom Italia
- o Telesystems International Wireless in its \$4.4 billion sale of ClearWave NV to Vodafone
- o Unsecured Creditors Committee of NextWave Telecom in its \$3.0 billion sale to Verizon Wireless
- o RAC plc in its (pound)1.0 billion sale to Aviva plc
- o Siemens in its (euro)1.2 billion acquisition of Flender Holding GmbH
- o Lee Enterprises in its \$1.5 billion acquisition of Pulitzer
- o Eurofind SA in the (euro)1.1 billion sale of Rinascente Upin to a group of private investors
- o Charterhouse Capital Partners in its (pound)800 million sale of the Tussauds Group
- o Hollywood Entertainment in its \$1.2 billion sale to Movies Gallery
- o Transurban in its A\$2.2 billion acquisition of Hills Motorway Group
- o Texas Pacific Group in its investment in Lenovo Group

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#### FINANCIAL RESTRUCTURING

Financial Restructuring net revenues were \$16.3 million in the second quarter of 2005 compared to \$13.5 million in the second quarter of 2004 and were \$40.4 million in the first half of 2005 compared to \$31.7 million in the first half of 2004.

Notable announced assignments since the first quarter of 2005 included: Collins & Aikman, Meridian Automotive and United Auto Workers. In addition, we continued to work on assignments involving Parmalat, Eurotunnel, Tower Automotive, and Olympic Airlines and Airways Services, among others, in the second quarter of 2005.

#### ASSET MANAGEMENT

Management and other fees, which excludes incentive fees, increased 12% to \$105.7 million in the second quarter of 2005 from \$94.7 million in the second quarter of 2004 and 8% to \$207.8 million in the first half of 2005 from \$191.5 million in the first half of 2004.

The increases in each of the 2005 periods compared to the corresponding 2004 periods were driven by growth in average assets under management, which rose 8% to \$85.2 billion in the first half of 2005 from \$78.8 billion in the first half of 2004. Partially offsetting this increase were lower incentive fees in the 2005 periods compared to the corresponding 2004 periods. As a result, asset management net revenues increased 5% to \$108.8 million in the second quarter of 2005 from \$103.9 million in the second quarter of 2004 and increased 7% to \$215.7 million in the first half of 2005 from \$200.7 million in the first half of 2004.

Assets under management totaled \$83.0 billion at the end of the quarter, down 4% from the end of the first quarter of 2005 due primarily to net asset outflows of \$2.9 billion and negative currency translation adjustments of \$0.7 billion.

#### OPERATING EXPENSES

##### COMPENSATION AND BENEFITS

On a pro forma basis, compensation and benefits expenses include the payments for services rendered by employee members of Lazard Asset Management (LAM) and by managing directors for all periods presented. The compensation expense to operating revenue ratio was 57.5% in the

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second quarter and the first half of 2005. In the second quarter and the first half of 2004 only, pro forma compensation and benefits expenses also included a reduction of \$24.5 million and \$108.7 million, respectively, to reflect new compensation arrangements with managing directors to achieve a target compensation expense to operating revenue ratio of 57.5%. Without this adjustment the 2004 ratios would have been 66.2% and 79.6% in the respective periods. In 2005, the new compensation arrangements were in effect and no similar reduction was necessary.

On a pro forma basis, compensation and benefits expenses increased 17% to \$189.8 million in the second quarter of 2005 from \$162.2 million in the second quarter of 2004 and increased 21% to \$342.5 million in the first half of 2005 from \$282.3 million in the first half of 2004. The increases in each period are consistent with the increase in operating revenues.

On an historical basis, compensation and benefits increased 49% to \$161.1 million in the second quarter of 2005 from \$107.9 million in the second quarter of 2004 and 21% to \$267.0 million in the first half of 2005 from \$220.0 million in the first half of 2004. 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 employee members of LAM and by managing directors were not included in compensation and benefits expense whereas for periods subsequent to the IPO they are included.

#### NON-COMPENSATION

On a pro forma basis, which in 2005 excludes one-time IPO-related costs, non-compensation and benefits expenses were \$63.6 million or 19.3% of operating revenues in the second quarter of 2005, compared with \$61.0 million or 21.6% of operating revenues in the second quarter of 2004 and were \$119.5 million or 20.1% of operating revenues in the first half of 2005 compared with \$124.2 million or 25.3% of operating revenues in the first half of 2004. The decrease in the year-to-date ratio of non-compensation and benefits expenses to operating revenues is due to a decrease of 4% in non-compensation and benefits expenses and the operating leverage from higher operating revenues. The 4% decrease in non-compensation expenses in the first half of 2005 compared with the comparable period in 2004 reflects lower travel and entertainment expenses of \$4.4 million and lower premises and occupancy expenses of \$2.7 million, partially offset by the costs of being a public company.

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## PROVISION FOR INCOME TAXES

Prior to our IPO, Lazard and its subsidiaries generally were not subject to U.S. federal income tax. As a result of completing the IPO, Lazard has a new structure and a portion of its income is subject to U.S. federal income tax, which is reflected in the Company's pro forma operating results. For the second quarter and the first half of 2005, on a pro forma basis assuming an effective tax rate of 28% on Lazard Ltd's allocable share of Lazard Group's income, the provision for taxes was \$16.8 million and \$24.3 million, respectively, compared with a pro forma provision for taxes of \$7.8 million and \$9.1 million in the corresponding 2004 periods. The pro forma effective tax rate for the first half of 2005 and 2004 was 25.7% and 19.9%, respectively. The increases were due to an increase in non-U.S. income taxes allocable to the minority interest's share of Lazard Group's income.

On an historical basis, the provision for income taxes for the second quarter and the first half of 2005 was \$25.5 million and \$33.3 million, respectively, compared with a tax provision of \$15.0 million and \$12.3 million for the corresponding periods in 2004. The increases in the provisions in 2005 were due to increased profitability in locations that are subject to corporate income taxes, including a provision for U.S. federal income taxes for the period commencing May 10, 2005.

## MINORITY INTEREST

On a pro forma basis, minority interest assuming full exchange of the outstanding exchangeable interests was \$9.0 million in the second quarter of 2005 and \$4.7 million in the first half of 2005, compared with \$3.6 million and benefit of \$0.1 million in the corresponding 2004 periods. The increase in 2005 was due primarily due to the higher financial advisory revenue and profits from our strategic alliance in Italy.

Before exchange of the exchangeable interests, minority interest also includes a provision for the 62.5% interest in the after tax results of Lazard Group allocable to the exchangeable interests. In the second quarter and first half of 2005 this amounted to \$19.2 million and \$41.8 million, respectively, up from \$18.7 million and \$24.3 million, respectively, in the comparable periods of 2004 due to higher profits of Lazard Group in each of the 2005 periods compared to 2004.

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On an historical basis, minority interest was \$26.3 million and \$36.6 million for the second quarter and first half of 2005, respectively, versus \$25.7 million and \$40.7 million for the corresponding periods in 2004. As mentioned previously, historical results are not on a comparable basis between periods. The changes in historical minority interest relate primarily to (i) the increased profits from our strategic alliance in Italy mentioned above, (ii) LAZ-MD Holdings' interest in the results of Lazard Group for the period beginning with the IPO on May 10, 2005, and (iii) including payments for services rendered by managing directors of LAM and employee members of LAM as minority interest for periods prior to the IPO and as compensation and benefits expense for subsequent periods.

#### 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 indirect ownership of 37.5% of the common membership interests of Lazard Group and its managing member interest in Lazard Group. The remaining 62.5% of Lazard Group's membership interests is held 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.

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The historical financial statements 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 periods presented. 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:

- o The separation of Lazard's Capital Markets and Other activities, which consists of equity, fixed income and convertibles sales and trading outside of France; broking, research and underwriting services; merchant banking fund-management activities outside of France; and specified non-operating assets and liabilities (which are reported as discontinued operations),
- o Payment 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
- o U.S. corporate federal income taxes prior to the IPO, 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. Income taxes shown on the historical financial statements include taxes incurred in non-U.S. entities and to unincorporated business taxes attributable to Lazard's operations apportioned to New York City.

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

- o Payments to managing directors within compensation and benefits expense,
- o Provision for U.S. federal income taxes, and
- o Allocation of profits to LAZ-MD Holdings' 62.5% membership interest in Lazard Group as minority interest.

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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 the beginning of each period presented. The adjustments include:

- o The separation of Lazard Group's Capital Markets and Other Activities,
- o Payment for services rendered by managing directors,
- o Income taxes Lazard expects to pay as a corporation assuming an annual effective tax rate of 28%,
- o Minority interest expense reflecting LAZ-MD Holdings' ownership of 62.5% of the Lazard Group common membership interests outstanding immediately after the IPO and the separation and recapitalization transactions,
- o The use of proceeds from the IPO and the additional financing transactions,
- o The net incremental interest expense related to the additional financing transactions, and
- o Exclusion of one-time IPO-related costs.

The unaudited pro forma financial information are included for informational purposes only and do not purport to reflect the results of operations of Lazard Ltd or Lazard Group that would have occurred had they operated as separate, independent companies during the periods presented. Actual results might have differed from pro forma results if Lazard Ltd or Lazard Group had operated independently.

The pro forma consolidated financial information should not be relied upon as being indicative of Lazard Ltd or Lazard Group'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 dates assumed. The pro forma financial information also does not project the results of operations for any future period.

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CONFERENCE CALL AND ADDITIONAL FINANCIAL INFORMATION

Bruce Wasserstein, Chairman, Steven J. Golub, Vice Chairman, and Michael J. Castellano, Chief Financial Officer, will host a conference call today at 10:00 a.m. EDT to discuss the company's 2005 second quarter and first half results. The conference call can be accessed via a live audio webcast available through the Investor Relations website at [WWW.LAZARD.COM](http://WWW.LAZARD.COM) or by dialing 1-800-818-5264 (within the U.S.) and 1-913-981-4910 (outside the U.S.) 15 minutes prior to the start of the call. On-demand replay of the webcast will be available beginning at 1:00 p.m. EDT today through August 16, 2005 at the same website or by phone by dialing 1-888-203-1112 (within the U.S.) and 1-719-457-0820 (outside the U.S.); access code 9347223.

Additional financial, statistical and business-related information is included in a financial supplement. The earnings release is, and the financial supplement will be, available today through the Investor Relations website at [WWW.LAZARD.COM](http://WWW.LAZARD.COM).

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On May 5, 2005, Class A common stock of Lazard Ltd began trading on the New York Stock Exchange under the trading symbol "LAZ." In addition, Lazard Ltd equity security units also began trading on the NYSE under the trading symbol "LDZ."

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](http://WWW.LAZARD.COM).

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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 REGISTRATION STATEMENT ON FORM S-1 (COMMISSION FILE NUMBER 333-121407) UNDER THE CAPTION "RISK FACTORS," INCLUDING THE FOLLOWING:

- 0 A DECLINE IN GENERAL ECONOMIC CONDITIONS OR THE GLOBAL FINANCIAL MARKETS;
- 0 LOSSES CAUSED BY FINANCIAL OR OTHER PROBLEMS EXPERIENCED BY THIRD PARTIES;
- 0 LOSSES DUE TO UNIDENTIFIED OR UNANTICIPATED RISKS;
- 0 A LACK OF LIQUIDITY, I.E., READY ACCESS TO FUNDS, FOR USE IN OUR BUSINESSES;
- 0 COMPETITIVE PRESSURE.

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LAZARD LTD  
PRO FORMA OPERATING REVENUES

	THREE MONTHS ENDED JUNE 30,				SIX MONTHS ENDED JUNE 30,			
	2004	2005	INCREASE / (DECREASE)		2004	2005	INCREASE/ (DECREASE)	
	-----	-----	-----	-----	-----	-----	-----	-----
	(\$ in thousands)							
<b>FINANCIAL ADVISORY</b>								
M&A	\$135,108	\$182,007	\$46,899	35%	\$208,942	\$304,318	\$95,376	46%
Financial Restructuring	13,500	16,263	2,763	20%	31,700	40,411	8,711	27%
Corporate Finance and Other	21,468	13,296	(8,172)	(38%)	34,929	24,096	(10,833)	(31%)
	-----	-----	-----	-----	-----	-----	-----	-----
Total	170,076	211,566	41,490	24%	275,571	368,825	93,254	34%
<b>ASSET MANAGEMENT</b>								
Management and Other Fees	94,743	105,725	10,982	12%	191,539	207,768	16,229	8%
Incentive Fees	9,118	3,112	(6,006)	-	9,148	7,933	(1,215)	-
	-----	-----	-----	-----	-----	-----	-----	-----
Total	103,861	108,837	4,976	5%	200,687	215,701	15,014	7%
CORPORATE	(11,366)	(10,062)	1,304	-	(24,175)	(28,029)	(3,854)	-
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NET REVENUES	262,571	310,341	47,770	18%	452,083	556,497	104,414	23%
Add Back Non-LFB Interest Expense	19,489	19,790	301	-	38,954	39,163	209	-
	-----	-----	-----	-----	-----	-----	-----	-----
OPERATING REVENUES	\$282,060	\$330,131	\$48,071	17%	\$491,037	\$595,660	\$104,623	21%
	=====	=====	=====	-----	=====	=====	=====	-----

LAZARD LTD  
UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF INCOME

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	PRO FORMA			
	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2004	2005	2004	2005
	(\$ in thousands, except per share data)			
Total revenues	\$286,431	\$336,398	\$500,111	\$606,405
LFB interest expense	(4,371)	(6,267)	(9,074)	(10,745)
Operating revenues	282,060	330,131	491,037	595,660
Other interest expense	(19,489)	(19,790)	(38,954)	(39,163)
Net revenues	262,571	310,341	452,083	556,497
Operating expenses:				
Compensation and benefits	162,186	189,826	282,346	342,505
Premises and occupancy costs	18,332	17,477	36,605	33,860
Professional fees	10,121	11,802	20,675	20,660
Travel and entertainment	12,353	11,130	24,537	20,105
Other	20,219	23,151	42,337	44,884
Operating expenses	223,211	253,386	406,500	462,014
Operating income	39,360	56,955	45,583	94,483
Provision for income taxes	7,822	16,810	9,059	24,268
Income before minority interests	31,538	40,145	36,524	70,215
Minority interests (excluding LAZ-MD)*	3,596	8,986	(128)	4,712
Minority interests (LAZ-MD only)	18,662	19,192	24,296	41,800
Net income from continuing operations	9,280	11,967	12,356	23,703
Net income (loss) from discontinued operations	-	-	-	-
Net income	\$9,280	\$11,967	\$12,356	\$23,703
Net income assuming full exchange of exchangeable interests	\$24,743	\$32,023	\$32,948	\$63,317
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic	37,500,000	37,500,000	37,500,000	37,500,000
Diluted	100,000,000	100,000,000	100,000,000	100,000,000
NET INCOME PER SHARE:				
Basic	\$0.25	\$0.32	\$0.33	\$0.63
Diluted	\$0.25	\$0.32	\$0.33	\$0.63

\* Includes charges relating to our strategic alliances in Italy of \$4,345 and \$8,709 in the three months ended June 30, 2004 and 2005, respectively and \$843 and \$4,352 in the six months ended June 30, 2004 and 2005, respectively.

SEE NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME

LAZARD LTD  
UNAUDITED HISTORICAL 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 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.

	HISTORICAL			
	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2004	2005	2004	2005
	----- (\$ in thousands, except per share data)			
Total revenues	\$286,431	\$336,398	\$500,111	\$606,405
LFB interest expense	(4,371)	(6,267)	(9,074)	(10,745)
Operating revenues	282,060	330,131	491,037	595,660
Other interest expense	(5,545)	(12,768)	(11,067)	(18,198)
Net revenues	276,515	317,363	479,970	577,462
Operating expenses:				
Compensation and benefits	107,916	161,148	219,963	267,029
Premises and occupancy costs	18,332	17,477	36,605	33,860
Professional fees	10,121	14,737	20,675	23,595
Travel and entertainment	12,353	11,130	24,537	20,105
Other	20,219	23,151	42,337	44,884
Operating expenses	168,941	227,643	344,117	389,473
Operating income	107,574	89,720	135,853	187,989
Provision for income taxes	14,951	25,463	12,342	33,266
Income before minority interests	92,623	64,257	123,511	154,723
Minority interests (excluding LAZ-MD)*	25,746	3,533	40,710	13,793
Minority interests (LAZ-MD only)	-	22,813	-	22,813
Net income from continuing operations	66,877	37,911	82,801	118,117
Net income (loss) from discontinued operations and extraordinary gain	12,486	(10,318)	11,615	(17,168)
Net income	\$79,363	\$27,593	\$94,416	\$100,949
	=====	=====	=====	=====
Net income assuming full exchange of exchangeable interests				
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic	-	37,500	-	37,500
Diluted	-	100,000	-	100,000
NET INCOME PER SHARE FROM CONTINUING OPERATIONS:				
Basic	-	\$0.30	-	\$0.30
	=====	=====	=====	=====
Diluted	-	\$0.30	-	\$0.30
	=====	=====	=====	=====

\* Includes charges relating to our strategic alliances in Italy of \$4,345 and \$8,709 in the three months ended June 30, 2004 and 2005, respectively and \$843 and \$4,352 in the six months ended June 30, 2004 and 2005, respectively.

SEE NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME

LAZARD LTD  
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME

THREE MONTH PERIOD ENDED JUNE 30, 2005

	PRO FORMA ADJUSTMENTS				PRO FORMA, AS ADJUSTED
	HISTORICAL	SEPARATION (a) (DISC. OPS)	CONTINUING OPERATIONS	OTHER	
	(\$ in thousands, except per share data)				
Total revenues	\$336,398	\$-	\$336,398	\$-	\$336,398
LFB interest expense	(6,267)	-	(6,267)	-	(6,267)
Operating revenues	330,131	-	330,131	-	330,131
Other interest expense	(12,768)(b)	-	(12,768)	(7,022)(c)	(19,790)
Net revenues	317,363	-	317,363	(7,022)	310,341
Operating expenses:					
Compensation and benefits	161,148	-	161,148	28,678 (d)	189,826
Premises and occupancy costs	17,477	-	17,477	-	17,477
Professional fees	14,737	-	14,737	(2,935)(i)	11,802
Travel and entertainment	11,130	-	11,130	-	11,130
Other	23,151	-	23,151	-	23,151
Operating expenses	227,643	-	227,643	25,743	253,386
Operating income (loss)	89,720	-	89,720	(32,765)	56,955
Provision for income taxes	25,463	-	25,463	(8,653)(e)	16,810
Income (loss) before minority interests	64,257	-	64,257	(24,112)	40,145
Minority interests (excluding LAZ-MD)	3,533	-	3,533	5,453 (d)	8,986
Minority interests (LAZ-MD only)	22,813	-	22,813	(3,621)(f)	19,192
Net income (loss) from continuing operations	37,911	-	37,911	(25,944)	11,967
Net income (loss) from discontinued operations	(10,318)	10,318	-	-	-
Net income (loss)	\$27,593	\$10,318	\$37,911	(\$25,944)	\$11,967
Net income assuming full exchange of exchangeable interests					\$32,023
WEIGHTED AVERAGE SHARES OUTSTANDING:					
Basic					37,500,000 (g)
Diluted					100,000,000 (g)
NET INCOME PER SHARE:					
Basic					\$0.32 (h)
Diluted					\$0.32 (h)

SEE NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME

LAZARD LTD  
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME

THREE MONTH PERIOD ENDED JUNE 30, 2004					
PRO FORMA ADJUSTMENTS					
HISTORICAL	SEPARATION (a) (DISC. OPS)	CONTINUING OPERATIONS	OTHER	PRO FORMA, AS ADJUSTED	
(\$ in thousands, except per share data)					
Total revenues	\$286,431	\$-	\$286,431	\$-	\$286,431
LFB interest expense	(4,371)	-	(4,371)	-	(4,371)
Operating revenues	282,060	-	282,060	-	282,060
Other interest expense	(5,545) (b)	-	(5,545)	(13,944) (c)	(19,489)
Net revenues	276,515	-	276,515	(13,944)	262,571
Operating expenses:					
Compensation and benefits	107,916	-	107,916	54,270 (d)	162,186
Premises and occupancy costs	18,332	-	18,332	-	18,332
Professional fees	10,121	-	10,121	-	10,121
Travel and entertainment	12,353	-	12,353	-	12,353
Other	20,219	-	20,219	-	20,219
Operating expenses	168,941	-	168,941	54,270	223,211
Operating income (loss)	107,574	-	107,574	(68,214)	39,360
Provision for income taxes	14,951	-	14,951	(7,129) (e)	7,822
Income (loss) before minority interests	92,623	-	92,623	(61,085)	31,538
Minority interests (excluding LAZ-MD)	25,746	-	25,746	(22,150) (d)	3,596
Minority interests (LAZ-MD only)	-	-	-	18,662 (f)	18,662
Net income (loss) from continuing operations	66,877	-	66,877	(57,597)	9,280
Net income (loss) from discontinued operations and extraordinary gain	12,486	(12,486)	-	-	-
Net income (loss)	\$79,363	(\$12,486)	\$66,877	(\$57,597)	\$9,280
	=====	=====	=====	=====	=====
Net income assuming full exchange of exchangeable interests					\$24,743
					=====
WEIGHTED AVERAGE SHARES OUTSTANDING:					
Basic					37,500,000 (g)
Diluted					100,000,000 (g)
NET INCOME PER SHARE:					
Basic					\$0.25 (h)
Diluted					\$0.25 (h)

SEE NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME

LAZARD LTD  
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME

SIX MONTH PERIOD ENDED JUNE 30, 2005					
PRO FORMA ADJUSTMENTS					
HISTORICAL	SEPARATION (a) (DISC. OPS)	CONTINUING OPERATIONS	OTHER	PRO FORMA, AS ADJUSTED	
(\$ in thousands, except per share data)					
Total revenues	\$606,405	\$-	\$606,405	\$-	\$606,405
LFB interest expense	(10,745)	-	(10,745)	-	(10,745)
Operating revenues	595,660	-	595,660	-	595,660
Other interest expense	(18,198)(b)	-	(18,198)	(20,965)(c)	(39,163)
Net revenues	577,462	-	577,462	(20,965)	556,497
Operating expenses:					
Compensation and benefits	267,029	-	267,029	75,476 (d)	342,505
Premises and occupancy costs	33,860	-	33,860	-	33,860
Professional fees	23,595	-	23,595	(2,935)(i)	20,660
Travel and entertainment	20,105	-	20,105	-	20,105
Other	44,884	-	44,884	-	44,884
Operating expenses	389,473	-	389,473	72,541	462,014
Operating income (loss)	187,989	-	187,989	(93,506)	94,483
Provision for income taxes	33,266	-	33,266	(8,998)(e)	24,268
Income (loss) before minority interests	154,723	-	154,723	(84,508)	70,215
Minority interests (excluding LAZ-MD)	13,793	-	13,793	(9,081)(d)	4,712
Minority interests (LAZ-MD only)	22,813	-	22,813	18,987 (f)	41,800
Net income (loss) from continuing operations	118,117	-	118,117	(94,414)	23,703
Net income (loss) from discontinued operations	(17,168)	17,168	-	-	-
Net income (loss)	\$100,949	\$17,168	\$118,117	(\$94,414)	\$23,703
	=====	=====	=====	=====	=====
Net income assuming full exchange of exchangeable interests					\$63,317
					=====
WEIGHTED AVERAGE SHARES OUTSTANDING:					
Basic					37,500,000 (g)
Diluted					100,000,000 (g)
NET INCOME PER SHARE:					
Basic					\$0.63 (h)
Diluted					\$0.63 (h)

SEE NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME

LAZARD LTD  
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME

SIX MONTH PERIOD ENDED JUNE 30, 2004					
-----					
PRO FORMA ADJUSTMENTS					
HISTORICAL	SEPARATION (a) (DISC. OPS)	CONTINUING OPERATIONS	OTHER	PRO FORMA, AS ADJUSTED	
-----					
(\$ in thousands, except per share data)					
-----					
Total revenues	\$500,111	\$-	\$500,111	\$-	\$500,111
LFB interest expense	(9,074)	-	(9,074)	-	(9,074)
-----					
Operating revenues	491,037	-	491,037	-	491,037
Other interest expense	(11,067)(b)	-	(11,067)	(27,887)(c)	(38,954)
-----					
Net revenues	479,970	-	479,970	(27,887)	452,083
Operating expenses:					
Compensation and benefits	219,963	-	219,963	62,383 (d)	282,346
Premises and occupancy costs	36,605	-	36,605	-	36,605
Professional fees	20,675	-	20,675	-	20,675
Travel and entertainment	24,537	-	24,537	-	24,537
Other	42,337	-	42,337	-	42,337
-----					
Operating expenses	344,117	-	344,117	62,383	406,500
-----					
Operating income (loss)	135,853	-	135,853	(90,270)	45,583
Provision for income taxes	12,342	-	12,342	(3,283)(e)	9,059
-----					
Income (loss) before minority interests	123,511	-	123,511	(86,987)	36,524
Minority interests (excluding LAZ-MD)	40,710	-	40,710	(40,838)(d)	(128)
Minority interests (LAZ-MD only)	-	-	-	24,296 (f)	24,296
-----					
Net income (loss) from continuing operations	82,801	-	82,801	(70,445)	12,356
Net income (loss) from discontinued operations and extraordinary gain	11,615	(11,615)	-	-	-
-----					
Net income (loss)	\$94,416	(\$11,615)	\$82,801	(\$70,445)	\$12,356
=====					
Net income assuming full exchange of exchangeable interests					\$32,948
=====					
WEIGHTED AVERAGE SHARES OUTSTANDING:					
Basic					37,500,000 (g)
Diluted					100,000,000 (g)
NET INCOME PER SHARE:					
Basic					\$0.33 (h)
Diluted					\$0.33 (h)

SEE NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME

## LAZARD LTD

## NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME

- (a) Represents adjustments necessary to remove Lazard Group's discontinued operations, and when applicable extraordinary items, related to the separated businesses.
- (b) For the three and six month periods ended June 30, 2004, interest expense includes \$2,000 and \$4,000 in accrued dividends relating to Lazard Group's mandatorily redeemable preferred stock issued in March 2001. The three month and six month periods ended June 30, 2005 include a credit of \$10,000 and \$8,000, respectively, which represents accrued dividends on Lazard Group's mandatorily redeemable preferred stock which were cancelled in connection with the redemption of membership interests of historical partners.
- (c) Represents (i) net incremental interest expense related to the separation and recapitalization transactions, including the financing transactions and the amortization of capitalized costs associated with the financing transactions and (ii) for the three month and six month periods ended June 30, 2005 only, exclusion of one-time IPO-related costs of \$1,661.
- (d) The adjustment reflects payments for services rendered by 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). The adjustment has been determined as if the new compensation policy had been in place during 2004 and 2005. Accordingly, the pro forma condensed consolidated statements of income data reflect compensation and benefits expense based on new retention agreements that are in effect.
- (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 62.5% of the Lazard Group common membership interests outstanding immediately after the IPO.
- (g) For basic net income per share, the weighted average shares outstanding reflects the 37,500,000 shares of Class A common stock outstanding immediately following the IPO. For diluted net income per share, LAZ-MD Holdings exchangeable interests also are included on an as-if-exchanged basis. 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 are not included because, under the treasury stock method of accounting, such securities are not dilutive currently.
- (h) Calculated after considering the impact of all the pro forma adjustments and based on the weighted average basic and diluted shares outstanding, as described in note (g) above.
- (i) Represents exclusion of one-time IPO-related costs of \$2,935 for the three and six month periods ended June 30, 2005.

LAZARD LTD  
 UNAUDITED CONDENSED CONSOLIDATED  
 STATEMENT OF FINANCIAL CONDITION  
 AS OF JUNE 30, 2005

ASSETS	
Cash and cash equivalents	\$320,784
Cash and securities segregated for regulatory purposes	23,328
Marketable investments	11,146
Securities owned - at fair value	327,246
Receivables	1,022,905
Other assets	393,381
	-----
Total assets	\$2,098,790
	=====
LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIENCY)	
Payables	\$949,558
Accrued compensation and benefits	176,972
Other liabilities	613,400
Senior notes:	
Underlying equity security units	437,500
Others	580,199
Subordinated loans	200,000
	-----
Total liabilities	2,957,659
Commitments and contingencies	
Minority interest	99,874
STOCKHOLDERS' EQUITY (DEFICIENCY)	
Common stock:	
Class A, par value \$ .01 per share	375
Class B, par value \$ .01 per share	-
Additional paid-in capital	(950,276)
Accumulated other comprehensive income (loss), net of tax	(20,208)
Retained earnings	11,366
	-----
Total stockholders' equity (deficiency)	(958,743)
	-----
Total liabilities and stockholders' equity (deficiency)	\$2,098,790
	=====

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

	THREE MONTHS ENDED JUNE 30, 2004			THREE MONTHS ENDED JUNE 30, 2005		
	WEIGHTED AVERAGE SHARES OUTSTANDING	NET INCOME	NET INCOME PER SHARE	WEIGHTED AVERAGE SHARES OUTSTANDING	NET INCOME	NET INCOME PER SHARE
	----- (\$ in thousands, except per share data)					
Amounts as reported for basic net income per share	37,500,000	\$9,280	\$0.25 =====	37,500,000	\$11,967	\$0.32 =====
Amounts applicable to LAZ-MD exchangeable interests:						
Share of Lazard Group income		18,662 (a)			19,193 (a)	
Additional Corporate tax		(3,199) (b)			863 (b)	
Shares issuable	62,500,000			62,500,000		
	-----	-----		-----	-----	
Amounts as reported for diluted net income per share	100,000,000	\$24,743	\$0.25 =====	100,000,000	\$32,023	\$0.32 =====

	SIX MONTHS ENDED JUNE 30, 2004			SIX MONTHS ENDED JUNE 30, 2005		
	WEIGHTED AVERAGE SHARES OUTSTANDING	NET INCOME	NET INCOME PER SHARE	WEIGHTED AVERAGE SHARES OUTSTANDING	NET INCOME	NET INCOME PER SHARE
	----- (\$ in thousands, except per share data)					
Amounts as reported for basic net income per share	37,500,000	\$12,356	\$0.33 =====	37,500,000	\$23,703	\$0.63 =====
Amounts applicable to LAZ-MD exchangeable interests:						
Share of Lazard Group income		24,296 (a)			41,801 (a)	
Additional Corporate tax		(3,704) (b)			(2,187) (b)	
Shares issuable	62,500,000			62,500,000		
	-----	-----		-----	-----	
Amounts as reported for diluted net income per share	100,000,000	\$32,948	\$0.33 =====	100,000,000	\$63,317	\$0.63 =====

(a) 62.5% of pro forma Lazard Group net income of \$29,860 and \$30,708 for the three months ended June 30, 2004 and 2005, respectively, and \$38,874 and \$66,881 for the six months ended June 30, 2004 and 2005.

(b) Based on pro forma Lazard Group operating income of \$39,360 and \$57,045 for the three months ended June 30, 2004 and 2005, respectively, and \$45,583 and \$94,573 for the six months ended June 30, 2004 and 2005.

## ASSETS UNDER MANAGEMENT (AUM)

	AS OF			
	JUNE 30, 2004 -----	DECEMBER 31, 2004 -----	MARCH 31, 2005 -----	JUNE 30, 2005 -----
	(\$ in millions)			
Total Equities	\$62,490	\$69,745	\$69,724	\$66,077
Total Fixed Income	11,134	11,204	11,314	11,210
Alternative Investments	2,069	2,800	2,921	3,054
Merchant Banking	451	551	523	801
Cash	1,838	2,135	1,775	1,870
	-----	-----	-----	-----
Total AUM	\$77,982	\$86,435	\$86,257	\$83,012
	=====	=====	=====	=====
	THREE MONTHS ENDED JUNE 30,			
	-----			
	2004	2005	2004	2005
	-----	-----	-----	-----
AUM - Beginning of Period	\$80,000	\$86,257	\$78,371	\$86,435
Net Flows	(1,636)	(2,943)	(1,654)	(2,577)
Market Appreciation (Depreciation)	(280)	357	1,589	290
Foreign Currency Adjustments	(102)	(659)	(324)	(1,136)
	-----	-----	-----	-----
AUM - End of Period	\$77,982	\$83,012	\$77,982	\$83,012
	=====	=====	=====	=====
Average AUM (note)	\$78,991	\$84,634	\$78,784	\$85,235
	=====	=====	=====	=====

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

