Lazard Ltd
Form 424B5
November 21, 2006
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-138855

The information in this preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, but is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated November 21, 2006.

Preliminary Prospectus Supplement to Prospectus dated November 21, 2006.

12,000,000 Shares

Class A Common Stock

Lazard Ltd is hereby offering 6,000,000 shares of its Class A common stock and the selling shareholders identified in this prospectus supplement are offering 6,000,000 shares of Lazard Ltd s Class A common stock. Lazard Ltd will not receive any proceeds from the sale of shares of its Class A common stock being sold by the selling shareholders.

Lazard Ltd s Class A common stock is listed on the New York Stock Exchange under the symbol LAZ. The last reported sale price of Lazard Ltd s Class A common stock on November 20, 2006 was $45.79 per share.

See Risk Factors on page S-17 of this prospectus supplement, page 4 of the accompanying prospectus, Risks Related to Our Business on page 15 of our Annual Report on Form 10-K for the year ended December 31, 2005, and Item 1A. Risk Factors on page 73 of our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 to read about factors you should consider before buying shares of Lazard Ltd s Class A common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Lazard Ltd	$	$
Proceeds, before expenses, to selling shareholders	$	$

To the extent that the underwriters sell more than 12,000,000 shares of Lazard Ltd s Class A common stock, the underwriters have the option to purchase up to an additional 1,800,000 shares of Lazard Ltd s Class A common stock from Lazard Ltd at the public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on December , 2006.

Goldman, Sachs & Co. **Lazard Capital Markets**

Prospectus Supplement dated November , 2006.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and the securities offered hereby. The second part is the accompanying prospectus, which gives more general information and includes disclosures that would pertain if at some time in the future we were to sell debt securities, preference shares, warrants, stock purchase contracts or units or Class A common stock. Accordingly, the accompanying prospectus contains certain data that does not apply to this offering. Generally, unless we specify otherwise, when we refer only to the prospectus, we are referring to both parts combined.

If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement. This prospectus supplement, the accompanying prospectus and the documents incorporated into each by reference include important information about us, the shares being offered and other information you should know before investing. You should read this prospectus supplement and the accompanying prospectus together with additional information described under the heading Where You Can Find More Information before investing in our Class A common stock, which we refer to in this prospectus as our common stock.

In this prospectus, unless the context otherwise requires, the terms:

Lazard, we, our, us, and the Company refer to Lazard Ltd, a Bermuda exempted company whose shares of common stock are publicly traded on the New York Stock Exchange under the symbol LAZ, and its subsidiaries, including Lazard Group.

Lazard Group, refers to Lazard Group LLC, a Delaware limited liability company that is the holding company for the subsidiaries that conduct Lazard s business (which includes all of the businesses, subsidiaries, assets and liabilities of Lazard Ltd and Lazard Group, which we refer to in this prospectus as our business).

We prepare our financial statements in United States dollars and prepare our financial statements, including all of the financial statements incorporated or referenced in this prospectus, in conformity with accounting principles generally accepted in the United States, or U.S. GAAP. We have a fiscal year end of December 31. In this prospectus, except where otherwise indicated, references to $ or dollars are to the lawful currency of the United States.

The Lazard logo and the other trademarks, trade names and service marks of Lazard mentioned in this prospectus supplement, including Lazard®, are the property of, and are used with the permission of, our subsidiaries.

You should rely only on the information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and accompanying prospectus. We have not authorized anyone to provide you with different information. The distribution of this prospectus and sale of these securities in certain jurisdictions may be restricted by law. Persons in possession of this prospectus supplement or the accompanying prospectus are required to inform themselves about and observe any such restrictions. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement is accurate as of the date on the front cover of this prospectus supplement only. Our business, financial condition, results of operations and prospects may have changed since that

date.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the United States Securities and Exchange Commission (SEC). You may read and copy any document the company files at the SEC s public reference room located at 100 F Street, N.E., Washington, D.C. 20549, U.S.A. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public from the SEC s internet site at *http://www.sec.gov*. Copies of these reports and other information can also be inspected at the offices of the New York Stock Exchange, Inc. 20 Broad Street, New York, New York 10005, U.S.A.

We maintain an Internet site at *http://www.lazard.com*. **Our websites and the information contained on those sites or connected to those sites, are not incorporated into this prospectus supplement, and you should not rely on any such information in making your decision whether to purchase our securities.**

We are incorporating by reference into this prospectus supplement specific documents that we have filed with the SEC, which means that we can disclose important information to you by referring you to those documents that are considered part of this prospectus supplement. Information that we file subsequently with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below, and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (which we refer to in this prospectus supplement as the Exchange Act), until the termination of the offerings of all of the securities covered by this prospectus supplement have been completed. This prospectus supplement is part of a registration statement filed with the SEC.

We are incorporating by reference into this prospectus supplement the following documents filed with the SEC (excluding any portions of such documents that have been furnished but not filed for purposes of the Exchange Act):

Lazard Ltd s Annual Report on Form 10-K for the fiscal year ended December 31, 2005 (Annual Report on Form 10-K);

Lazard Ltd s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2006, June 30, 2006 and September 30, 2006 (Quarterly Reports on Form 10-Q);

Lazard Ltd s Proxy Statement on Schedule 14-A, filed on March 31, 2006 (Proxy Statement);

Lazard Ltd s Current Reports on Form 8-K filed on January 26, 2006, March 23, 2006, April 4, 2006, May 17, 2006 and June 20, 2006;

Description of the Class A common stock contained in the final prospectus for Lazard Ltd filed pursuant to Rule 424(b)(3) of the Securities Act of 1933, as amended (the Securities Act), on May 6, 2005 with respect to the Registration Statement on Form S-1 (File No. 333-121407) (the S-1 Registration Statement); and

Description of equity security units contained in the final prospectus for Lazard Ltd and Lazard Group LLC filed pursuant to Rule 424(b)(3) of the Securities Act on May 6, 2005 with respect to the Registration Statement on Form S-1 (File No. 333-123463) (the ESU Registration Statement).

We will provide to each person, including any beneficial owner, to whom a prospectus supplement is delivered, upon written or oral request and without charge, a copy of the documents referred to above that we have incorporated by reference in this prospectus supplement. You can

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request copies of such documents if you call or write us at the following address or telephone number: Investor Relations, Lazard Ltd, 30 Rockefeller Plaza, New York, New York 10020, (212) 632-6000, or you may visit our website at *http://www.lazard.com* for copies of any of such documents.

This prospectus supplement or information incorporated by reference herein, contains summaries of certain agreements that we have filed as exhibits to our various SEC filings, as well as certain agreements that we will enter into in connection with the offering of securities covered by this prospectus supplement. The descriptions of these agreements contained in this prospectus supplement or information incorporated by reference herein do not purport to be complete and are subject to, or qualified in their entirety by reference to, the definitive agreements. Copies of the definitive agreements will be made available without charge to you by making a written or oral request to us.

You should rely only upon the information contained in this prospectus supplement or incorporated by reference in this prospectus supplement. We have not authorized anyone to provide you with different information. You should not assume that the information in this document is accurate as of any date other than that on the front cover of this prospectus supplement.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained herein, in any other subsequently filed document which also is or is deemed to be incorporated by reference herein or in any subsequent prospectus supplement, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified and superseded, to constitute a part of this prospectus supplement.

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PROSPECTUS SUPPLEMENT SUMMARY

Business

We are a preeminent international financial advisory and asset management firm that has long specialized in crafting solutions to the complex financial and strategic challenges of our clients. We serve a diverse set of clients around the world, including corporations, partnerships, institutions, governments and high-net worth individuals. The first Lazard partnership was established in 1848. Over time we have extended our activities beyond our roots in New York, Paris and London. We operate today from 29 cities in key business and financial centers across 16 countries throughout Europe, North America, Asia, Australia and South America. We focus primarily on two businesses, Financial Advisory and Asset Management. We believe that the mix of our activities across business segments, geographic regions, industries and investment strategies helps to diversify and stabilize our revenue stream.

Our Business Model

Our business is organized around two segments: Financial Advisory and Asset Management.

Financial Advisory

We offer corporate, partnership, institutional, government and individual clients across the globe a wide array of financial advisory services regarding mergers and acquisitions, restructurings and various other corporate finance matters. Our goal is to continue to grow our Financial Advisory business by fostering long-term, senior level relationships with existing and new clients as their independent advisor on strategic transactions.

While we strive to earn repeat business from our clients, we operate in a highly competitive environment in which there are no long-term contracted sources of revenue. Each revenue-generating engagement is separately negotiated and awarded. To develop new client relationships, and to develop new engagements from historical client relationships, we maintain an active dialogue with a large number of clients and potential clients, as well as with their financial and legal advisors, on an ongoing basis. We have gained a significant number of new clients each year through our business development initiatives, through recruiting additional senior investment banking professionals who bring with them client relationships and through referrals from directors, attorneys and other third parties with whom we have relationships. At the same time, we lose clients each year as a result of the sale or merger of a client, a change in a client s senior management, competition from other investment banks and other causes.

In the year ended December 31, 2005, Financial Advisory net revenue totaled $865 million (a 32% increase in net revenue as compared to the corresponding period in 2004 of $655 million), accounting for 66% of our consolidated net revenue, and was earned from a diverse group of 484 clients. Fifty percent of this net revenue was generated in Europe, 48% in North America and 2% in the rest of the world. For the nine month period ended September 30, 2006, Financial Advisory net revenue totaled $671 million (a 7% increase in net revenue as compared to the corresponding period in 2005), accounting for 66% of our consolidated net revenue, and was earned from 377 clients. Forty-four percent of this net revenue was generated in Europe, 54% in North America and 2% in the rest of the world.

Our Mergers and Acquisition managing directors and professionals are organized to provide advice in the following major industry practice areas: consumer, financial institutions, financial

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sponsors, healthcare and life sciences, industrial, power and energy, real estate and technology, media and telecommunications. We also maintain specialties in government advisory, fund-raising for alternative investment funds and corporate finance.

Since January 2002, when new senior management joined our firm, our focus in our Financial Advisory business has been on:

- making a significant reinvestment in our intellectual capital with the addition of many senior professionals who we believe have strong client relationships and industry expertise. We have recruited or promoted 77 of our current Financial Advisory managing directors from January 2002 through September 30, 2006, contributing to a 42% increase, net of departures, over that period,

- increasing our contacts with existing clients to further enhance our long-term relationships and our efforts in developing new client relationships,

- expanding the breadth and depth of our industry expertise and adding new practice areas such as power and energy and fund-raising for alternative investment funds,

- coordinating our industry specialty groups on a global basis and increasing the integration of our industry experts with our Financial Restructuring professionals, and

- broadening our geographic presence by adding new offices in the Netherlands (Amsterdam), Canada (Toronto), Australia (Sydney) and mainland China (Beijing), as well as three new regional offices in the U.S. (Atlanta, Houston and Los Angeles) and entering into new strategic alliances in two additional countries (Argentina and Brazil).

We made these investments principally during a period of financial market weakness, when many of our competitors were reducing senior staffing, which positioned us to capitalize more fully on the recovery in the financial services industry.

In addition to the recent expansion of our Financial Advisory team, we believe that the following external market factors may enable our Financial Advisory practice to benefit from future growth in the global mergers and acquisitions advisory business:

- increasing demand for independent, unbiased financial advice, and

- a potential increase in cross-border mergers and acquisitions and large capitalization mergers and acquisitions, two areas of our historical specialization.

We routinely reassess our strategic position and may in the future seek acquisitions or other transactions, including the opportunistic hiring of new employees, to further enhance our competitive position.

Asset Management

Our Asset Management business provides investment management and advisory services to institutional clients, financial intermediaries, private clients and investment vehicles around the world. Our goal in our Asset Management business is to produce superior risk-adjusted investment returns and provide investment solutions customized for our clients. As of September 30, 2006, total assets under management, which we refer to in this prospectus supplement as AUM, was $99.3 billion, approximately 82% of which was invested in equities, 11% in fixed income, 4% in alternative investments, 2% in cash and 1% in merchant banking funds. As of the same date, approximately 56% of our AUM was invested in international (i.e., non-U.S.) investment strategies, 25% was invested in

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global investment strategies and 19% was invested in U.S. investment strategies. Approximately 82% was managed on behalf of institutional clients, including corporations, labor unions, public pension funds, insurance companies and banks, and through sub-advisory relationships, mutual fund sponsors, broker-dealers and registered advisors, and 18% of our AUM was managed on behalf of individual client relationships, which are principally with family offices and high-net worth individuals.

For the year ended December 31, 2005, Asset Management net revenue was $466 million, accounting for 36% of our consolidated net revenue. Fifty-nine percent of this net revenue was generated in North America, 33% in Europe and 8% in the rest of the world. For the nine month period ended September 30, 2006, Asset Management net revenue was $377 million, accounting for 37% of our consolidated net revenue. Fifty-six percent of this net revenue was generated in North America, 36% in Europe and 8% in the rest of the world.

Our largest Asset Management subsidiaries are Lazard Asset Management, which we refer to in this prospectus supplement as LAM, with offices in New York, San Francisco, Minneapolis, London, Milan, Frankfurt, Hamburg, Tokyo, Sydney and Seoul (aggregating $87.7 billion in total AUM as of September 30, 2006), and Lazard Frères Gestion (LFG) and Fonds Partenaires-Gestion (FPG) in Paris (aggregating $11.6 billion in total AUM as of September 30, 2006). These operations provide our business with a global presence and a local identity.

Our strategic plan in our Asset Management business is to focus on delivering superior investment performance and client service and broadening our product offerings and distribution in selected areas in order to continue to drive business results. In March 2004, we undertook a senior management transition at LAM to put in place the next generation of leadership and to better position the business to execute our strategic plan. Over the past several years, in an effort to improve LAM s operations and expand our business, we have:

- focused on enhancing our investment performance,
- improved our investment management platform by adding a number of senior investment professionals (including portfolio managers and analysts),
- strengthened our marketing capabilities by establishing a global consultant relations effort aimed at improving our relations with the independent consultants who advise many of our clients on the selection of investment managers,
- expanded our product platform by lifting-out experienced portfolio managers to establish new products, and
- launched new products such as several Japan long/short strategies, a Korean equities strategy and a global listed infrastructure strategy.

We believe that our Asset Management business has long maintained an outstanding team of portfolio managers and global research analysts. We intend to maintain and supplement our intellectual capital to achieve our goals. We routinely reassess our strategic position and may in the future seek acquisitions or other transactions, including the opportunistic hiring of new employees, in order to further enhance our competitive position. We also believe that our specific investment strategies, global reach, brand identity and access to multiple distribution channels will allow us to leverage into new investment products, strategies and geographic locations. In addition, we plan to expand our participation in merchant banking activities through investments in new and successor funds.

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The Separation and Recapitalization

On May 10, 2005, we completed the initial public offering of our common stock, which we refer to in this prospectus supplement as the equity public offering, the public offering of equity security units (ESUs) of Lazard Ltd, which we refer to in this prospectus supplement as the ESU offering, the private placements under an investment agreement with IXIS Corporate & Investment Bank (IXIS), which we refer to as the IXIS placements, and the private offering of the 7.125% senior notes due 2015, which we refer to as the privately placed Lazard Group straight notes offering. We collectively refer to the equity public offering, the ESU offering, the privately placed Lazard Group straight notes offering and the IXIS placements as the financing transactions. We used the net proceeds of the financing transactions primarily to recapitalize Lazard Group, which financing transactions and recapitalization we refer to collectively in this prospectus supplement as the recapitalization. As part of the recapitalization, Lazard Group used the net proceeds from the financing transactions primarily to redeem the outstanding Lazard Group membership interests of two general classes of members of Lazard Group, which consisted of Eurazeo S.A., descendants and relations of our founders, several historical partners of our predecessor entities, several current and former managing directors and the other members of these classes, which we refer to in this prospectus supplement as the historical partners.

On May 10, 2005, Lazard Group also transferred its former capital markets business, which consisted of equity, fixed income and convertibles sales and trading, broking, research and underwriting services, its merchant banking fund management activities other than its existing merchant banking business in France and specified non-operating assets and liabilities, to LFCM Holdings LLC, a Delaware limited liability company, which we refer to in this prospectus supplement as LFCM Holdings. We refer to these businesses, assets and liabilities as the separated businesses and these transfers collectively as the separation. Except as otherwise expressly noted in this prospectus supplement and in our Annual Report on Form 10-K, the historical consolidated financial data of Lazard Group and Lazard Ltd reflect the historical results of operations and financial position of Lazard Group and Lazard Ltd and includes the separated businesses in discontinued operations for all applicable periods presented. In addition to other adjustments, the unaudited pro forma consolidated financial data included in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q reflect financial data of Lazard Group and Lazard Ltd giving effect to the separation, as well as other adjustments made as a result of the equity public offering, the financing transactions and the recapitalization.

Lazard s Organizational Structure

Lazard Group is the Delaware limited liability company that is the holding company for the subsidiaries that conduct our business. Lazard Group has two primary holders of its membership interests: Lazard Ltd and LAZ-MD Holdings LLC, a Delaware limited liability company that holds equity interests in Lazard Group and the Class B common stock of Lazard Ltd, which we refer to in this prospectus supplement as LAZ-MD Holdings. Lazard Ltd has no material assets other than indirect ownership of approximately 37.7% of the common membership interests of Lazard Group as of the date of this prospectus supplement (or 46.9% of the common membership interests of Lazard Group after this offering), and indirect control of both of the managing members of Lazard Group. Lazard Ltd controls Lazard Group through this managing member position. The remaining 62.3% of Lazard Group s common membership interests as of the date of this prospectus supplement (or 53.1% of the common membership interests of Lazard Group after this offering) is held by LAZ-MD Holdings, the holding company that is owned by current and former managing directors of Lazard Group. The Lazard Group common membership interests held by LAZ-MD Holdings are effectively exchangeable over time on a one-for-one basis with Lazard Ltd for shares of common stock, which are publicly traded on the New York Stock Exchange under the symbol LAZ .

Each share of our common stock entitles its holder to one vote per share. Each LAZ-MD Holdings exchangeable interest, all of which are held by the two classes of members of Lazard Group that consist of current and former managing directors, which we refer to in this prospectus supplement as the working members, is effectively exchangeable together with a Lazard Group common interest held by LAZ-MD Holdings for a share of our common stock, with such ratio subject to adjustment. The single outstanding share of our Class B common stock is intended to allow our current and former managing directors holding LAZ-MD Holdings exchangeable interests to individually vote in proportion to their indirect economic interests in Lazard Ltd. For a description of the voting rights of holders of LAZ-MD Holdings exchangeable interests, see Certain Relationships and Related Transactions LAZ-MD Holdings Stockholders Agreement in our Proxy Statement. Our Class B common stock has 62.3% of the voting power of Lazard Ltd as of the date of this prospectus supplement (or 53.1% of the voting power of Lazard Ltd after this offering), which percentage will further decrease proportionately as Lazard Group common membership interests are exchanged for shares of our common stock. Upon full exchange of the LAZ-MD Holdings exchangeable interests for shares of our common stock, the Class B common stock would cease to be outstanding, and all of the Lazard Group common membership interests formerly owned by LAZ-MD Holdings would be owned indirectly by Lazard Ltd. In order to seek to avoid the possibility that LAZ-MD Holdings would be deemed to be an investment company for purposes of the U.S. Investment Company Act of 1940, as amended, or the Investment Company Act, the voting power of the outstanding Class B common stock will, however, represent no less than 50.1% of the voting power of Lazard Ltd until December 31, 2007.

Our public shareholders as of the date of this prospectus supplement hold all of the issued and outstanding shares of our common stock, representing approximately 37.7% of the voting power in Lazard Ltd (or 46.9% of the voting power in Lazard Ltd after this offering) and 100% of the economic rights in our capital stock. The Class B common stock does not have any economic rights in Lazard Ltd.

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The graphic below illustrates our ownership structure as of the date of this prospectus supplement and our expected ownership structure immediately following completion of this offering, assuming no exercise of the underwriters over-allotment option. The graphic below displays neither all of the subsidiaries of Lazard Ltd, Lazard Group and LAZ-MD Holdings (including those through which Lazard Ltd holds its interests in Lazard Group), nor all of the minority interests in Lazard Group (including the participatory interests granted to managing directors).

Lazard Ltd was incorporated in Bermuda on October 25, 2004. Lazard Group was formed in Delaware on March 2, 2000 under the name Lazard LLC and was renamed Lazard Group LLC on May 10, 2005. Our principal executive offices are located in the U.S. at 30 Rockefeller Plaza, New York, New York 10020, with a general telephone number of (212) 632-6000, in France at 121 Boulevard Haussmann, 75382 Paris Cedex 08, with a general telephone number of 33-1-44-13-01-11, in the U.K. at 50 Stratton Street, London W1J 8LL, with a general telephone number of 44-207-187-2000 and in Italy at via Dell Orso 2, 20121 Milan, with a general telephone number of 39-02-723121. Our registered office in Bermuda is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, with a general telephone number of (441) 295-1422. We maintain an Internet site at *http://www.lazard.com*. **Our websites and the information contained on those sites, or connected to those sites, are not incorporated into this prospectus supplement, and you should not rely on any such information in making your decision whether to purchase our securities.**

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The Offering

Common stock offered by		
Lazard Ltd (a)	6,000,000	shares
Common stock offered by the selling shareholders	6,000,000	shares
Common stock to be outstanding immediately after this offering:		
Class A common stock(b)	49,503,668	shares
Class B common stock	1	share
Lazard Group common membership interests to be outstanding immediately after this offering:		
Owned by Lazard Ltd	49,503,668	interests
Owned by LAZ-MD Holdings(c)	56,098,448	interests
Total	105,602,116	interests

Dividend policy	In February, May, August and October of 2006, our board of directors declared a dividend of $.09 per share, which was paid or will be paid on February 28, 2006, May 31, 2006, August 31, 2006 and November 30, 2006, respectively, to stockholders of record as of February 17, 2006, May 19, 2006, August 11, 2006 and November 10, 2006, respectively.
	We currently intend to declare quarterly dividends on all outstanding shares of our common stock. The declaration of this and any other dividends and, if declared, the amount of any such dividend, will be subject to our actual future earnings, cash flow and capital requirements, to the amount of distributions to us from Lazard Group and to the discretion of our board of directors. For a discussion of the factors that will affect the determination by our board of directors to declare dividends, see Price Range and Dividend Policy of Lazard Ltd Common Stock Dividend Policy of Lazard Ltd.
Use of Proceeds	We estimate that the net proceeds from this offering to us from sales of common stock offered by us, after deducting estimated fees and expenses and the underwriting discount, will be approximately $262 million. We intend to use the net proceeds from this offering for expansion of our Asset Management business through acquisitions and by seeding new investment products, including merchant banking investments, for expansion of our

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	Financial Advisory practice by geography and adjacent businesses, through acquisitions and for investments, for other strategic acquisitions or investments, for possible future repayment of indebtedness and for general corporate purposes. See Use of Proceeds.
	We will not receive any net proceeds from the sales of common stock in this offering offered by the selling shareholders.
Risk Factors	For a discussion of factors you should consider before buying shares of our common stock, see Risk Factors.
Material U.S. Federal Income Tax Considerations	In connection with our formation, we made an election to be treated as a partnership for U.S. federal income tax purposes. As a result, each holder of our common stock will be required to report on its income tax return its allocable share of our income, gains, losses and deductions. For additional information concerning the material tax consequences of investing in our common stock, see Material U.S. Federal Income Tax and Bermuda Tax Considerations.
New York Stock Exchange Symbol	LAZ

(a) Excludes all of the 1,800,000 shares of common stock that may be purchased by the underwriters from us pursuant to the exercise of the underwriters over-allotment option. Unless specifically noted, information in this prospectus supplement does not give effect to the possible exercise, in whole or in part, of the underwriters over-allotment option.

(b) Includes (1) the 6,000,000 shares of common stock sold pursuant to this offering by us, (2) the 6,000,000 shares of common stock sold pursuant to this offering by the selling shareholders and (3) 37,503,668 shares of common stock outstanding immediately prior to this offering including 115,000 shares of our common stock held by Lazard Group but excludes (i) 56,098,448 shares of our common stock that will be issuable in connection with future exchanges of common membership interests in Lazard Group held by LAZ-MD Holdings, which Lazard Group common membership interests are effectively exchangeable for shares of our common stock on a one-for-one basis, (ii) up to 17,500,000 shares of our common stock issuable in connection with the ESUs of Lazard Ltd issued in the ESU offering and pursuant to the IXIS placements, and (iii) up to 24,996,332 shares of our common stock reserved for issuance, 4,033,438 units in respect of which have been granted (net of forfeitures) as of the date of this prospectus supplement and 20,962,894 of which are subject to awards following this offering, in connection with the 2005 Equity Incentive Plan, and (iv) an additional 2,631,570 shares of our common stock that will be issuable or otherwise deliverable upon conversion of the $150 million convertible subordinated note, which we refer to as the $150 million convertible note, held by Banca Intesa S.p.A., or Intesa . If, immediately following this offering, LAZ-MD Holdings exchanged all of its Lazard Group common membership interests, LAZ-MD Holdings would own 56,098,448 shares of our common stock, representing approximately 53.1% of our outstanding common stock (or approximately 52.2% if the underwriters over-allotment option is exercised in full).

(c) The Lazard Group common membership interests held by LAZ-MD Holdings are effectively exchangeable over time, on a one-for-one basis, for shares of our common stock.

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Summary Historical and Pro Forma Consolidated Financial Data

The following table sets forth the historical summary consolidated financial data for Lazard Group and Lazard Ltd for all periods presented. The table also presents certain pro forma consolidated financial data for Lazard Group and Lazard Ltd. The results of operations for certain businesses that we no longer own are reported as discontinued operations.

The historical consolidated financial statements prior to May 10, 2005, the date of our equity public offering, do not reflect what our results of operations and financial position would have been had we been a stand-alone, public company for the periods presented. In addition, the results of operations for periods prior to May 10, 2005 are not comparable to results of operations for subsequent periods. Specifically, for periods prior to May 10, 2005, the historical results of operations do not give effect to the following matters:

Payment for services rendered by Lazard Group s managing directors, which, as a result of Lazard Group operating as a limited liability company, historically had been accounted for as distributions from members capital, or in some cases as minority interest, rather than as compensation and benefits expense. As a result, Lazard Group s operating income, prior to May 10, 2005, did not reflect payments for services rendered by its managing directors. Subsequent to the consummation of the equity public offering, as described in Note 1 in the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, Lazard Group and Lazard Ltd now include all payments for services rendered by its managing directors and distributions to profit participation members in Compensation and Benefits Expense.

U.S. corporate federal income taxes, since Lazard Group had operated in the U.S. as a limited liability company that was treated as a partnership for U.S. federal income tax purposes. As a result, Lazard Group s income had not been subject to U.S. federal income taxes. Taxes related to income earned by partnerships represent obligations of the individual partners. Outside the U.S., Lazard Group historically had operated principally through subsidiary corporations and had been subject to local income taxes. Accordingly, prior to May 10, 2005 income taxes reflected within Lazard Group s and Lazard Ltd s results of operations included in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q are attributable to taxes incurred in non-U.S. entities and to New York City Unincorporated Business Tax, or UBT attributable to Lazard Group s and our operations apportioned to New York City. Subsequent to the equity public offering, the consolidated financial statements of Lazard Ltd include U.S. corporate federal income taxes on its allocable share of the results of operations of Lazard Group, giving effect to the post equity public offering structure.

Minority interest in net income relating to LAZ-MD Holdings ownership interest of Lazard Group s common membership interests since May 10, 2005. Prior to May 10, 2005, Lazard Ltd had no ownership interest in Lazard Group and all net income was allocable to the then members of Lazard Group. Commencing May 10, 2005, minority interest in net income includes LAZ MD Holdings ownership interest of Lazard Group s common membership interests.

The use of proceeds from the financing transactions in connection with the separation and recapitalization.

The net incremental interest expense related to the financing transactions and the exclusion of certain one-time equity public offering-related costs.

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The unaudited pro forma data set forth below are derived from the unaudited pro forma condensed consolidated statements of income included in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. The data reflects the separation and recapitalization transactions and the completion of the equity public offering and the additional financing transactions as if they had occurred as of January 1, 2005, and are included for informational purposes only and do not purport to represent what our results of operations would actually have been had we operated as a separate, independent company during the periods presented, nor does the pro forma data give effect to any events other than those discussed above and in the related notes. As a result, the pro forma operating results are not necessarily indicative of the operating results for any future period. See Pro Forma Financial Information (Unaudited) in our Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the quarter ended September 30, 2006.

The historical consolidated statements of income data for the years ended December 31, 2005, 2004 and 2003 have been derived from our audited consolidated financial statements. Such audited consolidated statements of income for the years ended December 31, 2005, 2004 and 2003 are included in our Annual Report on Form 10-K. The historical condensed consolidated statements of income data for the nine month periods ended September 30, 2006 and 2005, has been derived from our unaudited consolidated financial statements which are included in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006. Our unaudited condensed consolidated financial statements, in the opinion of management, have been prepared on the same basis as the audited financial statements and reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation. Historical results are not necessarily indicative of results for any future period and the results of any interim period do not necessarily indicate the results that may be expected for any other interim period or the full year.

The summary consolidated financial data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations, Pro Forma Financial Information (Unaudited) and our historical consolidated financial statements and related notes included in our Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the quarter ended September 30, 2006.

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Summary Historical and Pro Forma Consolidated Financial Data

	For the Year Ended December 31,			For the Nine Months Ended September 30,		Pro Forma For the Year Ended December 31,	Pro Forma For the Nine Months Ended September 30,
	2005	2004	2003	2006	2005	2005	2005
	($ in thousands, except per share data or where otherwise noted)						
Historical and Pro Forma							
Consolidated Statement of Income Data:							
Net Revenue:							
Financial Advisory(a)	$864,812	$655,200	$690,967	$671,245	$626,610	$864,812	$626,610
Asset Management(b)	466,188	417,166	350,348	376,792	326,695	466,188	326,695
Corporate(c)	(29,558)	22,464	11,627	(27,359)	(18,940)	(50,523)	(39,905)
Net Revenue(d)	1,301,442	1,094,830	1,052,942	1,020,678	934,365	1,280,477(k)	913,400(k)
Compensation and Benefits(e)	698,683	466,064	388,266	615,269	482,228	774,159(l)	557,704(l)
Other Operating Expenses	260,397	260,942	225,940	193,407	186,859	257,462(m)	183,924(m)
Total Operating Expenses	959,080	727,006	614,206	808,676	669,087	1,031,621	741,628
Operating Income from Continuing Operations	$342,362	$367,824	$438,736	$212,002	$265,278	$248,856	$171,772
Income from Continuing Operations(e)	$161,062	$251,999	$307,218	$56,389	$137,128	$64,457(n)	$42,714(n)
Net Income (Net Income Allocable to Members of Lazard Group prior to May 10, 2005)	$143,486	$246,974(f)	$ 250,383	$56,389	$119,552		
Weighted Average Shares of Class A Common Stock Outstanding(g):							
Basic	37,500,000			37,457,275	37,500,000	37,500,000(o)	37,500,000(o)
Diluted	37,561,138			41,747,068	37,518,513	37,539,208(p)	37,509,765(p)
Net Income Per Share of Class A Common Stock from Continuing Operations(g):							
Basic	$1.45			$1.51	$0.81	$1.72(q)	$1.14(q)
Diluted	$1.45			$1.45	$0.81	$1.72(q)	$1.14(q)
Dividends Paid Per Share of Class A Common Stock(g)	$0.142			$0.270	$0.052		
Other Lazard Group Historical Data:							
	$249,337	$193,078	$203,068	$227,140	$179,655		

Dollar Value of Mergers and Acquisitions (M&A) Deals Completed ($ in millions)(h)					
Number of M&A Deals Completed Greater than $1 Billion(i)	40	31	29	33	33
Assets Under Management ($ in millions):					
Ending	$88,234	$86,435	$78,371	$99,334	$86,592
Average(j)	$86,106	$80,261	$66,321	$94,151	$85,574
Managing Director Headcount, after giving effect to the separation (as of the end of each period):					
Financial Advisory	123	127	111	125	123
Asset Management	38	33	22	43	38
Corporate	8	6	5	8	8
Limited Managing Directors	5	19	22	5	16
Total	174	185	160	181	185

See Notes to Summary Historical and Pro Forma Consolidated Financial Data

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Notes to Summary Historical and Pro Forma Consolidated Financial Data ($ in thousands)

(a) Financial Advisory net revenue consists of the following:

	For the Year Ended December 31,			For the Nine Months Ended September 30,		Pro Forma For the Year Ended December 31,	Pro Forma For the Nine Months Ended September 30,
	2005	2004	2003	2006	2005	2005	2005
M&A	$ 674,543	$ 481,726	$ 419,967	$ 545,054	$ 491,559	$ 674,543	$ 491,559
Financial Restructuring	103,404	96,100	244,600	50,202	80,367	103,404	80,367
Other Financial Advisory	86,865	77,374	26,400	75,989	54,684	86,865	54,684
Financial Advisory Net Revenue	$ 864,812	$ 655,200	$ 690,967	$ 671,245	$ 626,610	$ 864,812	$ 626,610

(b) Asset Management net revenue consists of the following:

	For the Year Ended December 31,			For the Nine Months Ended September 30,		Pro Forma For the Year Ended December 31,	Pro Forma For the Nine Months Ended September 30,
	2005	2004	2003	2006	2005	2005	2005
Management and Other Fees	$ 389,414	$ 357,229	$ 284,565	$ 328,734	$ 291,047	$ 389,414	$ 291,047
Incentive Fees	44,627	27,354	38,225	17,362	10,650	44,627	10,650
Other Income	32,147	32,583	27,558	30,696	24,998	32,147	24,998
Asset Management Net Revenue	$ 466,188	$ 417,166	$ 350,348	$ 376,792	$ 326,695	$ 466,188	$ 326,695

(c) Corporate includes interest income (net of interest expense), investment income from certain long-term investments and net money market revenue earned by Lazard Frères Banque SA, including, for periods subsequent to May 10, 2005, the net incremental interest expense related to the financing transactions.

(d) Net revenue is presented after reductions for dividends relating to the Company s mandatory redeemable preferred stock issued in March 2001. Preferred dividends are reflected in corporate net revenue and amounted to ($8,000), $8,000 and $8,000 in the years ended December 31, 2005, 2004 and 2003, respectively. The nine month period ended September 30, 2005 and the year ended December 31, 2005 includes a credit of $8,000, which represents accrued dividends on the Company s mandatory redeemable preferred stock which was redeemed and cancelled pursuant to the redemption of membership interests of the historical partners.

(e) Excludes, as applicable, with respect to periods ended prior to May 10, 2005, (i) payments for services rendered by Lazard Group s managing directors which, as a result of Lazard Group operating as a limited liability company, historically had been accounted for as distributions from members capital, or in some cases as minority interest, rather than as a compensation and benefits expense, and (ii) U.S. corporate federal income taxes, since Lazard Group has operated as a limited liability company that was treated as a partnership for U.S. federal income tax purposes.

(f) Net income allocable to members for the year ended December 31, 2004 is shown after an extraordinary gain of $5,507 related to the January 2004 acquisition of the assets of Panmure Gordon.

(g) Historical data presented is for the periods subsequent to May 10, 2005, the date of the Company s equity public offering.

(h) Source: Thomson Financial as of March 6, 2006 for the years ended December 31, 2005, 2004 and 2003, and as of October 23, 2006 for the nine month periods ended September 30, 2006 and 2005. Represents the U.S. dollar value of completed transactions globally in which Lazard Group acted as an advisor to a party of the transaction. The types of transactions included are global M&A, partial company sales, asset sales, joint ventures, spin-offs and restructuring assignments in which a change of control occurs. The value of a completed transaction is equal to the consideration paid for the equity of the target plus net debt assumed (net debt equals the liabilities assumed less cash held by the target).

(i) Source: Thomson Financial as of March 6, 2006 for the years ended December 31, 2005, 2004 and 2003, and as of October 23, 2006 for the nine month periods ended September 30, 2006 and 2005. Represents the number of completed M&A transactions globally in which Lazard Group acted as an advisor to a party of the transaction and in which the value of the transaction was greater than $1 billion.

(j) Calculated using the average of quarter-end AUM balances during the respective period.

(k) Represents net revenue after giving effect to the separation and recapitalization transactions, the incremental interest expense related to the financing transactions and the exclusion of non-recurring, one-time costs of $1,661 related to the separation and recapitalization.

(l) Represents compensation and benefits expense after giving effect to adjustments for services rendered by employee members of LAM and managing directors prior to May 10, 2005, the date of our equity public offering, which were accounted for as either distributions from members capital or as minority interest expense. Following the completion of the equity public offering, our policy is that our employee compensation and benefits expense, including that payable to our managing directors, will not exceed 57.5% of operating revenues each year (although we retain the ability to change this policy in the future).

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(m) Represents other operating expense after the exclusion of one-time costs of $2,935 related to the separation and recapitalization.

(n) Represents income from continuing operations after giving effect to the separation and recapitalization transactions, including the pro forma adjustments related to the incremental interest expense from the financing transactions and to compensation and benefits expense.

(o) For pro forma basic net income per share of Class A common stock, the weighted average shares of Class A common stock outstanding includes, for the year ended December 31, 2005 and the nine month period ended September 30, 2005, the 37,500,000 shares of Class A Common Stock outstanding immediately following the equity public offering, and the IXIS private placement.

(p) For pro forma diluted net income per share of Class A common stock, the weighted average shares outstanding reflects the 37,500,000 shares of Class A common stock outstanding immediately following the equity public offering and the IXIS private placement, plus, incremental shares issuable from stock unit awards. LAZ-MD Holdings exchangeable interests are not included in the weighted average shares outstanding for the year ended December 31, 2005 and the nine month period ended September 30, 2005 because, on an as-if-exchanged basis, such exchangeable interests were antidilutive. 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 for either period because, under the treasury stock method, such securities were not dilutive.

(q) 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 (o) and (p) above.

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RISK FACTORS

You should carefully consider the following risks and the risks incorporated by reference into this prospectus supplement and all of the other information set forth in this prospectus supplement or incorporated by reference in this prospectus supplement, including our consolidated financial statements and related notes, before deciding to purchase shares of common stock offered by this prospectus supplement. The risk factors set forth below primarily relate to the business of Lazard Group. These risks also affect Lazard Ltd because Lazard Ltd has no material assets other than indirect ownership of approximately 37.7% of the common membership interests in Lazard Group as of the date of this prospectus supplement (or 46.9% of the common membership interests in Lazard Group after this offering) and its controlling interest in Lazard Group. For a discussion of the risks related to our business see Risk Related to Our Business in our Annual Report on Form 10-K and Item 1A. Risk Factors in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006. The following risks and the risks incorporated by reference into this prospectus supplement comprise material risks of which we are aware. If any of the events or developments described below actually occurred, our business, financial condition or results of operations would likely suffer.

Risks Related to this Offering

The market price and trading volume of our common stock may be volatile, and you may not be able to resell your shares at or above the public offering price.

The price of our common stock in this offering will be determined through negotiations between us and the underwriters. The negotiated price of this offering may not be indicative of the market price of the common stock after this offering. The market price of our common stock will likely continue to fluctuate in response to the following factors, some of which are beyond our control, including the following:

- quarterly fluctuations in our operating results,
- changes in investors and analysts perception of the business risks and conditions of our business,
- broader market fluctuations,
- general economic and political conditions,
- acquisitions and financings, including the potential issuance of a substantial number of shares of our common stock as consideration in acquisitions,
- the issuance of a substantial number of shares of our common stock in exchange for a reduction of debt upon conversion of any portion of the $150 million convertible note held by Intesa, and further exchanges of the LAZ-MD Holdings exchangeable interests,

the issuance of a substantial number of shares of our common stock upon settlement of the purchase contracts underlying the ESUs,

sale of a substantial number of shares of our common stock held by the existing security holders in the public market, including shares issued upon vesting of outstanding restricted stock units, and

general conditions in the financial services industry.

As a result, shares of our common stock may trade at prices significantly below the price of this offering. Declines in the price of our common stock may adversely affect our ability to recruit and retain key employees, including our managing directors and other key professional employees.

You will experience immediate dilution in the book value of your common stock, and, should we be liquidated at our book value, investors would not receive the full amount of their investment.

Purchasers of our common stock offered pursuant to this prospectus supplement (assuming the exchange of all outstanding Lazard Group common membership interests and related issuance of shares of common stock) will experience an immediate dilution in net tangible book value of $50.23 per share of common stock purchased. Accordingly, should we be liquidated at our book value, investors would not receive the full amount of their investment. See Dilution.

Our share price may decline due to the large number of shares eligible for future sale and for exchange.

Immediately after this offering, our authorized and unissued shares of common stock will include approximately 56,098,448 shares of our common stock underlying the outstanding LAZ-MD Holdings exchangeable membership interests, 4,033,438 shares of our common stock underlying the restricted stock units and deferred stock units that have thus far been granted pursuant to our 2005 Equity Incentive Plan, up to 17,500,000 shares of our common stock underlying the outstanding ESUs which, when issued, will be eligible for sale, and 2,631,570 shares of our common stock issuable or otherwise deliverable upon conversion of the $150 million convertible note held by Intesa. In addition, on November 7, 2006, the lock-up related to the 2,000,000 shares of Lazard Ltd s common stock acquired by IXIS in connection with our equity public offering expired. We cannot predict the effect, if any, that market sales of those shares of common stock, the possibility of such sales or the availability of those shares of common stock for sale will have on the market price of our common stock or our ability to raise capital through the issuance of equity securities from time to time.

As reflected in the table below, LAZ-MD Holdings exchangeable interests are effectively exchangeable into our common stock, and thereafter that common stock will become available for sale in significant numbers. In addition, LAZ-MD Holdings and certain of our subsidiaries, with the consent of the Lazard Ltd board of directors, have the right to cause the holders of LAZ-MD Holdings exchangeable interests to exchange all such remaining interests during the 30-day period following May 10, 2014 and under certain other circumstances. For a discussion of these exchange and transfer restrictions, see Certain Relationships and Related Transactions Relationship with LAZ-MD Holdings and LFCM Holdings Master Separation Agreement LAZ-MD Holdings Exchangeable Interests in our Proxy Statement. We expect to register the shares received by the working members pursuant to the exchange for resale by such persons from time to time as well. Persons exchanging their LAZ-MD Holdings exchangeable interests are likely to sell all or a portion of their common stock promptly after exchange to provide liquidity to cover any taxes that may be payable upon such exchange or to diversify their portfolios.

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The following table reflects the timetable for exchangeability of the LAZ-MD Holdings exchangeable interests assuming continued employment of the current managing directors. As described below, exchangeability may be accelerated under certain circumstances as described in Management Arrangements with Our Managing Directors The Retention Agreements in General LAZ-MD Holdings Exchangeable Interests and Certain Relationships and Related Transactions Relationship with LAZ-MD Holdings and LFCM Holdings Master Separation Agreement LAZ-MD Holdings Exchangeable Interests in our Proxy Statement.

	Number of additional shares of our common stock that are expected to become available for exchange under LAZ-MD Holdings exchangeable interests	
Dates after which exchangeability is allowed	**Prior to Offerings Herein**	**After Offerings Herein**
March 31, 2007	224,325	191,874
June 30, 2007	594,816	508,770
May 10, 2008	19,062,869	13,181,366
May 10, 2009	18,748,915	18,748,915
May 10, 2010	19,273,003	19,273,003
May 10, 2011		
May 10, 2012		
May 10, 2013	4,194,520	4,194,520
Total	62,098,448	56,098,448

In addition, the ESUs issued as part of the additional financing transactions are effectively exchangeable for up to 17,500,000 shares of our common stock on May 10, 2008. The 2,000,000 shares of our common stock that IXIS acquired as part of the IXIS placements generally may be transferred or sold commencing November 7, 2006 under certain circumstances. See Description of Our Common Stock IXIS Investment in Our Common Stock. Under limited, agreed-upon circumstances, a few of our European managing directors will have the right to cause an early exchange of a portion of their exchangeable interests, which potential early exchange is not reflected in the table above.

In addition, the $150 million convertible note with Intesa is convertible into shares of our common stock at an effective conversion price of $57 per share, resulting in 2,631,570 shares of our common stock being issuable upon full conversion of the note. One-third in principal amount of the $150 million convertible note is generally convertible after July 1, 2008, an additional one-third after July 1, 2009 and the last one-third after July 1, 2010. The note is not convertible after June 30, 2011.

Our only material asset is its indirect interests in Lazard Group, and it is accordingly dependent upon distributions from Lazard Group to pay dividends and taxes and other expenses.

Lazard Ltd is a holding company and has no material assets other than indirect ownership of approximately 37.7% of the common membership interests of Lazard Group as of the date of this prospectus supplement (or 46.9% of the common membership interests of Lazard Group after this offering), and indirect control of both of the managing members of Lazard Group. Lazard Ltd controls Lazard Group through this managing member position. Lazard Ltd has no independent means of generating revenue. Our wholly-owned subsidiaries incur income taxes on their proportionate share of any net taxable income of Lazard Group in their respective tax jurisdictions. We intend to continue to cause Lazard Group to make distributions to its members, including our wholly-owned subsidiaries, in an amount sufficient to cover all applicable taxes payable by us and dividends, if any, declared by us. To the extent that our subsidiaries need funds to pay taxes on their share of Lazard Group s net taxable income, or if Lazard Ltd needs funds for any other purpose, and Lazard Group is restricted from making such distributions under applicable law or regulation, or is otherwise unable to provide such funds, it could materially adversely affect our business, financial condition or results of operations. See Price Range and Dividend Policy of Lazard Ltd Common Stock Dividend Policy of Lazard Ltd.

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Lazard Ltd may issue preference shares and our bye-laws and Bermuda law may discourage takeovers, which could affect the rights of holders of our common stock.

The ownership of the Class B common stock gives LAZ-MD Holdings and, through the LAZ-MD Holdings stockholders agreement, the members of LAZ-MD Holdings, voting control of Lazard Ltd, which has the effect, among other things, of preventing a change in control of Lazard Ltd without LAZ-MD Holdings consent. Our board of directors has the authority to issue up to 15,000,000 preference shares without any further vote or action by the shareholders, in accordance with the provisions of our bye-laws. Since the preference shares could be issued with liquidation, dividend and other rights superior to those of our common stock, the rights of the holders of our common stock will be subject to, and may be adversely affected by, the rights of the holders of any such preference shares. The issuance of preference shares could have the effect of making it more difficult for a third party to acquire a majority of our outstanding voting stock. Further, the provisions of our bye-laws, including our classified board of directors and the ability of shareholders to remove directors only for cause, and of Bermuda law, could have the effect of delaying or preventing a change in control of Lazard Ltd.

Lazard Ltd is incorporated in Bermuda, and a significant portion of its assets are located outside the U.S. As a result, it may not be possible for shareholders of Lazard Ltd to enforce civil liability provisions of the U.S. federal or state securities laws.

Lazard Ltd is incorporated under the laws of Bermuda, and a significant portion of its assets are located outside the U.S. It may not be possible to enforce court judgments obtained in the U.S. against Lazard Ltd in Bermuda, or in countries other than the U.S. where Lazard Ltd has assets, based on the civil liability provisions of the federal or state securities laws of the U.S. In addition, there is some doubt as to whether the courts of Bermuda and other countries would recognize or enforce judgments of U.S. courts obtained against Lazard Ltd or its directors or officers based on the civil liabilities provisions of the federal or state securities laws of the U.S. or would hear actions against Lazard Ltd or those persons based on those laws. Lazard Ltd has been advised by its legal advisors in Bermuda that the U.S. and Bermuda do not currently have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the U.S. based on civil liability, whether or not based solely on U.S. federal or state securities laws, would not automatically be enforceable in Bermuda. Similarly, those judgments may not be enforceable in countries other than the U.S. where we have assets.

Bermuda law differs from the laws in effect in the U.S. and may afford less protection to our shareholders.

Our shareholders may have more difficulty protecting their interests than would shareholders of a corporation incorporated in a jurisdiction of the U.S. As a Bermuda company, Lazard Ltd is governed by the Companies Act 1981 of Bermuda, which we refer to in this prospectus supplement as the Companies Act. The Companies Act differs in some material respects from laws generally applicable to U.S. corporations and shareholders, including the provisions relating to interested directors, mergers, amalgamations and acquisitions, takeovers, shareholder lawsuits and indemnification of directors.

Under Bermuda law, the duties of directors and officers of a company are generally owed to the company only. Shareholders of Bermuda companies generally do not have rights to take action against directors or officers of the company, and may only do so in limited circumstances. Officers of a Bermuda company must, in exercising their powers and performing their duties, act honestly and in good faith with a view to the best interests of the company and must exercise the care and skill that a reasonably prudent person would exercise in comparable circumstances. Directors have a duty not to put themselves in a position in which their duties to the company and their personal interests may

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conflict and also are under a duty to disclose any personal interest in any contract or arrangement with the company or any of its subsidiaries. If a director or officer of a Bermuda company is found to have breached his or her duties to that company, he or she may be held personally liable to the company in respect of that breach of duty. A director may be liable jointly and severally with other directors if it is shown that the director knowingly engaged in fraud or dishonesty. In cases not involving fraud or dishonesty, the liability of the director will be determined by the Bermuda courts on the basis of their estimation of the percentage of responsibility of the director for the matter in question, in light of the nature of the conduct of the director and the extent of the causal relationship between his or her conduct and the loss suffered.

In addition, our bye-laws provide that no director shall be liable to the company, any of our shareholders or any other person for the acts, neglects or defaults of any other director, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortuous act of any person with whom any moneys, securities or effects shall be deposited, or for any loss occasioned by any error of judgment, omission, default, or oversight on his or her part, or for any other loss, damage, or misfortune whatever which shall happen in relation to the execution of the duties of his or her office, provided that such provisions shall not extend to any matter which would render any of them void under the Companies Act.

There are provisions in our bye-laws that may require certain of our non-U.S. shareholders to sell their shares to Lazard Ltd or to a third party.

Our bye-laws provide that if its board of directors determines that it or any of its subsidiaries do not meet, or in the absence of repurchases of shares will fail to meet, the ownership requirements of a limitation on benefits article of any bilateral income tax treaty with the U.S. applicable to us, and that such tax treaty would provide material benefits to Lazard Ltd or any of its subsidiaries, it generally has the right, but not the obligation, to repurchase at fair market value (as determined in the good faith discretion of our board of directors) shares of our common stock from any shareholder who beneficially owns more than 0.25% of the outstanding shares of our common stock and who fails to demonstrate to our satisfaction that such shareholder is either (a) a U.S. citizen or (b) a qualified resident of the U.S. or the other contracting state of the applicable tax treaty (as determined for purposes of the relevant provision of the limitation on benefits article of such treaty). IXIS is not subject to this repurchase right with respect to the aggregate number of shares it acquired pursuant to the IXIS placements.

The number of shares that may be repurchased from any such shareholder will equal the product of the total number of shares that Lazard Ltd reasonably determines to purchase to ensure ongoing satisfaction of the limitation on benefits article of the applicable tax treaty, multiplied by a fraction, the numerator of which is the number of shares beneficially owned by such shareholder (other than the aggregate number of shares IXIS acquired pursuant to the IXIS placements), and the denominator of which is the total number of shares (reduced by the aggregate number of shares IXIS acquired pursuant to the IXIS placements) beneficially owned by such shareholders subject to this repurchase right.

Instead of exercising the repurchase right described above, Lazard Ltd will have the right, but not the obligation, to cause the transfer to, and procure the purchase by, any U.S. citizen or a qualified resident of the U.S. or the other contracting state of the applicable tax treaty (as determined for purposes of the relevant provision of the limitation on benefits article of such treaty) of the number of outstanding shares beneficially owned by any shareholder that are otherwise subject to repurchase under our bye-laws as described above, at fair market value (as determined in the good faith discretion of our board of directors).

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the information incorporated herein by reference includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. We have made statements under the captions Prospectus Supplement Summary and Risk Factors and in other sections of this prospectus supplement and in the information incorporated by reference in this prospectus supplement that are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as may, might, will, should, expect, plan, anticipate, believe, estimate, pr or continue, and the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the numerous risks and uncertainties outlined in Risk Factors or incorporated by reference, in this prospectus supplement, 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.

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

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

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

- business possible or assumed future results of operations and operating cash flows, business strategies and investment policies,

business financing plans and the availability of short-term borrowing,

business competitive position,

potential growth opportunities available to our businesses,

recruitment and retention of our managing directors and employees,

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

Lazard is committed to providing timely and accurate information to the investing public, consistent with our legal and regulatory obligations. To that end, we use websites to convey information about our businesses, including the anticipated release of quarterly financial results, quarterly financial, statistical and business-related information, and the posting of updates of AUM in various mutual funds, hedge funds and other investment products managed by LAM and its subsidiaries. Monthly updates of these funds are posted to the LAM website (*http://www.lazardnet.com*) by the 3rd business day following the end of each month. Investors can link to Lazard Ltd, Lazard Group and their operating company websites through *http://www.lazard.com*. **Our websites and the information contained on those sites, or connected to those sites, are not incorporated into this prospectus supplement, and you should not rely on any such information in making your decision whether to purchase our securities.**

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USE OF PROCEEDS

We estimate that the net proceeds from this offering from sales of common stock offered by us, after deducting estimated fees and expenses and the underwriting discount, will be approximately $262 million. For the purpose of estimating net proceeds, we are assuming that the offering price will be $45.79 per share (the last reported sale price of our common stock as reported on The New York Stock Exchange on November 20, 2006). If we were to price the offering at $43.50 per share, a price 5% below the last sale price reported on The New York Stock Exchange on November 20, 2006, we estimate that we would receive net proceeds of $249 million, assuming the total number of shares offered by us remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. If we were to price the offering at $48.08 per share, a price 5% above the last sales price reported on the NYSE on November 20, 2006, we estimate that we would receive net proceeds of $275 million, assuming the total number of shares offered by us remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering for expansion of our Asset Management business through acquisitions and by seeding new investment products, including merchant banking investments, for expansion of our Financial Advisory practice by geography and adjacent businesses, through acquisitions and investments, for other strategic acquisitions or investments, for possible future repayment of indebtedness and for general corporate purposes.

We will not receive any net proceeds from the sales of common stock offered by the selling shareholders. We have agreed to pay the offering expenses of the selling shareholders. The selling shareholders will pay the underwriting discounts and commissions and custodial fees applicable to the shares that they sell.

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PRICE RANGE AND DIVIDEND POLICY OF OUR COMMON STOCK

Price Range of Our Common Stock

Our common stock is traded in The New York Stock Exchange under the symbol LAZ. There is no public trading market for our Class B common stock which is held by LAZ-MD Holdings. The following table sets forth, for the fiscal quarters indicated, the high and low sales prices per share of our Class A common stock, as reported in the consolidated transaction reporting system, and the quarterly dividends declared since the equity public offering in May 2005.

	Sales Price		Dividends per Share of Common Stock
	High	Low	
2006			
Fourth quarter (until November 20, 2006)	$ 46.03	$ 38.15	$ .09*
Third quarter	$ 42.05	$ 33.75	$ .09
Second quarter	$ 48.90	$ 35.22	$ .09
First quarter	$ 46.06	$ 31.00	$ .09
2005			
Fourth quarter	$ 32.70	$ 23.82	$ .09
Third quarter	$ 26.03	$ 22.51	$.052**
Second quarter (since May 4, 2005)	$ 25.24	$ 20.40	$

* Payable on November 30, 2006.

** This dividend was declared based on second quarter results and was paid on August 31, 2005. It was prorated for the portion of the second quarter subsequent to the date of the equity public offering based on an expected regular quarterly dividend of approximately $0.09 per share.

As of November 20, 2006, there were approximately 27 holders of record of our common stock. This does not include the number of shareholders that hold shares in street-name through banks or broker-dealers.

On November 20, 2006, the last reported sales price for our common stock on the New York Stock Exchange was $45.79 per share.

Dividend Policy

Subject to compliance with applicable law, we currently intend to declare quarterly dividends on all outstanding shares of our common stock. The Class B common stock is not entitled to dividend rights.

In February, May, August and October of 2006, our board of directors declared a dividend of $.09 per share, which was paid or will be paid on February 28, 2006, May 31, 2006, August 31, 2006 and November 30, 2006, respectively, to shareholders of record as of February 17, 2006, May 19, 2006, August 11, 2006 and November 10, 2006, respectively.

The declaration of any dividends and, if declared, the amount of any such dividend, will be subject to the actual future earnings, cash flow and capital requirements of our company, to the amount of distributions to us from Lazard Group and to the discretion of our board of directors. Our board of directors will take into account:

- general economic and business conditions,

- the financial results of our company and Lazard Group,

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capital requirements of the Company and our subsidiaries (including Lazard Group),

contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our shareholders or by our subsidiaries (including Lazard Group) to us, and

such other factors as our board of directors may deem relevant.

We are a holding company and have no direct operations. As a result, we depend upon distributions from Lazard Group to pay any dividends. We expect to continue to cause Lazard Group to pay distributions to us in order to fund any such dividends, subject to applicable law and the other considerations discussed above. In addition, as managing directors and other members of LAZ-MD Holdings convert their interests into shares of our common stock, the number of our outstanding shares will increase, thereby diluting each shareholder s proportional interests in the excess cash held by us to the extent that we retain excess cash balances or acquire additional assets with excess cash balances. For a discussion of Lazard Group s distribution policy, see The Separation and Recapitalization Transactions and the Lazard Organizational Structure in our S-1 Registration Statement. Further, except under specific circumstances, the declaration and payment of dividends will be prohibited if certain contract adjustment payments in respect of the ESUs are deferred. See Description of the Equity Security Units The Purchase Contracts in our and Lazard Group s ESU Registration Statement.

Additionally, we are subject to Bermuda legal constraints that may affect our ability to pay dividends on our common stock and make other payments. Under the Companies Act, we may declare or pay a dividend out of distributable reserves only if we have reasonable grounds for believing that we are, or would after the payment be, able to pay our liabilities as they become due and if the realizable value of our assets would thereby not be less than the aggregate of our liabilities and issued share capital and share premium accounts.

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DILUTION

As of September 30, 2006, our net tangible book value was approximately $(730) million, or approximately $(7.34) per share of our common stock. Net tangible book value per share of common stock represents total consolidated tangible assets less total consolidated liabilities, divided by the aggregate number of shares of our common stock outstanding, assuming the exchange of all current Lazard Group common membership interests and excluding 115,000 shares of our common stock held by Lazard Group as of September 30, 2006 or 99,487,116 shares of common stock. Shares of our common stock outstanding do not include shares of common stock that may be awarded in the future under our 2005 Equity Incentive Plan. Except as described below, shares of common stock outstanding also do not include shares issuable upon settlement of the purchase contracts issued in connection with the ESU offering or the IXIS ESU placement or shares issuable or otherwise deliverable upon conversion of the $150 million subordinated convertible note held by Intesa. After giving effect to the issuance of shares of common stock in this offering, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma net tangible book value as of September 30, 2006 would have been approximately $(468) million, or $(4.44) per share of common stock. This represents an immediate dilution to new investors in our common stock of approximately $50.23 per share.

The following table illustrates the per share dilution (assuming that the underwriters do not exercise their over-allotment option, in whole or in part):

Assumed public offering price per share based on the last reported sale price of our common stock on The New York Stock Exchange, as of November 20, 2006		$ 45.79
Net tangible book value per share as of September 30, 2006	$ (7.34)	
Increase in pro forma net tangible book value per share attributable to the sale of shares in this offering	2.90	
Pro forma net tangible book value per share after giving effect to this offering		(4.44)
Pro forma dilution per share to new investors assuming full exchange of all Lazard Group common membership interests held by LAZ-MD Holdings into shares of our common stock		$ 50.23

If the underwriters over-allotment option is exercised in full, the pro forma net tangible book value per share of common stock would be approximately $(3.62) per share and the dilution in pro forma net tangible book value per share of common stock to new investors would be $49.41 per share.

If the shares of common stock issuable upon settlement of the purchase contracts issued in connection with the ESU offering and the IXIS ESU placement had been issued upon closing of this offering, we estimate that our pro forma net tangible book value per share as of September 30, 2006, after giving effect to this offering and such issuance of shares, would have been $(0.25) per share (or $0.40 per share if the underwriters over-allotment option for this offering had been exercised in full). This calculation is based on the maximum ($30.00) price per share of common stock that holders of the purchase contracts will pay upon settlement of the purchase contracts, assuming no adjustments are made to the applicable settlement rate as a result of anti-dilution provisions or otherwise. Because the closing price of our common stock has been above the maximum price of $30.00 for the last 20 trading days prior to this filing, the maximum price per share was used.

A 5% decrease in the assumed offering price would decrease our pro forma net tangible book value after this offering by $13 million, our pro forma net tangible book value per share after this offering by $0.13 and dilution in pro forma net tangible book value per share to new investors by $2.16,

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assuming the total number of shares offered by us remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

A 5% increase in the assumed offering price would increase our pro forma net tangible book value after this offering by $13 million, our pro forma net tangible book value per share after this offering by $0.13 and dilution in pro forma net tangible book value per share to new investors by $2.16, assuming the total number of shares offered by us remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

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CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2006, reflecting:

the historical consolidated capitalization of Lazard Ltd,

the pro forma consolidated capitalization of Lazard Ltd, as adjusted, after giving effect to this offering based on the last reported sale price of our common stock on the New York Stock Exchange as of November 20, 2006, and after deducting underwriting discounts and commissions and estimated expenses payable in connection with this offering, assuming that the underwriters do not exercise their over-allotment option, in whole or in part.

This table should be read in conjunction with the condensed consolidated financial statements and related notes included in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006.

	As of September 30, 2006	
	Historical	Pro Forma For The Offering(a)
	($ in thousands)	
Notes payable:		
Revolving credit agreement	$	$
Other	12	12
Capital lease obligations	24,690	24,690
Lazard Group senior notes	550,000	550,000
Lazard Group senior notes underlying equity security units	437,500	437,500
Lazard Group senior promissory note	96,000	96,000
Subordinated loans:		
Convertible debt	150,000	150,000
Other	50,000	50,000
Minority interest	43,361	43,361
Stockholders deficiency:		
Common stock, $0.01 par value per share, 500,000,000 shares authorized, 37,503,668 shares outstanding as of September 30, 2006 and 49,503,668 shares outstanding on a pro forma basis, as adjusted for this offering	375	495
Additional paid-in capital(b)	(795,966)	(534,174)
Accumulated other comprehensive income (loss), net of tax	(8,066)	(8,066)
Retained earnings	94,534	94,534
	(709,123)	(447,211)
Less Class A common stock held by Lazard Group at cost (115,000 shares at September 30, 2006)	(4,179)	(4,179)
Total Stockholders Deficiency	(713,302)	(451,390)
Total Minority Interest and Stockholders Deficiency	(669,941)	(408,029)

Total Capitalization	$ 638,261	900,173

(a) A 5% decrease or increase in the assumed offering price would result in an approximately $13 million decrease or increase in each of pro forma additional paid-in capital, pro forma total minority interest and stockholders deficiency and pro forma total capitalization, assuming the total number of shares offered by us remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

(b) Minority interest attributable to LAZ-MD Holdings approximate 62.3% ownership of Lazard Group s common membership interests on an historical basis and 53.1% on a pro forma basis is reflected as a reduction of our additional paid-in capital rather than minority interest since such minority interest is negative.

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BUSINESS

We are a preeminent international financial advisory and asset management firm that has long specialized in crafting solutions to the complex financial and strategic challenges of our clients. We serve a diverse set of clients around the world, including corporations, partnerships, institutions, governments and high-net worth individuals. The first Lazard partnership was established in 1848. Over time we have extended our activities beyond our roots in New York, Paris and London. We operate today from 29 cities in key business and financial centers across 16 countries throughout Europe, North America, Asia, Australia and South America. We focus primarily on two businesses, Financial Advisory and Asset Management. We believe that the mix of our activities across business segments, geographic regions, industries and investment strategies helps to diversify and stabilize our revenue stream.

Principal Business Lines

Our business is organized around two segments: Financial Advisory and Asset Management.

Financial Advisory

We offer corporate, partnership, institutional, government and individual clients across the globe a wide array of financial advisory services regarding mergers and acquisitions, restructurings and various other corporate finance matters. We focus on solving our clients most complex problems, providing advice to senior management, boards of directors and business owners of prominent companies and institutions in transactions that typically are of significant strategic and financial importance to them.

Our goal is to continue to grow our Financial Advisory business by fostering long-term, senior level relationships with existing and new clients as their independent advisor on strategic transactions. We seek to build and sustain long-term relationships with our clients rather than focusing on individual transactions, a practice that we believe enhances our access to senior management of major corporations and institutions around the world. We emphasize providing clients with senior level attention during all phases of transaction execution.

While we strive to earn repeat business from our clients, we operate in a highly competitive environment in which there are no long-term contracted sources of revenue. Each revenue-generating engagement is separately negotiated and awarded. To develop new client relationships, and to develop new engagements from historical client relationships, we maintain an active dialogue with a large number of clients and potential clients, as well as with their financial and legal advisors, on an ongoing basis. We have gained a significant number of new clients each year through our business development initiatives, through recruiting additional senior investment banking professionals who bring with them client relationships and through referrals from directors, attorneys and other third parties with whom we have relationships. At the same time, we lose clients each year as a result of the sale or merger of a client, a change in a client s senior management, competition from other investment banks and other causes.

For the years ended December 31, 2005, 2004 and 2003, Financial Advisory net revenue totaled $865 million, $655 million and $691 million, respectively and $671 million for the nine month period ended September 30, 2006, accounting for 66%, 60%, 66% and 66%, respectively, of our consolidated net revenue for the periods. We earned advisory revenue from 484 clients, 435 clients and 370 clients for the years ended December 31, 2005, 2004 and 2003, respectively, and from 377 clients for the nine month period ended September 30, 2006. We earned $1 million or more from 184 clients, 136 clients and 137 clients for the years ended December 31, 2005, 2004 and 2003, respectively, and from 144 clients for the nine month period ended September 30, 2006. For the years ended December 31, 2005, 2004 and 2003 the ten largest fee paying clients constituted 20%, 25% and 30% of our segment net

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revenue, respectively, with no client individually having constituted more than 10% of segment net revenue during any of these years. For the nine month period ended September 30, 2006, the ten largest fee paying clients constituted 25% of our segment net revenue. For the years ended December 31, 2005, 2004 and 2003, Financial Advisory reported operating income of $276 million, $212 million and $311 million, respectively, and $173 million for the nine month period ended September 30, 2006, although, as noted previously, results of operations for periods prior to May 10, 2005 are not comparable to results of operations for subsequent periods. At December 31, 2005, 2004 and 2003, Financial Advisory had total assets of $337 million, $380 million, and $339 million, respectively, and as of September 30, 2006 had total assets of $364 million.

We believe that we have been pioneers in offering financial advisory services on an international basis, with the establishment of our New York, Paris and London offices dating back to the nineteenth century. We maintain major local presences in the U.S., the U.K., France and Italy, including a network of regional branch offices in the U.S. and France, as well as presences in Australia, Canada, Germany, Hong Kong, India, Japan, the Netherlands, Sweden, Singapore, South Korea, Spain and mainland China. During 2004, we also entered into a joint venture with Signatura Advisory, called Signatura Lazard, which provides local and cross-border financial services in Brazil, and into a strategic alliance with MBA Banco de Inversiones regarding the provision of cross-border advisory services to institutions investing in companies in Argentina and to Argentine companies investing abroad.

In addition to seeking business centered in these locations, we historically have focused in particular on advising clients with respect to cross-border transactions. We believe that we are particularly well known for our legacy of offering broad teams of professionals who are indigenous to their respective regions and who have long-term client relationships, capabilities and know-how in their respective regions. We also believe that this positioning affords us insight around the globe into key industry, economic, government and regulatory issues and developments, which we can bring to bear on behalf of our clients.

Services Offered

We advise clients on a wide range of strategic and financial issues. When we advise companies in the potential acquisition of another company or certain assets, our services include evaluating potential acquisition targets, providing valuation analyses, evaluating and proposing financial and strategic alternatives and rendering, if appropriate, fairness opinions. We also may advise as to the timing, structure, financing and pricing of a proposed acquisition and assist in negotiating and closing the acquisition. In addition, we may assist in implementing an acquisition by acting as a dealer-manager if the acquisition is structured as a tender or exchange offer.

When we advise clients that are contemplating the sale of certain businesses, assets or their entire company, our services include advising on the appropriate sales process for the situation, valuation issues, assisting in preparing an offering memorandum or other appropriate sales materials and rendering, if appropriate, fairness opinions. We also identify and contact selected qualified acquirors and assist in negotiating and closing the proposed sale. As appropriate, we also advise our clients regarding financial and strategic alternatives to a sale including recapitalizations, spin-offs, carve-outs, split-offs and tracking stocks. Our advice includes recommendations with respect to the structure, timing and pricing of these alternatives.

For companies in financial distress, our services may include reviewing and analyzing the business, operations, properties, financial condition and prospects of the company, evaluating debt capacity, assisting in the determination of an appropriate capital structure and evaluating and recommending financial and strategic alternatives. If appropriate, we may provide financial advice and assistance in developing and seeking approval of a restructuring or reorganization plan, which may

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include a plan of reorganization under Chapter 11 of the U.S. Bankruptcy Code or other similar court administered process in non-U.S. jurisdictions. In such cases, we may assist in all aspects of the implementation of such a plan, including advising and assisting in structuring and effecting the financial aspects of a sale or recapitalization, structuring any new securities, exchange offers, other considerations or other inducements to be offered or issued and assisting and participating in negotiations with affected entities or groups.

When we assist clients in raising private or public market financing, our services include originating and executing private placements of equity, debt and related securities, assisting clients in connection with securing, refinancing or restructuring bank loans, originating public underwritings of equity, debt and convertible securities and originating and executing private placements of partnership and similar interests in alternative investment funds such as leveraged buyout, mezzanine or real estate focused funds. In addition, we may advise on capital structure and assist in long-range capital planning and rating agency relationships.

Pursuant to the business alliance agreement we entered into with LFCM Holdings in connection with the separation, LFCM Holdings generally underwrites and distributes U.S. securities offerings originated by our Financial Advisory business in a manner intended to be similar to our practice prior to the separation, with revenue from such offerings generally continuing to be divided evenly between Lazard Group and LFCM Holdings.

Staffing

We staff our assignments with a team of quality professionals with appropriate product and industry expertise. We pride ourselves on, and we believe we are differentiated from our competitors by, being able to offer a relatively high level of attention from senior personnel to our clients and organizing ourselves in such a way that managing directors who are responsible for securing and maintaining client relationships also actively participate in providing related transaction execution services. Our managing directors have significant experience, and many of them are able to use this experience to advise on both mergers and acquisitions and restructuring transactions, depending on our clients needs. Many of our managing directors and senior advisors come from diverse backgrounds, such as senior executive positions at corporations, government, law and strategic consulting, which we believe enhances our ability to offer sophisticated advice and custom solutions to our clients.

Industries Served

We seek to offer our services across most major industry groups, including, in many cases, sub-industry specialties. Our mergers and acquisitions managing directors and professionals are organized to provide advice in the following major industry practice areas:

- consumer,
- financial institutions,
- financial sponsors,

healthcare and life sciences,

industrial,

power and energy,

real estate, and

technology, media and telecommunications.

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These groups are managed locally in each relevant geographic region and are coordinated on a global basis, which allows us to bring local industry-specific knowledge to bear on behalf of our clients on a global basis. We believe that this enhances the quality of advice that we can offer, which improves our ability to market our capabilities to clients.

In addition to our mergers and acquisitions and financial restructuring practices, we also maintain specialties in the following distinct practice areas:

- government advisory,
- fund raising for alternative investment funds, and
- corporate finance.

We endeavor to coordinate the activities of the professionals in these areas with our mergers and acquisitions industry specialists in order to offer clients customized teams of cross-functional expertise spanning both industry and practice area know-how.

Strategy

Since January 2002, when new senior management joined our firm, our focus in our Financial Advisory business has been on:

- making a significant investment in our intellectual capital with the addition of many senior professionals who we believe have strong client relationships and industry expertise. We have recruited or promoted 77 of our current Financial Advisory managing directors from January 2002 through September 30, 2006, contributing to a 42% increase, net of departures over that period,
- increasing our contacts with existing clients to further enhance our long-term relationships and our efforts in developing new client relationships,
- expanding the breadth and depth of our industry expertise in areas such as media and general industrials and adding new practice areas such as power and energy and fund-raising for alternative investment funds,
- coordinating our industry specialty activities on a global basis and increasing the integration of our industry experts with our Financial Restructuring professionals, and
- broadening our geographic presence by adding new offices in the Netherlands (Amsterdam), Canada (Toronto), Australia (Sydney) and mainland China (Beijing), as well as three new regional offices in the U.S. (Atlanta, Houston and Los Angeles) and entering into new strategic alliances in two new geographies (Argentina and Brazil).

We made these investments during a period of financial market weakness, when many of our competitors were reducing senior staffing, which positioned us to capitalize more fully on the recovery in the financial services industry.

In addition to the expansion of our Financial Advisory team, we believe that the following external market factors may enable our Financial Advisory practice to benefit from future growth in the global mergers and acquisitions advisory business:

- increasing demand for independent, unbiased financial advice, and

- a potential increase in cross-border mergers and acquisitions and large capitalization mergers and acquisitions, two of our areas of historical specialization.

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Going forward, our strategic emphasis in our Financial Advisory business is to leverage the investments we have made in recent years to grow our business and drive our productivity. While we will continue opportunistically to attract outstanding individuals to this practice, we anticipate that our recent managing director expansion program is now substantially complete.

We routinely reassess our strategic position and may in the future seek acquisitions or other transactions, including the opportunistic hiring of new employees, to further enhance our competitive position.

Relationship with IXIS

In April 2004, Lazard Group and IXIS entered into a cooperation arrangement to place and underwrite securities on the French equity primary capital markets under a common brand, Lazard-Ixis, and cooperate in their respective origination, syndication and placement activities. This cooperation covers French listed companies exceeding a market capitalization of €500 million. On March 15, 2005, Lazard Group and IXIS expanded this arrangement into an exclusive arrangement within France. The cooperation arrangement also provides for an alliance in real estate advisory work with the objective of establishing a common brand for advisory and financing operations within France. It also adds an exclusive mutual referral cooperation arrangement, subject to the fiduciary duties of each firm, with the goal of referring clients from Lazard Group to IXIS for services relating to corporate banking, lending, securitizations and derivatives within France and from IXIS to Lazard Group for mergers and acquisitions advisory services within France. This expanded cooperation arrangement has an initial term of three years through May 10, 2008.

In connection with the cooperation arrangement, Lazard Group and IXIS have developed a business plan to promote mutual revenue production and sharing relating to the cooperation activities. As part of that plan, revenue from the various activities subject to the cooperation arrangement is credited towards a target weighted revenue number (the Notional Reserve) of €20 million (which the parties may agree to reduce if aspects of the cooperation do not take place), calculated by applying varying percentages depending on the source of the revenue plus the underwriting commissions received by IXIS for the ESUs. If at the end of the initial term of the cooperation arrangement (a) the sum of that calculation is less than the Notional Reserve, (b) the cooperation arrangement is not renewed and (c) our common stock price fails to exceed $25 per share for a specified period, Lazard Group or its affiliate will pay IXIS or one of its affiliates the difference between the Notional Reserve and the sum of (1) the weighted revenue credits and (2) any gain IXIS has realized on a sale of its investment in our securities prior to the end of the initial term of the arrangement. The level of this potential payment would depend, among other things, on the level of revenue generated by the cooperation activities. The potential payment is limited, as of September 30, 2006, to a maximum of approximately €8 million (subject to further reduction in certain circumstances) which would only occur if the cooperation activities generate no revenue over the course of the remaining initial period of such activities and the other conditions noted above have not been met.

Asset Management

Our Asset Management business provides investment management and advisory services to institutional clients, financial intermediaries, private clients and investment vehicles around the world. Our goal in our Asset Management business is to produce superior risk-adjusted investment returns and provide investment solutions customized for our clients. Many of our equity investment strategies share an investment philosophy that centers on fundamental security selection with a focus on the trade-off between a company s valuation and its financial productivity.

As of September 30, 2006, total assets under management (AUM) were $99.3 billion, approximately 82% of which was invested in equities, 11% in fixed income, 4% in alternative

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investments, 2% in cash and 1% in merchant banking funds. As of the same date, approximately 56% of our AUM was invested in international (*i.e.*, non-U.S. and regional non-U.S.) investment strategies, 25% was invested in global investment strategies and 19% was invested in U.S. investment strategies, and our top ten clients and third-party relationships accounted for 25% of total AUM. Approximately 82% of our AUM as of that date was managed on behalf of institutional clients, including corporations, labor unions, public pension funds, insurance companies and banks, and through sub-advisory relationships, mutual fund sponsors, broker-dealers and registered advisors. Approximately 18% of AUM as of September 30, 2006 was managed on behalf of individual client relationships, which are principally with family offices and high-net worth individuals.

The charts below illustrates the mix of our AUM as of September 30, 2006, measured by broad product strategy and by office location.

AUM BY PRODUCT

AUM BY OFFICE LOCATION

For the years ended December 31, 2005, 2004 and 2003, Asset Management net revenue totaled $466 million, $417 million and $350 million, respectively, and $377 million for the nine month period ended September 30, 2006, accounting for 36%, 38%, 33% and 37%, respectively, of our consolidated net revenue for the periods. During the same periods, Asset Management reported operating income of $116 million, $135 million and $110 million and $82 million, respectively, although as noted previously results of operations for periods prior to May 10, 2005 are not comparable to results of operations for subsequent periods. At December 31, 2005, 2004 and 2003, Asset Management had $308 million, $245 million, and $199 million in total assets, respectively, and at September 30, 2006 had total assets of $331 million.

LAM and LFG

Our largest Asset Management subsidiaries are Lazard Asset Management LLC (LAM) with offices in New York, San Francisco, Minneapolis, London, Milan, Frankfurt, Hamburg, Tokyo, Sydney and Seoul (aggregating $87.7 billion in total AUM as of September 30, 2006), and Lazard Frères Gestion (LFG), headquartered in Paris (aggregating $10.8 billion in total AUM as of September 30, 2006). These operations, with 646 employees as of September 30, 2006, provide our business with a global presence and local identity.

Primary distinguishing features of these operations include:

- a global footprint with global research, global mandates and global clients,
- a broad-based team of approximately 200 investment professionals at September 30, 2006: LAM has approximately 170 investment professionals, which includes approximately 60 focused, in-house, investment analysts across all products and platforms, approximately 30 of

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whom are on our global research platform, many of whom have substantial industry or sector specific expertise, and LFG has approximately 30 investment professionals, including eight investment analysts,

a security selection-based investment philosophy applied across products analysis,

worldwide brand recognition and multi-channel distribution capabilities, and

a substantial equity participation in LAM held by a broad group of key employees.

Our Investment Philosophy, Process and Research. Our investment philosophy is generally based upon a fundamental security selection approach to investing. Across many of our products, we apply three key principles to investment portfolios:

select securities, not markets,

find relative value, and

manage risk.

In searching for equity investment opportunities, our investment professionals generally follow an investment process that incorporates several interconnected components that may include:

analytical framework analysis and screening,

accounting validation,

fundamental analysis,

security selection and portfolio construction, and

risk management.

At LAM, we conduct investment research on a global basis, to develop market, industry and company specific insight. Approximately 60 investment analysts, located in our worldwide offices, conduct research and evaluate investment opportunities around the world across all products and platforms. The LAM global research platform is organized around six global industry sectors:

- consumer goods,
- financial services,
- health care,
- industrials,
- power, and
- technology, media and telecommunications.

Our analysts recommend companies to portfolio managers and work with them on an ongoing basis to make buy and sell decisions.

At LFG, eight investment analysts conduct research and evaluate investment opportunities, primarily focused on large capitalization European companies.

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Investment Strategies. Our Asset Management business provides equity, fixed income and cash management and alternative investment strategies to clients, paying close attention to clients varying and expanding investment needs. We offer the following product platform of investment strategies:

	Global	**Regional**	**Domestic**
Equities	***Global***	***Pan-European***	***U.S.***
	Large Capitalization	Large Capitalization	Large Capitalization**
	Small Capitalization	Small Capitalization	Mid Capitalization
	Emerging Markets		Small Capitalization
	Thematic	***Eurozone***	Multi-Capitalization
	Convertibles*	Large Capitalization**	
	Infrastructure	Small Capitalization**	***Other***
			U.K. (Large Capitalization)
	EAFE (Non-U.S.)	***Continental European***	U.K. (Small Capitalization)
	Large Capitalization	Small Cap	Australia
	Small Capitalization	Multi Cap	France (Large Capitalization)*
	Multi-Capitalization	Eurozone (*i.e.*, Euro Bloc)	France (Small Capitalization)*
		Euro-Trend (Thematic)	Japan**
	Global Ex		Korea
	Global Ex-U.K.		
	Global Ex-Japan		
	Global Ex-Australia		
Fixed Income and Cash Management	***Global***	***Pan-European***	***U.S.***
	Core Fixed Income	Core Fixed Income	Core Fixed Income
	High Yield	High Yield	High Yield
	Short Duration	Cash Management*	Short Duration
			Municipals
		Eurozone	Cash Management*

		Fixed Income**	
		Cash Management*	***Non-U.S.***
		Corporate Bonds**	U.K. Fixed Income
Alternative	***Global***	***Regional***	
	Global Opportunities (Long/Short)	European Explorer (Long/Short)	
	Fund of Hedge Funds	Emerging Income	
	Fund of Closed-End Funds (Long and Long/Short)	Japan (Long/Short)	

All of the above strategies are offered by LAM, except for those denoted by *, which are offered exclusively by LFG. Investment strategies offered by both LAM and LFG are denoted by **.

In addition to the primary investment strategies listed above, we also provide locally customized investment solutions to our clients. In many cases, we also offer both diversified and more concentrated versions of our products. These products are generally offered on a separate account basis, as well as through pooled vehicles.

Distribution. We distribute our products through a broad array of marketing channels on a global basis. LAM s marketing, sales and client service efforts are organized through a global market delivery and service network, with distribution professionals located in New York, San Francisco, London, Milan, Frankfurt, Hamburg, Tokyo, Sydney and Seoul. We have developed a well-established presence in the institutional asset management arena, managing money for corporations, labor unions and public pension funds around the world. In addition, we manage assets for insurance companies, savings and trust banks, endowments, foundations and charities.

We also have become a leading firm in third-party distribution, managing mutual funds and separately managed accounts for many of the world s largest broker-dealers, insurance companies, registered advisors and other financial intermediaries. In the area of wealth management, we cater to family offices and private clients.

LFG markets and distributes its products through 14 sales professionals based in France who target directly both individual and institutional investors.

The managing directors of LAM and other key LAM employees hold LAM equity units, which entitle their holders to payments in connection with selected fundamental transactions affecting Lazard Group or LAM. For more information regarding these rights see Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K.

Merchant Banking

Lazard Group has a long history of making merchant banking investments with its own capital, usually alongside capital of qualified institutional and individual investors. These activities typically are organized in funds that make substantial or controlling investments in private or public companies, generally through privately negotiated transactions and with a view to divestment within two to seven years. While potentially risky and frequently illiquid, such investments when successful can yield investors substantial returns on capital and generate attractive management and performance fees for the sponsor of such funds.

As a part of the separation, we transferred to LFCM Holdings all of our merchant banking fund management activities, except for FPG, our merchant banking business in France, which is regulated as part of our Paris-based banking affiliate, Lazard Frères Banque SA (LFB). We also transferred to LFCM Holdings principal investments by Lazard Group in the funds managed as part of the separated businesses, while we retained our investment in our French merchant banking funds.

LFCM Holdings operates the merchant banking business transferred to it in the separation. Consistent with Lazard Group s intent to support the development of the merchant banking business, including investing capital in future funds to be managed or formed by the merchant banking subsidiary of LFCM Holdings, and in order to benefit from what we believe to be the potential of this business, Lazard Group will be entitled to receive from LFCM Holdings all or a portion of the payments from the incentive fees attributable to these funds (net of compensation payable to investment professionals who manage these funds) pursuant to the business alliance agreement between us and LFCM Holdings. In addition, pursuant to the business alliance agreement, we have an option to acquire the merchant banking business owned by LFCM Holdings and have the right to participate in the oversight of LFCM Holdings funds and consent to certain actions. We will continue to abide by our obligations with respect to transferred funds and agreed not to compete with LFCM Holdings merchant banking business during the duration of our option to acquire this business. From time to time we have considered exercising the option to acquire the merchant banking business and have had preliminary conversations with LFCM Holdings in that regard.

As of September 30, 2006, FPG, Lazard Group s merchant banking business in France, with 10 employees, consisted of a group of private equity funds and an affiliated management company with approximately $850 million of AUM. Lazard Group s investments in these funds totaled approximately $4 million as of September 30, 2006. On February 25, 2005, Lazard Group formed Corporate

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Partners II, Limited, a new private equity fund with $1 billion of institutional capital commitments and a $100 million capital commitment from us, the principal portion of which may require funding, at any time through 2010. As of September 30, 2006, Lazard Group has contributed $1.3 million of its capital commitment, which is recorded as a long-term investment. Pursuant to the master separation and business alliance agreements entered into between Lazard Group and LFCM Holdings, this fund is managed by a subsidiary of LFCM Holdings, and Lazard Group retained a capital commitment to the fund and is entitled to receive the carried interest distributions made by the fund (other than the carried interest distributions made to investment professionals who manage the fund).

In July 2005, LFCM Holdings formed a new private equity fund, Lazard Senior Housing Partners LP, which closed with capital commitments of $201 million, including $10 million from us, the principal portion of which will require funding at any time through 2008. In connection with such capital commitment, Lazard has funded $2.2 million as of September 30, 2006.

Pursuant to the business alliance agreement, Lazard Group has certain other limited partner capital commitments to planned investment funds to be managed and controlled by LFCM Holdings, all of which commitments are contingent upon the formation of such investment funds. As of September 30, 2006 these capital commitments are as follows Lazard Technology Partners III 10% of the total fund capital commitments, with a minimum and maximum commitment from Lazard Group of $15 million and $20 million, respectively; Lazard European Mid-Market Buyout Fund 10% of the total fund capital commitments, with a maximum capital commitment by Lazard Group of 50 million Euros; Lazard Structured Finance Investors LLC $10 million. As of September 30, 2006, none of these investment funds has been formed and Lazard Group ha