UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2009

OR

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

For the transition period from ____________ to ____________

001-32492

(Commission File Number)

LAZARD LTD

(Exact name of registrant as specified in its charter)

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

Clarendon House

2 Church Street

Hamilton HM11, Bermuda

(Address of principal executive offices)

Registrant s telephone number: (441) 295-1422

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer x	Accelerated Filer ¨
Non-Accelerated Filer ¨	Smaller Reporting Company ¨

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

As of July 30, 2009, there were 88,104,756 shares of the registrant s Class A common stock (including 10,360,118 shares held by a subsidiary) and one share of the registrant s Class B common stock outstanding.

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When we use the terms Lazard , we , us , our , and the Company , we mean Lazard Ltd, a company incorporated under the laws of Bermuda, and its subsidiaries, including Lazard Group LLC, a Delaware limited liability company (Lazard Group), that is the current holding company for our businesses. Lazard Ltd has no material assets other than indirect ownership as of June 30, 2009 of approximately 71.2% of the common membership interests in Lazard Group and its controlling interest in Lazard Group.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

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LAZARD LTD

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

JUNE 30, 2009 AND DECEMBER 31, 2008

(UNAUDITED)

(dollars in thousands, except for per share data)

	June 30, 2009	December 31, 2008
ASSETS		
Cash and cash equivalents	$ 895,984	$ 909,707
Cash segregated for regulatory purposes or deposited with clearing organizations	7,904	14,583
Receivables net:		
Banks	87,982	229,092
Fees	329,675	391,251
Customers and other	101,234	81,806
Related parties	10,235	10,377
	529,126	712,526
Investments:		
Debt	320,743	333,070
Equities	73,115	71,105
Other	224,147	215,792
	618,005	619,967
Property (net of accumulated amortization and depreciation of $227,455 and $213,249 at June 30, 2009 and December 31, 2008, respectively)	168,098	171,443
Goodwill and other intangible assets (net of accumulated amortization of $2,838 and $2,150 at June 30, 2009 and December 31, 2008, respectively)	189,613	175,144
Other assets	244,600	259,561
Total assets	$ 2,653,330	$ 2,862,931

See notes to condensed consolidated financial statements.

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LAZARD LTD

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (Continued)

JUNE 30, 2009 AND DECEMBER 31, 2008

(UNAUDITED)

(dollars in thousands, except for per share data)

	June 30, 2009	December 31, 2008
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities:		
Deposits and other customer payables	$ 382,334	$ 541,784
Accrued compensation and benefits	139,430	203,750
Senior debt	1,086,850	1,087,750
Capital lease obligations	25,479	26,825
Related party payables	21,062	37,211
Other liabilities	472,193	503,859
Subordinated debt	150,000	150,000
Total liabilities	2,277,348	2,551,179
Commitments and contingencies		
STOCKHOLDERS EQUITY		
Preferred stock, par value $.01 per share; 15,000,000 shares authorized:		
Series A - 31,745 shares issued and outstanding at June 30, 2009 and December 31, 2008		
Common stock:		
Class A, par value $.01 per share (500,000,000 shares authorized; 86,961,899 and 76,294,912 shares issued at June 30, 2009 and December 31, 2008, respectively, including shares held by a subsidiary as indicated below)	870	763
Class B, par value $.01 per share (1 share authorized, issued and outstanding at June 30, 2009 and December 31, 2008)		
Additional paid-in-capital	538,227	429,694
Retained earnings	179,144	221,410
Accumulated other comprehensive loss, net of tax	(47,759)	(79,435)
	670,482	572,432
Less - Class A common stock held by a subsidiary, at cost (10,597,691 and 9,376,162 shares at June 30, 2009 and December 31, 2008, respectively)	(346,406)	(321,852)
Total Lazard Ltd stockholders equity	324,076	250,580
Noncontrolling interests	51,906	61,172
Total stockholders equity	375,982	311,752
Total liabilities and stockholders equity	$ 2,653,330	$ 2,862,931

See notes to condensed consolidated financial statements.

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LAZARD LTD

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

(UNAUDITED)

(dollars in thousands, except for per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	**2008**	**2009**	**2008**
REVENUE				
Investment banking and other advisory fees	$236,387	$279,431	$ 397,789	$476,155
Money management fees	120,301	165,699	219,244	323,781
Interest income	5,847	20,900	13,312	43,937
Other	40,198	39,615	48,240	8,623
Total revenue	402,733	505,645	678,585	852,496
Interest expense	27,108	38,257	54,565	77,029
Net revenue	375,625	467,388	624,020	775,467
OPERATING EXPENSES				
Compensation and benefits	239,279	280,021	442,811	473,582
Occupancy and equipment	19,990	22,277	40,084	51,771
Marketing and business development	15,788	25,220	29,241	45,684
Technology and information services	16,156	17,089	32,078	33,330
Professional services	11,871	16,237	20,060	29,504
Fund administration and outsourced services	8,057	6,573	15,803	13,143
Restructuring			62,550	
Other	7,538	12,233	15,216	22,693
Total operating expenses	318,679	379,650	657,843	669,707
OPERATING INCOME (LOSS)	56,946	87,738	(33,823)	105,760
Provision for income taxes	13,519	18,110	9,344	22,950
NET INCOME (LOSS)	43,427	69,628	(43,167)	82,810
LESS - NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	15,240	35,311	(17,858)	40,694
NET INCOME (LOSS) ATTRIBUTABLE TO LAZARD LTD	$ 28,187	$ 34,317	$ (25,309)	$ 42,116
ATTRIBUTABLE TO LAZARD LTD CLASS A COMMON STOCKHOLDERS:				
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:				
Basic	74,935,658	56,416,850	72,539,998	53,198,522
Diluted	127,984,819	126,711,796	72,539,998	113,713,062

NET INCOME (LOSS) PER SHARE OF COMMON STOCK:				
Basic	$0.38	$0.61	$(0.36)	$ 0.80
Diluted	$0.34	$0.54	$(0.36)	$ 0.70
DIVIDENDS PAID PER SHARE OF COMMON STOCK	$0.10	$0.10	$0.20	$ 0.20

See notes to condensed consolidated financial statements.

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LAZARD LTD

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

(UNAUDITED)

(dollars in thousands)

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (43,167)	$ 82,810
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Noncash items included in net income (loss):		
Depreciation and amortization of property and intangible assets	11,802	13,933
Amortization of deferred expenses, stock units and interest rate hedge	158,971	119,330
Gain on extinguishment of debt	(258)	
(Increase) decrease in operating assets:		
Cash segregated for regulatory purposes or deposited with clearing organizations	6,508	8,982
Receivables-net	183,039	(158,102)
Investments	(6,303)	354,188
Other assets	15,936	(42,833)
Increase (decrease) in operating liabilities:		
Deposits and other payables	(173,817)	165,468
Accrued compensation and benefits and other liabilities	(99,834)	(484,950)
Net cash provided by operating activities	52,877	58,826
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of joint venture interest and other equity method investments	(1,780)	(74,855)
Additions to property	(4,131)	(9,593)
Disposals of property	805	428
Purchases of available-for-sale securities	(3,320)	(60,125)
Proceeds from available-for-sale securities	33,226	2,838
Net cash provided by (used in) investing activities	24,800	(141,307)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from:		
Issuance of Class A common stock		437,500
Other financing activities	14,195	4,814
Payments for:		
Senior borrowings	(635)	(437,488)
Capital lease obligations	(1,665)	(1,621)
Distributions to noncontrolling interests	(41,339)	(41,640)
Repurchase of common membership interests from members of LAZ-MD Holdings	(1,810)	
Repurchase of Class A common stock	(49,829)	(162,835)
Class A common stock dividends	(13,439)	(9,863)
Settlement of vested RSUs and DSUs	(11,322)	(3,337)

Other financing activities	(13)	
Net cash used in financing activities	(105,857)	(214,470)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	14,457	(229)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,723)	(297,180)
CASH AND CASH EQUIVALENTS January 1	909,707	1,055,844
CASH AND CASH EQUIVALENTS June 30	$ 895,984	$ 758,664
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Supplemental investing non-cash transaction:		
Preferred stock and Class A common stock issuable in connection with acquisitions	$ 4,390	$ 9,282

See notes to condensed consolidated financial statements.

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LAZARD LTD

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2009

(UNAUDITED)

(dollars in thousands)

	Series A Preferred Stock		Common Stock				Accumulated Other Comprehensive Loss,	Class A Common Stock Held By A Subsidiary		Total Lazard Ltd		Total
	Shares	$	Shares(*)	$	Additional Paid-in-Capital	Retained Earnings	Net of Tax	Shares	$	Stockholders Equity	Noncontrolling Interests	Stockholders Equity
Balance January 1, 2009	**31,745**	**$**	**76,294,913**	**$ 763**	**$ 429,694**	**$ 221,410**	**$ (79,435)**	**9,376,162**	**$ (321,852)**	**$ 250,580**	**$ 61,172**	**$ 311,752**
Comprehensive income (loss):												
Net loss						(25,309)				(25,309)	(17,858)	(43,167)
Other comprehensive income (loss) - net of tax:												
Currency translation adjustments							34,274			34,274	13,874	48,148
Amortization of interest rate hedge							383			383	155	538
Available-for-sale securities:												
Net unrealized gain							6,861			6,861	2,778	9,639
Adjustment for items reclassified to earnings							181			181	73	254
Employee benefit plans:												
Net actuarial gain							803			803	325	1,128
Adjustment for items reclassified to earnings							(182)			(182)	(74)	(256)
Comprehensive income (loss)										17,011	(727)	16,284
Preferred stock and Class A common stock issued/issuable in connection with prior business acquisitions and LAM Merger and related amortization					9,617					9,617	2,200	11,817
Amortization of stock units					109,851					109,851	44,030	153,881
RSU and DSU dividend-equivalents					3,505	(3,518)				(13)		(13)
Class A common stock dividends						(13,439)				(13,439)		(13,439)
Purchase of Class A common stock by a subsidiary								1,967,419	(49,829)	(49,829)		(49,829)
					(36,597)			(745,890)	25,275	(11,322)		(11,322)

Lazard Group delivery of Class A common stock for settlement of vested RSUs												
Lazard Group repurchase of common membership interests from LAZ-MD Holdings					(1,289)					(1,289)	(521)	(1,810)
Class A common stock issued in exchange for Lazard Group common membership interests			10,666,987	107	(107)							
Distributions to noncontrolling interests											(41,339)	(41,339)
Adjustments between Lazard Ltd and noncontrolling interests					23,553		(10,644)			12,909	(12,909)	
Balance June 30, 2009	**31,745**	**$**	**86,961,900**	**$ 870**	**$ 538,227**	**$ 179,144**	**$ (47,759)**	**10,597,691**	**$ (346,406)**	**$ 324,076**	**$ 51,906**	**$ 375,982**

(*) Includes 76,294,912 and 86,961,899 shares of the Company s Class A common stock issued at January 1, 2009 and June 30, 2009, respectively, and 1 share of the Company s Class B common stock at each such date.

See notes to condensed consolidated financial statements.

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LAZARD LTD

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008

(UNAUDITED)

(dollars in thousands)

	Preferred Stock									Class A				
	Series A		Series B		Common Stock		Additional Paid-in- Capital	Retained Earnings	Accumulated Other Comprehensive Income, Net of Tax	Common Stock Held By A Subsidiary		Total Lazard Ltd Stockholders Equity	Noncontrolling Interests	Total Stockholders Equity
	Shares	$	Shares	$	Shares(*)	$				Shares	$			
Balance - January 1, 2008	**36,607**	**$**	**277**	**$**	**51,745,826**	**$ 517**	**$ (161,924)**	**$ 248,551**	**$ 52,491**	**1,712,846**	**$ (69,296)**	**$ 70,339**	**$ 52,775**	**$ 123,114**
Adjustment to reclass noncontrolling interest deficit in accordance with SFAS No. 160							42,886		(28,766)			14,120	(14,120)	
Balance, as adjusted - January 1, 2008	36,607		277		51,745,826	517	(119,038)	248,551	23,725	1,712,846	(69,296)	84,459	38,655	123,114
Comprehensive income:														
Net income								42,116				42,116	40,694	82,810
Other comprehensive income (loss) - net of tax:														
Currency translation adjustments									14,694			14,694	11,346	26,040
Amortization of interest rate hedge									310			310	240	550
Available-for-sale securities:														
Net unrealized loss									(2,034)			(2,034)	(1,570)	(3,604)
Adjustment for items reclassified to earnings									44			44	34	78
Employee benefit plans:														
Net actuarial gain									52			52	41	93
Adjustment for items reclassified to earnings									(255)			(255)	(197)	(452)
Comprehensive income												54,927	50,588	105,515
Class A common stock issuable in connection with prior acquisitions and related amortization							10,391					10,391	855	11,246
Amortization of stock units							64,457					64,457	48,940	113,397
RSU dividend-equivalents							3,693	(3,693)						
Class A common stock dividends								(9,863)				(9,863)		(9,863)
										4,447,500	(162,835)	(162,835)		(162,835)

Purchase of Class A common stock by a subsidiary												
Lazard Group delivery of Class A common stock for settlement of vested RSUs and DSUs					(17,704)			(372,239)	14,367	(3,337)		(3,337)
Class A common stock issued in connection with the settlement of the purchase contracts forming part of the ESUs			14,582,750	146	246,745					246,891	190,609	437,500
Class A common stock issued in exchange for Lazard Group common membership interests			2,321,909	24	(24)							
Distributions to noncontrolling interests											(41,640)	(41,640)
Other					203					203	156	359
Adjustments between Lazard Ltd and noncontrolling interests					63,025		4,511			67,536	(67,536)	
Balance - June 30, 2008	**36,607**	**$ 277**	**$ 68,650,485**	**$ 687**	**$ 251,748**	**$ 277,111**	**$ 41,047**	**5,788,107**	**$ (217,764)**	**$ 352,829**	**$ 220,627**	**$ 573,456**

(*) Includes 51,745,825 and 68,650,484 shares of the Company s Class A common stock issued at January 1, 2008 and June 30, 2008, respectively, and 1 share of the Company s Class B common stock at each such date.

See notes to condensed consolidated financial statements.

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LAZARD LTD

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

(dollars in thousands, except for per share data, unless otherwise noted)

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization

Lazard Ltd, a Bermuda holding company, and its subsidiaries (collectively referred to as Lazard Ltd , Lazard or the Company), including Lazard Ltd s indirect investment in Lazard Group LLC, a Delaware limited liability company (collectively referred to, together with its subsidiaries, as Lazard Group), is 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.

Lazard Ltd indirectly held approximately 71.2% and 62.4% of all outstanding Lazard Group common membership interests as of June 30, 2009 and December 31, 2008, respectively. Lazard Ltd, through its control of the managing members of Lazard Group, controls Lazard Group. Lazard Group is governed by an Operating Agreement dated as of May 10, 2005, as amended (the Operating Agreement).

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

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

In addition, the Company records selected other activities in its Corporate segment, including management of cash, certain investments and the commercial banking activities of Lazard Group s Paris-based Lazard Frères Banque SA (LFB). LFB is a registered bank regulated by the Banque de France and its primary operations include asset and liability management for Lazard Group s businesses in France through its money market desk and commercial banking operations, deposit taking and, to a lesser extent, financing activities and custodial oversight over assets of various clients. LFB also engages in underwritten offerings of securities in France. The Company also allocates outstanding indebtedness to its Corporate segment.

Basis of Presentation

The accompanying condensed consolidated financial statements of Lazard Ltd have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the SEC) regarding interim financial reporting. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America (U.S. GAAP) for complete financial statements and should be read in conjunction with the audited consolidated financial statements and notes thereto included in Lazard Ltd s annual report on Form 10-K for the year ended December 31, 2008 (the Form 10-K). The accompanying December 31, 2008 unaudited condensed consolidated statement of financial condition data was derived from audited consolidated financial statements, but does not include all disclosures required by U.S. GAAP for annual financial statement purposes. The accompanying condensed consolidated financial statements reflect all adjustments, which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented. Preparing financial statements requires management to make estimates and assumptions that affect the amounts that are reported in the financial statements and the accompanying disclosures. Although these estimates are based on management s knowledge of current events and actions that Lazard may

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LAZARD LTD

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(UNAUDITED)

(dollars in thousands, except for per share data, unless otherwise noted)

undertake in the future, actual results may differ materially from the estimates. The consolidated results of operations for the three month and six month periods ended June 30, 2009 are not necessarily indicative of the results to be expected for any future period or the full fiscal year. Any material events or transactions that occurred subsequent to June 30, 2009 through the date of filing of this Quarterly Report on Form 10-Q were reviewed for purposes of determining whether any adjustments were required to be made to the accompanying condensed consolidated financial statements and for disclosure purposes.

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

The Company s policy is to consolidate (i) entities in which it has a controlling financial interest, (ii) variable interest entities (VIEs) where the Company has a variable interest and is deemed to be the primary beneficiary and (iii) limited partnerships where the Company is the general partner, unless the presumption of control is overcome. When the Company does not have a controlling interest in an entity, but exerts significant influence over the entity s operating and financial decisions, the Company applies the equity method of accounting under Accounting Principles Board Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock* (APB Opinion No. 18). All material intercompany transactions and balances have been eliminated.

Certain prior period amounts have been reclassified to conform to the manner of presentation in the current period, including those amounts pertaining to noncontrolling (minority) interests in subsidiaries as required by Statement of Financial Accounting Standards (SFAS) No. 160, *Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51* (SFAS No. 160) (see Note 2 of Notes to Condensed Consolidated Financial Statements).

2. RECENT ACCOUNTING DEVELOPMENTS

On January 1, 2009, the Company adopted SFAS No. 141 (revised 2007), *Business Combinations* (SFAS No. 141(R)), the provisions of which are applicable on a prospective basis. SFAS No. 141(R) replaces SFAS No. 141, *Business Combinations* (SFAS No. 141), and supersedes or amends other related authoritative literature although it retains the fundamental requirements in SFAS No. 141 that the acquisition method of accounting (which SFAS No. 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. SFAS No. 141(R) also establishes principles and requirements for how the acquirer (a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in an acquiree; (b) recognizes and measures the goodwill acquired in a business combination or a gain from a bargain purchase; and (c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of a business combination. SFAS No. 141(R) also requires the acquirer to expense, as incurred, costs relating to any acquisitions. The adoption of SFAS No. 141(R) on January 1, 2009 did not have an impact on the Company s consolidated financial statements. Prospectively all acquisitions will conform to SFAS No. 141(R).

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LAZARD LTD

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(UNAUDITED)

(dollars in thousands, except for per share data, unless otherwise noted)

On January 1, 2008, the Company adopted, on a prospective basis, the required provisions of SFAS No. 157, *Fair Value Measurement*s (SFAS No. 157), which, among other things, defined fair value, established a framework for measuring fair value and enhanced disclosure requirements about fair value measurements with respect to its financial assets and financial liabilities. On January 1, 2009, the Company adopted the remaining provisions of SFAS No. 157, as permitted by the Financial Accounting Standards Board (the FASB) Staff Position (FSP) Financial Accounting Standard (FAS) 157-2, *Effective Date of FASB Statement No. 157* (FSP 157-2), which delayed the effective date of SFAS No. 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). These nonfinancial items include, for example, reporting units required to be measured at fair value for annual goodwill impairment testing purposes and nonfinancial assets acquired and liabilities assumed in a business combination. Neither the adoption of the required provisions of SFAS No. 157 on January 1, 2008, nor the adoption of the remaining provisions of SFAS No. 157 on January 1, 2009, as permitted by FSP 157-2, had a material impact on the Company s consolidated financial statements.

On January 1, 2009, the Company adopted SFAS No. 160, the presentation and disclosure requirements of which were required to be applied retrospectively. SFAS No. 160 amends Accounting Research Bulletin No. 51, *Consolidated Financial Statements* , to establish accounting and reporting standards for the noncontrolling (minority) interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS No. 160 clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. In addition, SFAS No. 160 also changes the way the consolidated income statement is presented by requiring consolidated net income to include amounts attributable to both the parent and the noncontrolling interests with separate disclosure of each component on the face of the consolidated income statement. SFAS No. 160 does not, however, impact the calculation of net income per share, as such calculation will continue to be based on amounts attributable to the parent.

On January 1, 2009, the Company adopted SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities an amendment of SFAS No. 133* (SFAS No. 161), on a prospective basis. SFAS No. 161 amends SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* , as amended (SFAS No. 133), to enhance the current disclosure framework in SFAS No. 133 for derivative instruments and hedging activities, including how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations and how derivative instruments and related hedged items affect an entity s financial position, financial performance and cash flows. See Note 4 of Notes to Condensed Consolidated Financial Statements for the additional disclosures provided pursuant to SFAS No. 161. The adoption of SFAS No. 161 did not materially impact the Company s consolidated financial statements.

In December 2008, the FASB issued FSP FAS 132(R)-1, *Employers Disclosures about Postretirement Benefit Plan Assets* (FSP 132(R)-1), which amends SFAS No. 132 (revised 2003), *Employers Disclosures about Pensions and Other Postretirement Benefits an amendment of FASB Statements No. 87, 88, and 106* , to require more detailed disclosures about an employer s plan assets, including an employer s investment strategies, major categories of plan assets, concentrations of risk within plan assets and valuation techniques used to measure the fair value of plan assets. The disclosures about plan assets required by FSP 132(R)-1 are required to be provided for fiscal years ending after December 15, 2009. Upon initial application, the provisions of FSP 132(R)-1 are not required for earlier periods that are presented for comparative purposes. Earlier application of the provisions of FSP 132(R)-1 is permitted. We do not anticipate that the adoption of FSP 132(R)-1 in 2009 will have a material impact on the Company s consolidated financial statements.

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On April 1, 2009, the Company adopted FSP FAS 141(R)-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies* (FSP 141(R)-1). FSP 141(R)-1 amends and clarifies SFAS No. 141(R) with respect to the initial recognition and measurement, subsequent measurement and accounting and disclosure of assets and liabilities arising from contingencies in a business combination. The adoption of FSP 141(R)-1 did not impact the Company s consolidated financial statements but may have an impact in the future in the event the Company enters into a business combination.

On April 1, 2009, the Company adopted FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (FSP 157-4) on a prospective basis. FSP 157-4 provides additional guidance on determining fair value for securities or other financial assets when the volume and level of activity for such items have significantly decreased when compared with normal market activity and there is no longer sufficient frequency or volume to provide pricing information on an ongoing basis. FSP 157-4 also provides additional guidance in determining whether or not a transaction is orderly and whether or not a transaction or quoted price can be considered. Accordingly, FSP 157-4 does not apply to quoted prices for identical assets or liabilities in active markets categorized as Level 1. FSP 157-4 also requires additional fair value disclosures on an interim basis. See Note 4 of Notes to Condensed Consolidated Financial Statements for the additional disclosures provided pursuant to FSP 157-4. The adoption of additional guidance provided by FSP 157-4 did not materially impact the Company s consolidated financial statements.

On April 1, 2009, the Company adopted FSP FAS 107-1 and FSP APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* (FSP 107-1 and FSP APB 28-1 , respectively) on a prospective basis. FSP 107-1 and FSP APB 28-1 increase the frequency of qualitative and quantitative information about fair value estimates for all financial instruments not remeasured on the balance sheet at fair value by requiring this information on an interim basis. See Note 8 of Notes to Condensed Consolidated Financial Statements.

On April 1, 2009, the Company adopted FSP FAS 115-2 and FSP FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* (FSP 115-2 and FSP 124-2 , respectively) on a prospective basis. FSP 115-2 and FSP 124-2 impact the recognition and presentation of other-than-temporary impairments pertaining to debt securities accounted for as available-for-sale securities and provide greater clarity about the credit and non-credit components of debt securities whose fair value is below amortized cost that are not expected to be sold, and also require increased disclosures regarding expected cash flows, credit losses and an aging of securities with unrealized losses. The adoption of FSP 115-2 and FSP 124-2 did not have a material impact on the consolidated financial statements. See Note 4 of Notes to Condensed Consolidated Financial Statements.

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (SFAS No. 167), which amends certain requirements of FASB Interpretation (FIN) No. 46 (revised December 2003), *Consolidation of Variable Interest Entities* (FIN No. 46(R)). SFAS No. 167 changes how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. It also requires a company to provide additional disclosures about its involvement with VIEs and any significant changes in risk exposure due to that involvement. The requirements of SFAS No. 167 are effective for interim and annual periods beginning after November 15, 2009. Early adoption is prohibited. The Company is currently assessing the impact SFAS No. 167 will have on its consolidated financial statements.

3. RECEIVABLES NET

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

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Receivables from banks represent those related to LFB s short-term inter-bank deposits. The level of these inter-bank deposits is primarily driven by the level of LFB customer-related interest-bearing time and demand deposits and short-term inter-bank deposits from banks held at LFB, which can fluctuate significantly on a daily basis. As the amount of deposits held at LFB change, there is generally a corresponding, but indirect, impact on the level of short-term inter-bank deposits with banks.

Customers and other receivables at June 30, 2009 and December 31, 2008 include $11,400 and $13,109, respectively, of loans by LFB to managing directors and employees in France that are made in the ordinary course of business at market terms and $7,797 and $16,444, respectively, pertaining to a receivable from the Reserve Primary Fund (the Primary Fund), a money market fund based in New York that is engaged in the liquidation of its assets for distribution to investors under the supervision of the SEC. In September 2008, the Primary Fund, which held certain securities issued by Lehman Brothers Holdings, Inc., temporarily suspended the payment of redemption proceeds to investors. At September 15, 2008, the Company had $77,713 of investments in the Primary Fund. Through June 30, 2009, the Company had recovered partial distributions from the Primary Fund aggregating $69,916. Following the events of September 2008, various investors in the Primary Fund commenced litigations against the Primary Fund, certain officers and trustees of the Primary Fund and certain related entities. On February 26, 2009, the Primary Fund announced that it would set aside a special reserve of $3.5 billion of its assets to cover damages and expenses claimed in actual and potential litigations against it by Primary Fund investors. On May 5, 2009, the SEC asked the Court overseeing the Reserve Fund-related litigation to enjoin the Primary Fund s plan to set aside a special reserve and to compel the Primary Fund to make a *pro rata* distribution of its assets to the Fund s remaining investors. The Court is scheduled to consider the SEC s proposal, and any objections to that proposal, at a hearing on September 23, 2009. The Company expects to receive an amount approximating the carrying value of its receivable relating to its investment in the Primary Fund, but it is possible that the process of liquidating the Primary Fund may ultimately result in some diminution in value of the Company s investment position. The Company is closely monitoring the situation and reserving all of its rights.

Receivables are stated net of an estimated allowance for doubtful accounts of $15,010 and $15,883 at June 30, 2009 and December 31, 2008, respectively, for past due amounts and for specific accounts deemed uncollectible. The Company recorded bad debt expense of $4,170 and $3,622 for the three month and six month periods ended June 30, 2009, respectively, and $2,254 and $5,728 for the three month and six month periods ended June 30, 2008, respectively. In addition, the Company recorded charge-offs, foreign currency translation and other adjustments, which resulted in a net decrease (increase) to the allowance for doubtful accounts of $(150) and $4,495 for the three month and six month periods ended June 30, 2009, respectively, and $125 and $387 for the three month and six month periods ended June 30, 2008, respectively. At June 30, 2009 and December 31, 2008, the Company had $16,233 and $17,916, respectively, of receivables deemed past due or deemed uncollectible.

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4. FAIR VALUE MEASUREMENTS

The Company s investments and securities sold, not yet purchased consist of the following at June 30, 2009 and December 31, 2008:

	June 30, 2009	December 31, 2008
Debt:		
Bonds - Corporate	$ 289,695	$ 296,674
Non-U.S. Government and agency securities	31,048	36,396
	320,743	333,070
Equities	73,115	71,105
Other:		
Interest in LAM alternative asset management funds:		
General Partner (GP) interests owned by Lazard	41,710	35,300
GP interests consolidated but not owned by Lazard	13,263	20,866
Private equity investments	93,530	83,931
Equity method investments	75,644	75,695
	224,147	215,792
Total investments	618,005	619,967
Less equity method investments	75,644	75,695
Investments, at fair value	$ 542,361	$ 544,272
Securities sold, not yet purchased (included in other liabilities)	$ 4,276	$ 6,975

Debt securities primarily consist of investments by LFB, which typically holds them long-term, as part of its asset-liability management program. Such securities primarily consist of fixed and floating rate European corporate bonds and French government securities. Debt securities are accounted for as either trading or available-for-sale securities and consisted of the following at June 30, 2009 and December 31, 2008:

	June 30, 2009	December 31, 2008
Trading securities:		
Bonds - Corporate	$ 12,794	$ 7,573
Non-U.S. Government and agency securities	31,048	36,396
	43,842	43,969
Available-for-sale securities:		
Bonds - Corporate	276,901	289,101
Total debt securities	$ 320,743	$ 333,070

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The fair value and amortized cost basis pertaining to debt securities classified as available-for-sale at June 30, 2009, by maturity date/first call date, are as follows:

Maturity Date/First Call Date	Fair Value	Amortized Cost Basis
Within one year	$ 82,502	$ 87,012
After 1 year through 5 years	131,801	144,131
After 5 years through 10 years	50,864	79,899
After 10 years	11,734	14,141
	$276,901	$ 325,183

Additional information with respect to debt securities classified as available-for-sale at June 30, 2009 that are in an unrealized loss position are as follows:

Securities in a Continuous Loss Position for Less than 12 Months		Securities in a Continuous Loss Position for 12 Months or Longer	
Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
$2,723	$864	$235,842	$48,240

The unrealized loss amount reported in the table above for securities in a continuous loss position for 12 months or longer has been reduced by an other-than-temporary impairment charge of $916 recognized in other-revenue on the condensed consolidated statements of operations during the three month period ended June 30, 2009. Such amount represents the credit loss component of debt securities whose fair value is below amortized cost that is required to be recognized in earnings in connection with FSP 115-2.

LFB does not intend to sell its debt securities classified as available-for-sale , nor is it more likely than not that LFB will be required to sell such debt securities before their anticipated recovery. Based on the qualitative and quantitative analysis performed, debt securities in unrealized loss positions were not considered to be other-than-temporarily impaired at June 30, 2009, except for the amount recognized above.

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

Interests in LAM alternative asset management funds represent (i) GP interests owned by Lazard in LAM-managed alternative asset management funds and (ii) GP interests consolidated by the Company pertaining to noncontrolling interests in LAM alternative asset management funds. Such noncontrolling interests in LAM alternative asset management funds, which represent GP interests held directly by certain of our LAM managing directors or employees of the Company, are deemed to be controlled by, and therefore consolidated by, the Company in accordance with U.S. GAAP. Pursuant to SFAS No. 160, noncontrolling interests are presented within stockholders equity on the condensed consolidated statements of financial condition (see Note 10 of Notes to Condensed Consolidated Financial Statements).

Private equity investments are primarily comprised of investments in private equity funds and direct private equity interests. Such investments primarily include (i) a mezzanine fund, which invests in mezzanine debt of a diversified selection of small to mid-cap European companies; (ii) Corporate Partners II Limited (CP II), a

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private equity fund targeting significant noncontrolling-stake investments in established public and private companies; and (iii) Lazard Senior Housing Partners LP (Senior Housing), which acquires companies and assets in the senior housing, extended-stay hotel and shopping center sectors.

Equity method investments include investments made in the first quarter of 2008 in Sapphire Industrials Corp. (Sapphire) (see Note 9 of Notes to Condensed Consolidated Financial Statements) and Merchant Bankers Asociados (MBA).

Pursuant to SFAS No. 157, Lazard categorizes its investments and certain other assets and liabilities recorded at fair value into a three-level fair value hierarchy as follows:

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

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

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

Principally all of the Company s investments in corporate bonds are considered Level 2 investments with such fair value based on observable data, principally broker quotes as provided by external pricing services.

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

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

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

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

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

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The following tables present the categorization of investments and certain other assets and liabilities measured at fair value on a recurring basis as of June 30, 2009 and December 31, 2008 into a three-level fair value hierarchy in accordance with SFAS No. 157:

	Fair Value Measurements on a Recurring Basis As of June 30, 2009			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Investments:				
Debt	$ 43,842	$ 276,901	$	$ 320,743
Equities	57,784	15,034	297	73,115
Other (excluding equity method investments):				
Interest in LAM alternative asset management funds:				
GP interests owned by Lazard		41,710		41,710
GP interests consolidated by Lazard		13,263		13,263
Private equity investments			93,530	93,530
Derivatives		7,861		7,861
Total Assets	$ 101,626	$ 354,769	$ 93,827	$ 550,222
Liabilities:				
Securities sold, not yet purchased	$ 4,276	$	$	$ 4,276
Derivatives		27,661		27,661
Total Liabilities	$ 4,276	$ 27,661	$	$ 31,937

	Fair Value Measurements on a Recurring Basis As of December 31, 2008			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Investments:				
Debt	$ 43,969	$ 289,101	$	$ 333,070
Equities	54,108	14,544	2,453	71,105
Other (excluding equity method investments):				
Interest in LAM alternative asset management funds:				
GP interests owned by Lazard		35,300		35,300
GP interests consolidated by Lazard		20,866		20,866
Private equity investments			83,931	83,931
Derivatives		4,661		4,661

Total Assets	$ 98,077	$ 364,472	$ 86,384	$ 548,933
Liabilities:				
Securities sold, not yet purchased	$ 6,975	$	$	$ 6,975
Derivatives		43,990		43,990
Total Liabilities	$ 6,975	$ 43,990	$	$ 50,965

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The following tables provide a summary of changes in fair value of the Company s Level 3 assets and liabilities for the three month and six month periods ended June 30, 2009 and 2008.

	Level 3 Assets and Liabilities For the Three Month Period Ended June 30, 2009				
	Beginning Balance	Net Unrealized/ Realized Gains (Losses) Included In Revenue Other	Net Purchases, Issuances and Settlements	Foreign Currency Translation Adjustments	Ending Balance
Level 3 Assets:					
Investments:					
Equities	$ 261	$ (5)	$ 36	$ 5	$ 297
Private equity investments	86,324	(127)	4,201	3,132	93,530
Total Level 3 Assets	$ 86,585	$ (132)	$ 4,237	$ 3,137	$ 93,827

	Level 3 Assets and Liabilities For the Three Month Period Ended June 30, 2008				
	Beginning Balance	Net Unrealized/ Realized Gains (Losses) Included In Revenue Other	Net Purchases, Issuances and Settlements	Foreign Currency Translation Adjustments	Ending Balance
Level 3 Assets:					
Investments:					
Equities	$ 4,553	$ 170	$ (266)	$ 8	$ 4,465
Private equity investments	89,473	(589)	7,244	(73)	96,055
Total Level 3 Assets	$ 94,026	$ (419)	$ 6,978	$(65)	$ 100,520

	Level 3 Assets and Liabilities For the Six Month Period Ended June 30, 2009				
	Beginning Balance	Net Unrealized/ Realized Gains (Losses)	Net Purchases, Issuances	Foreign Currency Translation Adjustments	Ending Balance

		Included In Revenue		Other		and Settlements				
Level 3 Assets:										
Investments:										
Equities	$	2,453	$	(5)	$	(2,056)	$	(95)	$	297
Private equity investments		83,931		(108)		8,613		1,094		93,530
Total Level 3 Assets	$	86,384	$	(113)	$	6,557	$	999	$	93,827

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	Level 3 Assets and Liabilities For the Six Month Period Ended June 30, 2008					
	Beginning Balance	Net Unrealized/ Realized Gains (Losses) Included In Revenue	Other	Net Purchases, Issuances and Settlements	Foreign Currency Translation Adjustments	Ending Balance
Level 3 Assets:						
Investments:						
Equities	$ 4,469	$	(39)	$ (266)	$ 301	$ 4,465
Private equity investments	74,051		1,921	18,034	2,049	96,055
Total Level 3 Assets	$ 78,520	$	1,882	$ 17,768	$ 2,350	$ 100,520

There were net realized gains of $21 included in income for the three month and six month periods ended June 30, 2009 and no net realized gains or losses included in income for the three month and six month periods ended June 30, 2008 with respect to Level 3 assets and liabilities.

The Company recognized gross investment gains and losses on investments measured at fair value for the three month and six month periods ended June 30, 2009 in revenue - other on the respective condensed consolidated statements of operations as follows:

	Three Month Period Ended June 30, 2009	Six Month Period Ended June 30, 2009
Gross investment gains	$ 18,648	$ 21,871
Gross investment losses	$	$ 6,312

The table above includes gross unrealized investment gains and losses pertaining to trading securities accounted for under SFAS No. 115 as follows:

	Three Month Period Ended June 30, 2009	Six Month Period Ended June 30, 2009
Gross unrealized investment gains	$ 1,549	$ 719
Gross unrealized investment losses	$	$ 12

In addition, the Company recorded gross unrealized investment gains (pre-tax) and gross unrealized investment losses (pre-tax) of $18,969 and $2,893, respectively, in accumulated other comprehensive loss during the six month period ended June 30, 2009 pertaining to debt securities that are designated as available-for-sale under SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities* (SFAS No. 115). There were no significant reclassifications from accumulated other comprehensive loss to earnings during the six month period ended June 30, 2009. The average cost basis is utilized for purposes of calculating realized investment gains and losses.

The Company enters into forward foreign currency exchange rate contracts, interest rate swaps, interest rate futures, equity swaps and other derivative contracts to hedge exposures to fluctuations in interest rates, currency exchange rates and equity markets. The Company reports its derivative instruments separately as assets and liabilities unless a legal right of set-off exists under a master netting agreement enforceable by law. The Company s derivative instruments are recorded at their fair value, and are included in other assets and other liabilities on the condensed consolidated statements of financial condition. Except for derivatives hedging available-for-sale securities under SFAS No. 115, the Company elected to not apply hedge accounting under

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SFAS No. 133 to its other derivative instruments held. Gains and losses on the Company s derivatives not designated as hedging instruments, as well as gains and losses on derivatives accounted for as fair value hedges under SFAS No. 133, are included in interest income and interest expense , respectively, or revenue other , depending on the nature of the underlying item, on the condensed consolidated statements of operations.

The table below represents the fair values of the Company s derivative assets and liabilities reported within other assets and other liabilities on the accompanying condensed consolidated statements of financial condition as of June 30, 2009 and December 31, 2008:

	Derivatives Designated as Hedging Instruments Under SFAS No. 133		Derivatives Not Designated as Hedging Instruments Under SFAS No. 133		Total	
	June 30, 2009	December 31, 2008	June 30, 2009	December 31, 2008	June 30, 2009	December 31, 2008
Derivative Assets:						
Forward foreign currency exchange rate contracts	$	$	$ 7,620	$ 4,377	$ 7,620	$ 4,377
Interest rate swaps		75	87	209	87	284
Equity swaps			154		154	
	$	$ 75	$ 7,861	$ 4,586	$ 7,861	$ 4,661
Derivative Liabilities:						
Forward foreign currency exchange rate contracts	$	$	$ 13,557	$ 26,593	$ 13,557	$ 26,593
Interest rate swaps	13,035	12,980	210	1,051	13,245	14,031
Equity swaps			859	3,366	859	3,366
	$ 13,035	$ 12,980	$ 14,626	$ 31,010	$ 27,661	$ 43,990

The effect of gains (losses) with respect to derivatives not designated as hedging instruments under SFAS No. 133 on the accompanying condensed consolidated statements of operations for the three month and six month periods ended June 30, 2009 (predominantly reflected in revenue other), by type of derivative, is as follows:

	Three Month Period Ended June 30, 2009	Six Month Period Ended June 30, 2009
Forward foreign currency exchange rate contracts	$ 3,482	$ 3,650
Interest rate swaps	344	482
Equity swaps	(7,145)	(3,263)

	$	(3,319)	$	869

With respect to derivatives designated as hedging instruments under SFAS No. 133, such derivatives relate to interest rate swaps that hedge available-for-sale securities and are being accounted for as fair value hedges. For the three month and six month periods ended June 30, 2009, net pre-tax gains (losses) of $3,143 and $(190), respectively, pertaining to such interest rate swaps were recognized, which were substantially offset by equivalent amounts on the hedged risk portion of such available-for-sale securities.

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5. LAM MERGER TRANSACTION

On September 25, 2008, Lazard Ltd, LAM and LAZ Sub I, LLC, a then newly-formed subsidiary of LFNY, completed the merger of LAZ Sub I, LLC with and into LAM (the LAM Merger). Prior to the LAM Merger, the common equity interests of LAM were held by LFNY and certain other equity interests of LAM, representing contingent payments should a fundamental transaction occur, as described below, were held by present and former employees of LAM. Following the LAM Merger, all equity interests of LAM are owned directly or indirectly by LFNY. The equity interests of LAM that were held, prior to the LAM Merger, by the then present and former employees of LAM and its subsidiaries (and certain related phantom rights issued as incentive compensation) entitled the holders to payments totaling approximately 23% of the net proceeds or imputed valuation of LAM (after deductions for payments to creditors of LAM and the return of capital in LAM) in connection with certain specified fundamental transactions concerning LAM or Lazard, including a sale of LAM or Lazard, certain non-ordinary course asset sales and major acquisitions.

The aggregate non-contingent consideration relating to the equity interests of LAM (and the phantom rights referred to above) held by present and former employees of LAM and its subsidiaries (the Transaction Consideration) consists of (i) cash payments made from the closing of the LAM Merger through January 2, 2009 of approximately $60,100, (ii) a cash payment on October 31, 2011 of approximately $90,300 and (iii) an issuance on October 31, 2011 of 2,201,457 shares of Lazard Ltd s Class A common stock (Class A common stock) (plus additional shares of Class A common stock in an amount determined by reference to the cash dividends paid on Class A common stock since the closing of the LAM Merger), subject, in the case of clause (ii) and (iii) and with respect to certain present employees of LAM and its subsidiaries, to delayed payment/issuance until the eighth anniversary of the closing of the LAM Merger if the applicable employee is no longer employed by Lazard or its affiliates on October 31, 2011, subject to certain exceptions. The merger agreement also generally provides that if there is a change in control of the Company or a sale of LAM, any and all of the Transaction Consideration will be payable as of the date of such change in control. The related liabilities for the present value of the unpaid cash consideration, as of June 30, 2009 and December 31, 2008, have been recorded in accrued compensation and benefits and other liabilities , and amounted to $14,294 and $62,951, respectively, as of June 30, 2009, and $16,013 and $60,324, respectively, as of December 31, 2008.

6. BUSINESS ACQUISITIONS AND JOINT VENTURE INVESTMENT

On August 13, 2007, Lazard Group acquired all of the outstanding ownership interests of Goldsmith, Agio, Helms & Lynner, LLC (GAHL), a Minneapolis-based investment bank specializing in financial advisory services to mid-sized private companies. On July 31, 2007, Lazard Ltd acquired all of the outstanding shares of Carnegie, Wylie & Company (Holdings) PTY LTD (CWC), an Australia-based financial advisory firm, and concurrently sold such investment to Lazard Group. These purchases were effected though an exchange of a combination of cash, Class A common stock, and by Lazard Ltd issuing shares of non-participating convertible Series A and Series B preferred stock (the Series A preferred stock and Series B preferred stock , respectively, which are or were each convertible into Class A common stock). The total number of Class A common shares to be issued in connection with the acquisitions will depend, in part, upon the future performance of each of GAHL and CWC. See Note 10 of Notes to the Condensed Consolidated Financial Statements for additional information regarding the Series A preferred stock and Series B preferred stock.

The aggregate non-contingent consideration relating to the GAHL and the CWC acquisitions (before transaction costs) consisted of cash and Lazard Ltd stock and aggregated to approximately $220,500 and $216,200 through June 30, 2009 and December 31, 2008, respectively. At June 30, 2009 and December 31, 2008,

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993,024 shares of Class A common stock were issuable on a non-contingent basis. Additionally, at June 30, 2009 and December 31, 2008, 9,724 and 7,293 shares of Series A preferred stock, respectively, were convertible into Class A common shares on a non-contingent basis, with the number of Class A common shares dependent, in part, upon future prices of the Class A common stock. At June 30, 2009 and December 31, 2008, 948,631 shares of Class A common stock were contingently issuable and, at June 30, 2009 and December 31, 2008, 22,021 and 24,452 shares of Series A preferred stock, respectively, were contingently convertible into shares of Class A common stock as of each respective date, dependent upon the future performance of GAHL and CWC.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

The components of goodwill and other intangible assets at June 30, 2009 and December 31, 2008, which primarily pertain to the Company s Financial Advisory segment, are presented below.

	June 30, 2009	December 31, 2008
Goodwill	$ 185,434	$ 170,277
Other intangible assets (net of accumulated amortization)	4,179	4,867
	$ 189,613	$ 175,144

Changes in the carrying amount of goodwill for the six month periods ended June 30, 2009 and 2008, are as follows:

	Six Month Period Ended June 30, 2009	2008
Balance, January 1	$ 170,277	$ 178,446
Prior business acquisitions, including additional contingent consideration earned	2,779	9,282
Foreign currency translation adjustments	12,378	8,526
Balance, June 30	$ 185,434	$ 196,254

The gross cost and accumulated amortization of other intangible assets as of June 30, 2009 and December 31, 2008, by major intangible asset category, are as follows:

	June 30, 2009			December 31, 2008		
	Gross Cost	Accumulated Amortization	Net Carrying Amount	Gross Cost	Accumulated Amortization	Net Carrying Amount
Management fees, customer relationships and non-compete agreements	$ 7,017	$ 2,838	$ 4,179	$ 7,017	$ 2,150	$ 4,867

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Amortization expense of intangible assets for the three month and six month periods ended June 30, 2009 was $344 and $688, respectively, and for the three month and six month periods ended June 30, 2008 was $2,525 and $3,745, respectively. Estimated future amortization expense is as follows:

Year Ending December 31,	Amortization Expense
2009 (July 1 through December 31)	$ 584
2010	1,127
2011	903
2012	511
2013	400
Thereafter	654
Total amortization expense	$ 4,179

8. *SENIOR AND SUBORDINATED DEBT*

Senior Debt Senior debt is comprised of the following as of June 30, 2009 and December 31, 2008:

	Initial Principal Amount	Maturity Date	Annual Interest Rate	Outstanding As Of June 30, 2009	Outstanding As Of December 31, 2008
Lazard Group 7.125% Senior Notes	$ 550,000	2015	7.125%	$ 538,500	$ 538,500
Lazard Group 6.85% Senior Notes(a)	600,000	2017	6.85%	548,350	549,250
Lazard Group Credit Facility	150,000	2010	1.75%		
Total				$ 1,086,850	$ 1,087,750

(a) During the six month period ended June 30, 2009, the Company repurchased $900 principal amount of the 6.85% Senior Notes at a cost, excluding accrued interest, of $635 and, after the write-off of unamortized debt issuance costs of $7, recognized a pre-tax gain of $258.

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

Lazard Group maintains a $150,000 senior revolving credit facility with a group of lenders (the Lazard Group Credit Facility) which contains certain financial condition covenants. In addition, the Lazard Group Credit Facility, the indenture and supplemental indentures relating to Lazard Group s senior notes as well as its subordinated convertible note contain certain covenants (none of which relate to financial condition), events of default and other customary provisions, including a customary make-whole provision in the event of early redemption where applicable. As of June 30, 2009, the Company was in compliance with all of these provisions. All of the Company s senior and subordinated debt obligations are unsecured.

As of June 30, 2009, the Company had approximately $215,000 in unused lines of credit available to it, including approximately $43,000 of unused lines of credit available to LFB. In addition, LFB has access to the Eurosystem covered bond purchase program of the Banque de France.

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The Company s senior and subordinated debt are recorded at historical amounts. At June 30, 2009 and December 31, 2008, the aggregate carrying value of the Company s senior and subordinated debt ($1,236,850 and $1,237,750, respectively) exceeded fair value by $128,230 and $354,382, respectively. The fair value of the Company s senior and subordinated debt was estimated using a discounted cash flow analysis based on the Company s current borrowing rates for similar types of borrowing arrangements or based on market quotations where available.

9. *COMMITMENTS AND CONTINGENCIES*

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

Guarantees On March 12, 2007, Lazard entered into an agreement to guarantee to a foreign tax jurisdiction the deferred payment of certain income tax obligations and potential tax penalties of certain managing directors of Lazard Group, which, as of June 30, 2009, aggregated $11,321. These managing directors have pledged their interests in LAZ-MD Holdings, an entity owned by Lazard Group s current and former managing directors (LAZ-MD Holdings) (which are exchangeable into shares of Class A common stock) and unsold shares of Class A common stock received in exchange for such interests to collateralize such guarantee, with the value of such collateral in each case exceeding the guarantee provided by Lazard.

In the normal course of business, LFB provides indemnifications to third parties to protect them in the event of non-performance by its clients. At June 30, 2009, LFB had $7,150 of such indemnifications and held $4,694 of collateral/counter-guarantees to secure these commitments. The Company believes the likelihood of loss with respect to these indemnities is remote. Accordingly, no liability is recorded in the condensed consolidated statements of financial condition.

Private Equity Funding Commitments At June 30, 2009, the principal commitments by the Company for capital contributions to private equity investment funds were as set forth below. Senior Housing is managed by Lazard Alternative Investments Holdings LLC (LAI), a subsidiary of LFCM Holdings LLC (LFCM Holdings). LAI owns and operates the alternative investments of LFCM Holdings (an entity that includes Lazard s former Capital Markets and Other business segment as well as other specified non-operating assets and liabilities transferred pursuant to or in anticipation of the separation from the Company on May 10, 2005). CP II was managed by a subsidiary of LAI until February 16, 2009. Effective February 17, 2009, ownership and control of CP II was transferred to the investment professionals who manage CP II.

Name of Fund	Total Lazard Commitments (b)

	Total Institutional Commitments	Maximum Commitment	Funding Expiration Date	Unfunded As of June 30, 2009
CP II	$ 500,000	$ 50,000	2010	$ 10,354
Senior Housing	201,000	10,000	2009(a)	544
	$ 701,000	$ 60,000		$ 10,898

(a) Funding expiration date was July 6, 2009. However, under certain circumstances, $544 may be called at any time prior to the fund s liquidation.

(b) The table above excludes other unfunded commitments by Lazard at June 30, 2009 of $3,357 to Company-sponsored private equity investment funds (including $2,531 in connection with the Company s compensation plans), which are contingent upon certain events and have no definitive final payment dates.

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Other Commitments In the normal course of business, LFB enters into commitments to extend credit, predominately at variable interest rates. The commitments have an expiration date and, once drawn upon, may require the counterparty to post collateral depending on the counterparty s creditworthiness. Outstanding commitments at June 30, 2009 were $17,463. This amount may not represent future cash requirements as commitments may expire without being drawn upon.

On January 24, 2008, Sapphire, a newly-organized special purpose acquisition company formed by Lazard Funding Limited LLC (Lazard Funding), a wholly-owned subsidiary of Lazard Group, completed an initial public offering which, prior to offering costs, raised $800,000 through the sale of 80,000,000 units at an offering price of $10.00 per unit (the Sapphire IPO). Each unit consists of one share of Sapphire common stock and one warrant, with such warrant entitling the holder to purchase one share of Sapphire common stock for $7.00. Sapphire was formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more operating businesses primarily with general industrial companies in North America (collectively referred to as the Initial Business Combination).

In connection with the formation of Sapphire, Lazard Funding purchased from Sapphire 15,144,000 units (Founders Units) at a total cost of approximately $95. Each Founders Unit consists of one share of Sapphire common stock and one warrant, with such warrant entitling the holder to purchase one share of Sapphire common stock for $7.50. On January 24, 2008, in connection with the Sapphire IPO, Lazard Funding purchased (i) 5,000,000 units in the Sapphire IPO at a purchase price equal to the public offering price of $10.00 per unit (for an aggregate purchase price of $50,000), and (ii) an aggregate of 12,500,000 warrants from Sapphire at a price of $1.00 per warrant (for a total purchase price of $12,500). Furthermore, Lazard Funding entered into an agreement with the underwriter to purchase up to an additional $37,500 worth of Sapphire common shares in open market purchases, commencing two business days after Sapphire files a proxy statement relating to an Initial Business Combination and ending on the business day immediately preceding the record date for the meeting of Sapphire stockholders at which such Initial Business Combination is to be approved, or earlier in certain circumstances.

In connection with the Sapphire IPO, and pursuant to certain rights afforded LFCM Holdings under the business alliance agreement, dated as of May 10, 2005, between Lazard Group and LFCM Holdings (the business alliance agreement), Lazard Funding offered CP II the right, through the date of a public announcement of the Initial Business Combination, to purchase from Lazard Funding, at a cost of $10.00 per unit, up to 2,000,000 Sapphire units (for an aggregate purchase price of up to $20,000).

See Notes 5 and 6 of Notes to Condensed Consolidated Financial Statements for information regarding commitments relating to the LAM Merger and business acquisitions, respectively. See Note 12 of Notes to Condensed Consolidated Financial Statements for information regarding obligations to fund our pension plans in the U.K.

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

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Legal The Company s businesses, as well as the financial services industry generally, are subject to extensive regulation throughout the world. The Company is involved from time to time in a number of judicial, regulatory and arbitration proceedings and inquiries concerning matters arising in connection with the conduct of our businesses, including proceedings initiated by former employees alleging wrongful termination. The Company reviews such matters on a case-by-case basis and establishes any required reserves in accordance with SFAS No. 5, *Accounting For Contingencies* . Management believes, based on currently available information, that the results of such matters, in the aggregate, will not have a material adverse effect on its financial condition but might be material to its operating results or cash flows for any particular period, depending upon the operating results for such period.

10. STOCKHOLDERS EQUITY

At June 30, 2009 and 2008, Lazard Group common membership interests held by subsidiaries of Lazard Ltd amounted to 71.2% and 56.4%, respectively, and by LAZ-MD Holdings amounted to 28.8% and 43.6%, respectively. Pursuant to provisions of its Operating Agreement, Lazard Group distributions in respect of its common membership interests are allocated to the holders of such interests on a pro rata basis. Such distributions represent amounts necessary to fund (i) any dividends Lazard Ltd may declare on its Class A common stock and (ii) tax distributions in respect of income taxes that Lazard Ltd s subsidiaries and the members of LAZ-MD Holdings incur as a result of holding Lazard Group common membership interests. During the six month periods ended June 30, 2009 and 2008, Lazard Group distributed $9,163 and $10,832, respectively, to LAZ-MD Holdings and $13,439 and $9,863, respectively, to the subsidiaries of Lazard Ltd, which latter amounts were used by Lazard Ltd to pay dividends to third-party holders of its Class A common stock. In addition, during the six month periods ended June 30, 2009 and 2008, Lazard Group made tax distributions of $67,360 and $51,725, respectively, including $25,316 and $26,727, respectively, paid to LAZ-MD Holdings and $42,044 and $24,998, respectively, paid to subsidiaries of Lazard Ltd.

On July 28, 2009, the Board of Directors of Lazard Ltd declared a quarterly dividend of $0.125 per share on its Class A common stock, totaling $11,013, payable on August 28, 2009 to stockholders of record on August 7, 2009.

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

Secondary Offering In June 2009, pursuant to a Prospectus Supplement dated June 2, 2009, certain current and former managing directors of Lazard (including certain of our executive officers) and their permitted transferees (the 2009 Selling Shareholders) sold 4,000,000 shares of Class A common stock at a price of $26.00 per share (the 2009 Secondary Offering). Lazard Ltd did not receive any net proceeds from the sales of such Class A common stock in the 2009 Secondary Offering. Separately, in connection with the 2009 Secondary Offering, Lazard Group agreed to purchase from the 2009 Selling Shareholders 1,700,000 shares of Class A common stock for an aggregate cost of $44,200 ($26.00 per share), with such purchase being part of the share repurchase program described below. In the aggregate, the 2009 Selling Shareholders sold a total of 5,700,000 shares of Class A common stock (including 2,110,754 shares of Class A common stock previously received upon the exchange of a like number of LAZ-MD Holdings exchangeable interests and 3,589,246 shares of Class A common stock received upon a simultaneous exchange of a like number of LAZ-MD Holdings exchangeable interests).

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As a result of the 2009 Secondary Offering, Lazard Ltd s ownership interest in Lazard Group increased from 68.2% prior to the offering to 71.1% immediately subsequent thereto. Correspondingly, LAZ-MD Holdings ownership in Lazard Group decreased from 31.8% prior to the offering to 28.9% immediately subsequent thereto.

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

Exchange of Lazard Group Common Membership Interests In addition to the exchanges that occurred in connection with the 2009 Secondary Offering, on March 6, 2009 and May 11, 2009, Lazard Ltd issued 244,968 and 6,832,773 shares of Class A common stock, respectively, in connection with the exchange of a like number of common membership interests of Lazard Group (received from members of LAZ-MD Holdings in exchange for their membership interests in LAZ-MD Holdings).

Share Repurchase Program

The Board of Directors of Lazard Ltd has authorized, on a cumulative basis, the repurchase of up to $500,000 in aggregate cost of its Class A common stock and Lazard Group common membership interests through December 31, 2009. The Company expects that the share repurchase program, with respect to the Class A common stock, will be used primarily to offset a portion of the shares that have been or will be issued under the Lazard Ltd 2005 Equity Incentive Plan (the 2005 Plan) and the Lazard Ltd 2008 Incentive Compensation Plan (the 2008 Plan). Purchases may be made in the open market or through privately negotiated transactions. Pursuant to this authorization, since inception of the program in February 2006 through June 30, 2009, Lazard Group purchased an aggregate of 12,069,189 shares of Class A common stock at an average price of $33.07 per share (including, during the six month period ended June 30, 2009, 1,967,419 shares at an average price of $25.33 per share, inclusive of the 1,700,000 shares purchased in connection with the 2009 Secondary Offering described above), and an aggregate of 725,374 Lazard Group common membership interests at an average price of $36.13 per common membership interest (including, during the six month period ended June 30, 2009, 69,623 common membership interests at an average price of $26.00 per common membership interest). As a result of Lazard Group s delivery of an aggregate of 1,471,498 shares for the settlement of vested restricted stock unit grants (RSUs) and deferred stock unit grants (DSUs) during the two year period ended December 31, 2008 and the six month period ended June 30, 2009, there were 10,597,691 and 9,376,162 shares of Class A common stock held by Lazard Group at June 30, 2009 and December 31, 2008, respectively. Such Class A common shares are reported, at cost, as Class A common stock held by a subsidiary on the condensed consolidated statements of financial condition.

As of June 30, 2009, $74,667 of the initial $500,000 repurchase authorization remained available under the share repurchase program.

Preferred Stock

Lazard Ltd has 15,000,000 authorized shares of preferred stock, par value $0.01 per share, inclusive of its Series A preferred stock and Series B preferred stock. As of June 30, 2009 and December 31, 2008, 31,745 shares of Series A preferred stock and no shares of Series B preferred stock were outstanding. These shares of preferred stock have no voting or dividend rights.

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At June 30, 2009 and December 31, 2008, 9,724 and 7,293 of the Series A preferred shares outstanding, respectively, were convertible into shares of Class A common stock. The remaining 22,021 and 24,452 shares of Series A preferred stock outstanding at June 30, 2009 and December 31, 2008, respectively, may be convertible into shares of Class A common stock upon completion or satisfaction of specified obligations in the CWC acquisition agreement.

The initial conversion rate, at the time of the acquisition of CWC was 100 shares of Class A common stock to one share of Series A preferred stock, with the ultimate conversion rate dependent on certain variables, including the value of the Class A common stock, as defined, and the currency exchange rate on the date of conversion.

Accumulated Other Comprehensive Loss, Net of Tax

The components of accumulated other comprehensive loss, net of tax at June 30, 2009 and December 31, 2008 are as follows:

	June 30, 2009	December 31, 2008
Currency translation adjustments	$ 17,193	$ (30,955)
Interest rate hedge	(6,313)	(6,851)
Net unrealized loss on available-for-sale securities	(31,619)	(41,512)
Employee benefit plans	(44,873)	(45,745)
Total accumulated other comprehensive loss, net of tax	(65,612)	(125,063)
Less amount attributable to noncontrolling interests (see below)	17,853	45,628
Total Lazard Ltd accumulated other comprehensive loss, net of tax	$ (47,759)	$ (79,435)

Noncontrolling Interests

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

As of June 30, 2009 and December 31, 2008, LAZ-MD Holdings held approximately 28.8% and 37.6%, respectively, of the outstanding Lazard Group common membership interests. Additionally, LAZ-MD Holdings was the sole owner of the one issued and outstanding share of Lazard Ltd s Class B common stock, which provided LAZ-MD Holdings with approximately 28.8% and 37.6%, of the voting power but no economic rights in the Company as of June 30, 2009 and December 31, 2008, respectively. Subject to certain limitations, LAZ-MD Holdings interests in Lazard Group are exchangeable for Class A common stock.

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The following table summarizes the changes in ownership interests in Lazard Group held by Lazard Ltd and LAZ-MD Holdings during the six month periods ended June 30, 2009 and 2008:

	Lazard Ltd		LAZ-MD Holdings		
	Common Membership Interests	% Ownership	Common Membership Interests	% Ownership	Total Lazard Group Common Membership Interests
Six Month Period Ended June 30, 2008:					
Balance, January 1, 2008	51,745,825	48.3%	55,322,792	51.7%	107,068,617
Activity January 1, 2008 to June 30, 2008:					
Exchanges of membership interests for Class A common stock	2,321,909		(2,321,909)		
Common membership interests issued in connection with the settlement of the purchase contracts related to the ESUs	14,582,750				14,582,750
Balance, June 30, 2008	68,650,484	56.4%	53,000,883	43.6%	121,651,367
Six Month Period Ended June 30, 2009:					
Balance, January 1, 2009	76,294,912	62.4%	45,938,752	37.6%	122,233,664
Activity January 1, 2009 to June 30, 2009:					
Common membership interests issued in connection with:					
Exchanges for Class A common stock	7,077,741		(7,077,741)		
2009 Secondary Offering	3,589,246		(3,589,246)		
Repurchase of common membership interests from LAZ-MD Holdings			(69,623)		(69,623)
Balance, June 30, 2009	86,961,899	71.2%	35,202,142	28.8%	122,164,041

The change in Lazard Ltd s ownership in Lazard Group in the six month period ended June 30, 2009 did not materially impact Lazard Ltd s stockholders equity.

11. INCENTIVE PLANS

Share-Based Incentive Plan Awards

A description of Lazard Ltd s 2005 Plan and 2008 Plan, and activity with respect thereto during the six month periods ended June 30, 2009 and 2008, is presented below.

Shares Available Under the 2005 Plan and 2008 Plan

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

In addition to the shares available under the 2005 Plan, additional shares of Class A common stock are available under the 2008 Plan, which was approved by the stockholders of Lazard Ltd on May 6, 2008. The

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

Restricted Stock Unit Grants

RSUs require future service as a condition for the delivery of the underlying shares of Class A common stock and convert into Class A common stock on a one-for-one basis after the stipulated vesting periods. The grant date fair value of the RSUs, net of an estimated forfeiture rate, is amortized over the vesting periods or requisite service periods as required under SFAS No. 123 (revised 2004), *Share-Based Payment*, and, for purposes of calculating diluted net income per share, are included in the diluted weighted average shares of Class A common stock outstanding using the treasury stock method. Expense relating to RSUs is charged to compensation and benefits expense (and, as applicable in 2009, restructuring expense, with respect to the expense associated with the acceleration of unrecognized expense pertaining to RSUs granted previously to individuals who were terminated in the restructuring) within the condensed consolidated statements of operations, and amounted to $64,111 and $152,798 for the three month and six month periods ended June 30, 2009, respectively (including $24,239 in the restructuring expense recognized in the first quarter of 2009), and $56,708 and $112,330 during the three month and six month period ended June 30, 2008, respectively. RSUs issued subsequent to December 31, 2005 generally include a dividend participation right that provides that during vesting periods each RSU is attributed additional RSUs (or fractions thereof) equivalent to any ordinary quarterly dividends paid on Class A common stock during such period. During the six month periods ended June 30, 2009 and 2008, dividend participation rights required the issuance of 169,582 and 100,934 RSUs, respectively, and resulted in a charge to retained earnings and a credit to additional paid-in-capital, net of estimated forfeitures, of $3,505 and $3,693, during the respective periods.

During the six month periods ended June 30, 2009 and 2008, 1,128,585 and 458,643 RSUs vested, respectively. In connection therewith, and after considering the withholding tax obligations pertaining thereto, 745,890 and 366,401 shares of Class A common stock held by Lazard Group were delivered, respectively.

Deferred Stock Unit Grants

Non-executive members of the Board of Directors receive approximately 55% of their annual compensation for service on the Board of Directors and its committees in the form of DSUs which amounted to 33,359 and 25,307 DSUs granted during the six month periods ended June 30, 2009 and 2008, respectively. Their remaining compensation is payable in cash, which they may elect to receive in the form of additional DSUs under the Directors Fee Deferral Unit Plan described below. DSUs are convertible into Class A common stock at the time of cessation of service to the Board. The DSUs include a cash dividend participation right equivalent to any ordinary quarterly dividends paid on Class A common stock resulting in nominal cash payments for the six months ended June 30, 2009 and 2008. DSU awards are expensed at their fair value on their date of grant, which, inclusive of amounts related to the Directors Fee Deferral Unit Plan, totaled $1,006 and $1,083 during the three month and six month periods ended June 30, 2009, respectively, and $1,000 and $1,067 during the three month and six month periods ended June 30, 2008, respectively.

On May 9, 2006, the Board of Directors adopted the Directors Fee Deferral Unit Plan, which allows the Company s Non-Executive Directors to elect to receive additional DSUs pursuant to the 2005 Plan or the 2008 Plan in lieu of some or all of their cash fees. The number of DSUs that shall be granted to a Non-Executive Director pursuant to this election will equal the value of cash fees that the applicable Non-Executive Director has

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elected to forego pursuant to such election, divided by the closing market value of a share of Class A common stock on the date on which the foregone cash fees would otherwise have been paid. DSUs granted pursuant to such Plan amounted to 5,446 and 2,885 DSUs during the six month periods ended June 30, 2009 and 2008, respectively.

The following is a summary of activity relating to RSUs and DSUs during the six month periods ended June 30, 2009 and 2008:

	RSUs		DSUs	
	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value
Balance, January 1, 2009	22,141,468	$ 39.17	65,256	$ 40.32
Granted (including 169,582 RSUs relating to dividend participation)	7,161,473	$ 30.84	38,805	$ 27.90
Forfeited	(657,866)	$ 37.01		
Vested/Converted	(1,128,585)	$ 39.39		
Balance, June 30, 2009	27,516,490	$ 37.05	104,061	$ 35.69

	RSUs		DSUs	
	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value
Balance, January 1, 2008	9,507,935	$ 42.35	35,310	$ 43.16
Granted (including 100,934 RSUs relating to dividend participation)	12,282,433	$ 37.31	28,192	$ 37.86
Forfeited	(355,697)	$ 40.15		
Vested/Converted	(458,643)	$ 31.79	(5,839)	$ 38.28
Balance, June 30, 2008	20,976,028	$ 39.69	57,663	$ 41.06

As of June 30, 2009, unrecognized RSU compensation expense, adjusted for estimated forfeitures, was approximately $485,000, with such unrecognized compensation expense expected to be recognized over a weighted average period of approximately 2.2 years subsequent to June 30, 2009. The ultimate amount of such expense is dependent upon the actual number of RSUs that vest. The Company periodically assesses the forfeiture rates used for such estimates. A change in estimated forfeiture rates would cause the aggregate amount of compensation expense recognized in future periods to differ from the estimated unrecognized compensation expense described herein.

Other Incentive Awards

A portion of the incentive awards granted in February 2009 included a deferred cash component currently aggregating $144,100, which vests over a maximum period of four years. Such deferred cash awards vest and are payable as follows: $47,367 on November 30, 2009, $34,449 on November 30, 2010, $34,299 on February 28, 2012 and $27,985 on February 28, 2013. Payments are subject to the employee meeting the vesting requirements, and, except for the November 30, 2009 payment, earn interest at an annual rate of 5%. The compensation expense with respect to the deferred cash component award, net of estimated forfeitures, is being recognized over

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weighted average period of 2.2 years from the date of grant. Compensation and benefits expense relating to such awards amounted to $23,397 and $41,772 for the three month and six month periods ended June 30, 2009, respectively.

12. EMPLOYEE BENEFIT PLANS

The Company, through its subsidiaries, provides retirement and other post-employment benefits to certain of its employees through defined contribution and defined benefit pension plans and other post-retirement benefit plans. The Company has the right to amend or terminate its benefit plans at any time subject to the terms of such plans. Expenses (benefits) related to the Company s employee benefit plans are included in compensation and benefits expense on the condensed consolidated statements of operations. The Company uses December 31 as the measurement date for its employee benefit plans.

Employer Contributions to Pension Plans In accordance with agreements reached with the Trustees of the two U.K. pension plans in 2005, the Company contributed a final committed payment of approximately $16,000 (8.2 million British pounds) during the six month period ended June 30, 2008. Under the same agreements, the Company is contingently obligated to make further contributions to its U.K. pension plans depending on the cumulative performance of the plans assets against specific benchmarks as measured on June 1, 2009 (the measurement date) and subsequently on June 1, 2010 (the remeasurement date). The liability related to the cumulative underperformance of the plans assets (the underperformance obligation) at the measurement date was 11.5 million British pounds (approximately $19,100) which is payable over four years commencing June 1, 2009 in equal monthly installments, and will be subject to further adjustment on the remeasurement date.

In addition, on June 30, 2009 the Company and Trustees concluded the December 31, 2007 triennial valuation of the two U.K. pension plans, pursuant to which: (i) the Company agreed to contribute 2.3 million British pounds (approximately $3,800), during each year from 2011 to 2018 inclusive, subject to adjustment resulting from the December 31, 2010 triennial valuation, which the Company expects to have concluded prior to the contribution payment scheduled for 2011, and (ii) to secure the Company s obligations thereunder, on July 15, 2009 the Company placed in escrow 12.5 million British pounds (approximately $20,700), with a final redemption date of December 31, 2018. Income on the escrow balance accretes to the Company. This amount is subject to adjustment based on the results of the December 31, 2010 triennial valuation and subsequent triennial valuations.

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The following table summarizes the components of total benefit cost (credit) for the three month and six month periods ended June 30, 2009 and 2008:

	Pension Plans		Pension Plan Supplement		Post-Retirement Medical Plans	
	For The Three Month Period Ended June 30,					
	2009	2008	2009	2008	2009	2008
Components of Net Periodic Benefit Cost (Credit):						
Service cost	$	$	$	$	$ 21	$ 32
Interest cost	5,887	7,733	14	17	60	99
Expected return on plan assets	(6,570)	(8,941)				
Amortization of:						
Prior service credit					(345)	(345)
Net actuarial (gain) loss	227	100			(27)	8
LCH post-retirement medical plan termination						(198)
Net periodic benefit cost (credit)	$ (456)	$ (1,108)	$ 14	$ 17	$ (291)	$ (404)

	Pension Plans		Pension Plan Supplement		Post-Retirement Medical Plans	
	For The Six Month Period Ended June 30,					
	2009	2008	2009	2008	2009	2008
Components of Net Periodic Benefit Cost (Credit):						
Service cost	$	$	$	$	$ 49	$ 58
Interest cost	11,390	15,505	30	33	155	206
Expected return on plan assets	(12,700)	(17,915)				
Amortization of:						
Prior service credit					(691)	(691)
Net actuarial loss	435	195				44
LCH post-retirement medical plan termination						(198)
Net periodic benefit cost (credit)	$ (875)	$ (2,215)	$ 30	$ 33	$ (487)	$ (581)

13. RESTRUCTURING PLAN

In February 2009, the Company announced a restructuring plan to optimize its mix of personnel, which included certain staff reductions and realignments of personnel. In connection with such plan, the Company recorded an increase to the after-tax loss attributable to Lazard Ltd in the three month period ended March 31, 2009 of $35,074, as a result of a charge of $62,550 (principally consisting of compensation-related expenses, including the acceleration of unrecognized expense pertaining to RSUs previously granted to individuals who were terminated pursuant to the restructuring), with this charge partially offset by associated income tax and noncontrolling interest credits of $6,401 and $21,075, respectively.

As of June 30, 2009, the remaining liability associated with the restructuring plan was approximately $21,700 and primarily relates to severance and benefit payments and other costs associated with the

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restructuring. Such aggregate amount is reported within accrued compensation and benefits and other liabilities on the accompanying condensed consolidated statement of financial condition as of June 30, 2009.

14. INCOME TAXES

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

The Company recorded income tax provisions of $13,519 and $9,344 for the three month and six month periods ended June 30, 2009, respectively, and $18,110 and $22,950 for the three month and six month periods ended June 30, 2008, respectively, representing effective tax rates of 23.7%, (27.6)%, 20.6% and 21.7%, respectively. Excluding the income tax benefit of $6,401 related to the $62,550 restructuring charge in the first quarter of 2009, the Company had an income tax provision of $15,745 in the six month period ended June 30, 2009.

The difference between the U.S. federal statutory rate of 35.0% and the effective tax rates described above principally relates to (i) foreign source income (loss) not subject to U.S. income taxes, (ii) Lazard Group s income from U.S. operations attributable to the noncontrolling interest, (iii) the amortization associated with the tax basis step-up resulting from the Company s separation and recapitalization that occurred in May 2005 and from the exchange of LAZ-MD Holdings exchangeable interests for shares of Class A common stock in connection with the 2006, 2008 and 2009 exchanges and secondary offerings, (iv) the 2009 loss for which a valuation allowance has been established and (v) U.S. state and local taxes, which are incremental to the U.S. federal statutory tax rate.

Tax Receivable Agreement

The redemption of historical partner interests in connection with the Company s separation and recapitalization that occurred in May 2005 and the exchanges of LAZ-MD Holdings exchangeable interests for shares of Class A common stock in 2006, 2008 and 2009 have resulted, and future exchanges of LAZ-MD Holdings exchangeable interests for shares of Class A common stock may result, in increases in the tax basis of the tangible and/or intangible assets of Lazard Group. The tax receivable agreement dated as of May 10, 2005 with LFCM Holdings requires the Company to pay LFCM Holdings 85% of the cash savings, if any, in U.S. federal, state and local income tax or franchise tax that the Company actually realizes as a result of the above-mentioned increases in tax basis. The Company calculates this provision annually and includes such amounts in operating expenses on its consolidated statements of operations once the results of operations for the full year are known. As a result, there is no provision for such payments in the three month and six month periods ended June 30, 2009 and 2008. If any provision is required pursuant to the tax receivable agreement, such amount would be fully offset by a reduction in the Company s income tax expense.

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

The Company s basic and diluted net income (loss) per share calculations for the three month and six month periods ended June 30, 2009 and 2008 are computed as described below.

Basic Net Income (Loss) Per Share

Numerator utilizes net income (loss) attributable to Lazard Ltd for the three month and six month periods ended June 30, 2009 and 2008, plus applicable adjustments to such net income (loss) associated with the inclusion of shares of Class A common stock issuable in connection with both the LAM Merger and business acquisitions, as described in Notes 5 and 6, respectively, of Notes to Condensed Consolidated Financial Statements.

Denominator utilizes the weighted average number of shares of Class A common stock outstanding for the three month and six month periods ended June 30, 2009 and 2008, plus applicable adjustments to such shares associated with shares of Class A common stock issuable in connection with the LAM Merger and business acquisitions.

Diluted Net Income (Loss) Per Share

Numerator utilizes net income (loss) attributable to Lazard Ltd for the three month and six month periods ended June 30, 2009 and 2008 as in the basic net income (loss) per share calculation described above, plus, to the extent applicable and dilutive, (i) interest expense on convertible debt and equity security units (ESUs), (ii) changes in net income (loss) attributable to noncontrolling interests resulting from assumed share issuances in connection with DSUs, RSUs, ESUs, convertible debt, convertible preferred stock and, on an as-if-exchanged basis, amounts applicable to LAZ-MD Holdings exchangeable interests and (iii) income tax related to (i) and (ii) above.

Denominator utilizes the weighted average number of shares of Class A common stock outstanding for the three month and six month periods ended June 30, 2009 and 2008 as in the basic net income (loss) per share calculation described above, plus, to the extent dilutive, the incremental number of shares of Class A common stock to settle DSU and RSU awards, ESUs, convertible debt, convertible preferred stock and LAZ-MD Holdings exchangeable interests, using the treasury stock method, the if converted method or the as-if-exchanged method, as applicable.

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The calculations of the Company s basic and diluted net income (loss) per share and weighted average shares outstanding for the three month and six month periods ended June 30, 2009 and 2008 are presented below:

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Net income (loss) attributable to Lazard Ltd	$28,187	$34,317	$(25,309)	$42,116
Add adjustment associated with Class A common stock issuable relating to the LAM Merger and business acquisitions	342	308	(473)	397
Net income (loss) attributable to Lazard Ltd basic	28,529	34,625	(25,782)	42,513
Add dilutive effect, as applicable, of:				
Adjustments to income relating to interest expense and changes in net income (loss) attributable to noncontrolling interests resulting from assumed share issuances in connection with DSUs, RSUs, ESUs, convertible debt, convertible preferred stock and exchangeable interests, net of tax	15,569	33,339		37,527
Net income (loss) attributable to Lazard Ltd diluted	$44,098	$67,964	$(25,782)	$80,040
Weighted average number of shares of Class A common stock outstanding	71,717,196	55,231,567	69,333,527	52,013,239
Add adjustment for shares of Class A common Stock issuable relating to the LAM Merger and business acquisitions	3,218,462	1,185,283	3,206,471	1,185,283
Weighted average number of shares of Class A common stock outstanding basic	74,935,658	56,416,850	72,539,998	53,198,522
Add dilutive effect, as applicable, of:				
Weighted average number of incremental shares issuable from DSUs, RSUs, ESUs, convertible debt, convertible preferred stock and exchangeable interests	53,049,161	70,294,946		60,514,540
Weighted average number of shares of Class A common stock outstanding diluted	127,984,819	126,711,796	72,539,998	113,713,062
Net income (loss) attributable to Lazard Ltd per share of Class A common stock:				
Basic	$0.38	$0.61	$(0.36)	$0.80
Diluted	$0.34	$0.54	$(0.36)	$0.70

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16. RELATED PARTIES

Amounts receivable from, and payable to, related parties as of June 30, 2009 and December 31, 2008 are set forth below:

	June 30, 2009	December 31, 2008
Receivables		
LFCM Holdings	$ 10,219	$ 10,377
Other	16	
Total	$ 10,235	$ 10,377
Payables		
LFCM Holdings	$ 20,943	$ 36,815
Other	119	396
	$ 21,062	$ 37,211

LFCM Holdings

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

For the three month and six month periods ended June 30, 2009, amounts recorded by Lazard Group relating to administrative and support services under the administrative services agreement (the administrative services agreement) amounted to $1,035 and $2,492, respectively, and net referral fees for underwriting, private placement, M&A and restructuring transactions under the business alliance agreement amounted to $6,431 and $6,588 respectively. For the three month and six month periods ended June 30, 2008, amounts recorded by Lazard Group relating to administrative and support services under the administrative services agreement amounted to $967 and $1,939, respectively, and net referral fees for underwriting and private placement transactions under the business alliance agreement amounted to $9,922 and $19,689, respectively.

Amounts relating to administrative and support services under the administrative services agreement are reported as reductions to operating expenses. Net referral fees for underwriting transactions under the business alliance agreement are reported as reductions to revenue other . Net referral fees for private placement, M&A and restructuring transactions under the business alliance agreement are reported as reductions to advisory fee revenue.

With respect to the lease indemnity agreement, the net present value of the receivable due from LFCM Holdings with respect to its indemnification for obligations relating to abandoned lease space in the U.K. at June 30, 2009 and December 31, 2008 was $2,609 and $4,085, respectively. The balance is due based on a schedule of periodic payments through May 10, 2010.

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The remaining receivables from LFCM Holdings and its subsidiaries as of June 30, 2009 and December 31, 2008 primarily include $1,313 and $4,949, respectively, related to administrative and support services and reimbursement of expenses incurred on behalf of LFCM Holdings and $5,528 and $1,087, respectively, related to referral fees for underwriting and private placement transactions. Payables to LFCM Holdings and its subsidiaries at June 30, 2009 and December 31, 2008 relate to obligations pursuant to the tax receivable agreement of $16,571 and $36,111, respectively (see Note 14 of Notes to Condensed Consolidated Financial Statements) and $4,372 and $704, respectively, principally relating to referral fees for Financial Advisory transactions.

LAZ-MD Holdings

Lazard Group provides selected administrative and support services to LAZ-MD Holdings through the administrative services agreement, with such services generally to be provided until December 31, 2014 unless terminated earlier because of a change in control of either party. Lazard Group charges LAZ-MD Holdings for these services based on Lazard Group s cost allocation methodology and, for the three month and six month periods ended June 30, 2009 such charges amounted to $187 and $375, respectively. For the three month and six month periods ended June 30, 2008 such charges amounted to $187 and $375, respectively.

In addition, see Note 9 of Notes to Condensed Consolidated Financial Statements for information regarding CP II and the Sapphire IPO.

17. REGULATORY AUTHORITIES

LFNY is a U.S. registered broker-dealer and is subject to the net capital requirements of Rule 15c3-1 under the Exchange Act. Under the basic method permitted by this rule, the minimum required net capital, as defined, is a specified fixed percentage of total aggregate indebtedness recorded in LFNY s Financial and Operational Combined Uniform Single (FOCUS) report filed with the Financial Industry Regulatory Authority (FINRA), or $100, whichever is greater. At June 30, 2009, LFNY s regulatory net capital was $89,076, which exceeded the minimum requirement by $83,033.

Certain U.K. subsidiaries of the Company, including LCL, Lazard Fund Managers Limited and Lazard Asset Management Limited (the U.K. Subsidiaries) are regulated by the Financial Services Authority. At June 30, 2009, the aggregate regulatory net capital of the U.K. Subsidiaries was $230,839, which exceeded the minimum requirement by $189,783.

CFLF, through which non-corporate finance advisory activities are carried out in France, is subject to regulation by the Commission Bancaire and the Comité des Etablissements de Crédit et des Entreprises d Investissement for its banking activities conducted through its subsidiary, LFB. In addition, the investment services activities of the Paris group, exercised through LFB and other subsidiaries of CFLF, primarily LFG (asset management) and Fonds Partenaires Gestion (private equity), are subject to regulation and supervision by the Autorité des Marchés Financiers. At June 30, 2009, the consolidated regulatory net capital of CFLF was $187,947, which exceeded the minimum requirement set for regulatory capital levels by $84,521.

Certain other U.S. and non-U.S. subsidiaries are subject to various capital adequacy requirements promulgated by various regulatory and exchange authorities in the countries in which they operate. At June 30, 2009, for those subsidiaries with regulatory capital requirements, their aggregate net capital was $75,520, which exceeded the minimum required capital by $54,988.

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At June 30, 2009, each of these subsidiaries individually was in compliance with its regulatory capital requirements.

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

On June 17, 2009, the U.S. Department of the Treasury, in coordination with the White House, released a white paper entitled Financial Regulatory Reform A New Foundation: Rebuilding Financial Supervision and Regulation . The paper sets forth a plan for comprehensive regulatory reform of the financial services industry. The plan includes, among other things, a significant expansion of the oversight powers of the Federal Reserve and the creation of a new Financial Services Oversight Council. The plan also includes a recommendation to eliminate the SIBHC program. We are monitoring developments regarding the regulatory reform plan and its possible effects on our business and operations.

18. SEGMENT INFORMATION

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

The Company s segment information for the three month and six month periods ended June 30, 2009 and 2008 is prepared using the following methodology:

Revenue and expenses directly associated with each segment are included in determining operating income (loss).

Expenses not directly associated with specific segments are allocated based on the most relevant measures applicable, including headcount, square footage and other factors.

Segment assets are based on those directly associated with each segment, and include an allocation of certain assets relating to various segments, based on the most relevant measures applicable, including headcount, square footage and other factors.

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

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

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

		Three Months Ended June 30,		Six Months Ended June 30,	
		2009	2008	2009	2008
Financial Advisory	Net Revenue	$ 252,024	$ 288,696	$ 415,001	$ 500,959
	Operating Expenses	205,485	229,673	383,106	404,433
	Operating Income	$ 46,539	$ 59,023	$ 31,895	$ 96,526
Asset Management	Net Revenue	$ 131,543	$ 180,372	$ 233,066	$ 345,403
	Operating Expenses	103,973	142,292	194,413	256,935
	Operating Income	$ 27,570	$ 38,080	$ 38,653	$ 88,468
Corporate	Net Revenue	$ (7,942)	$ (1,680)	$ (24,047)	$ (70,895)
	Operating Expenses	9,221	7,685	80,324 (a)	8,339
	Operating Income (Loss)	$ (17,163)	$ (9,365)	$ (104,371)(a)	$ (79,234)
Total	Net Revenue	$ 375,625	$ 467,388	$ 624,020	$ 775,467
	Operating Expenses	318,679	379,650	657,843	669,707
	Operating Income (Loss)	$ 56,946	$ 87,738	$ (33,823)	$ 105,760

(a) Includes restructuring expense of $62,550 in the three month period ended March 31, 2009 (see Note 13 of Notes to Condensed Consolidated Financial Statements).

	As of June 30, 2009	As of December 31, 2008
Total Assets:		
Financial Advisory	$ 672,741	$ 739,444

Asset Management	390,704	419,858
Corporate	1,589,885	1,703,629
Total	$ 2,653,330	$ 2,862,931

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19. SUBSEQUENT EVENT

On July 15, 2009, the Company established a Chicago-based private equity business with The Edgewater Funds (Edgewater), a private equity firm based in Chicago, Illinois, through the acquisition of Edgewater s management vehicles. Following such acquisition, Edgewater s current leadership team retained a substantial economic interest. Edgewater primarily manages two middle market funds with approximately $700,000 of assets under management, Edgewater Growth Capital Partners, L.P. and Edgewater Growth Capital Partners II, L.P. The acquisition was structured as a purchase by Lazard Group of interests in a holding company that in turn owns interests in the general partner and management company entities of the current Edgewater private equity funds. The aggregate consideration paid to the sellers in the transaction consisted of (i) a one-time cash payment, (ii) 1,142,857 shares of Class A common stock (which shares are subject to restrictions and forfeiture) (the Initial Shares) and (iii) up to 1,142,857 additional shares of Class A common stock (which shares are subject to earnout criteria and payable over time) (the Earnout Sha