

Lazard Ltd  
Form S-1/A  
February 11, 2005

As filed with the Securities and Exchange Commission on February 11, 2005

Registration No. 333-121407

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## AMENDMENT NO. 1

TO

## FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

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## LAZARD LTD

(Exact name of Registrant as specified in its charter)

**Bermuda**  
(State or other jurisdiction of  
incorporation or organization)

**6199**  
(Primary Standard Industrial  
Classification Code Number)  
**Clarendon House**

**98-0437848**  
(I.R.S. Employer  
Identification Number)

**2 Church Street**

**Hamilton HM 11, Bermuda**

**(441) 295-1422**

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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**Scott D. Hoffman, Esq.**

**Lazard Ltd**

**30 Rockefeller Plaza**

**New York, New York 10020**

**(212) 632-6000**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**51 West 52nd Street**

**825 Eighth Avenue**

**New York, New York 10019**

**New York, New York 10019**

**(212) 403-1000**

**(212) 474-1000**

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, please check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If delivery of the prospectus is expected to be made pursuant to Rule 434 under the Securities Act, please check the following box. "

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**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to Be Registered</b>	<b>Proposed Maximum Offering Price (1)</b>	<b>Amount of Registration Fee (2)</b>
Class A common stock, par value \$0.01 per share	\$ 850,000,000	\$ 100,045

- (1) Estimated solely for purposes of calculating the amount of the registration fee in accordance with Rule 457(a) under the Securities Act of 1933, as amended.
- (2) Registration fee previously paid in connection with the initial filing of this Registration Statement.

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**The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to such Section 8(a), may determine.**

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated February 11, 2005.

## Shares

### Class A Common Stock

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This is an initial public offering of shares of Class A common stock, which we refer to as common stock, of Lazard Ltd, or Lazard. All of the shares of common stock are being sold by Lazard.

Prior to this offering, there has been no public market for the common stock. It is currently estimated that the initial public offering price per share will be between \$ and \$ . Lazard intends to apply for listing of the common stock on the New York Stock Exchange under the symbol LAZ .

See Risk Factors beginning on page 21 to read about factors you should consider before buying shares of the common stock.

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

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	Per Share	Total
Initial public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to Lazard	\$	\$

To the extent that the underwriters sell more than shares of common stock, the underwriters have the option to purchase up to an additional shares from Lazard at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on \_\_\_\_\_, 2005.

**Goldman, Sachs & Co.**

**Citigroup**

**Lazard**

**Merrill Lynch & Co.**

**Morgan Stanley**

**Credit Suisse First Boston**

**JPMorgan**

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Prospectus dated \_\_\_\_\_, 2005.

### **Our Core Values**

*Integrity.* We take great pride in the tradition of integrity that we have developed over 156 years.

*Independence.* We are dedicated to offering our clients independent, trusted and unbiased advice. We limit our participation in conflicting business activities.

*Excellence.* We endeavor to deliver service of exceptional quality to our clients, custom-tailored to their unique needs.

*Intellectual Capital.* Our people are our product, and intellectual capital is our principal asset. We therefore focus on attracting, training and retaining the best talent.

*Clients.* We take a client-centric perspective, attuned to their local needs. We emphasize a long-term approach to client relationships.

*Heritage.* Our heritage is distinctively Euro-American with deep, long-standing roots through local offices in our key markets. We link these offices together through a global network of industry expertise for the benefit of our clients.

*Culture.* Ours is an entrepreneurial culture that celebrates the individual while emphasizing teamwork. We strive to innovate and adapt as our markets change.

*Ownership.* Our managing directors are among our largest owners. We manage our business with an owner's orientation focused on long-term stockholder returns.

*Citizenship.* We are deeply aware of the importance of our conduct to our employees, business partners, clients, regulators, investors and the public at large. Above all, we must earn and maintain their trust in all our daily endeavors.

### **Our Business**

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#### **Financial Advisory**

Net revenue of \$617 million (12 months ended September 30, 2004)

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#### **Asset Management**

Net revenue of \$415 million (12 months ended September 30, 2004)

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130 managing directors, over 520 other professionals as of  
September 30, 2004

35 managing directors, over 260 other professionals as of  
September 30, 2004

***Net Revenue***

***Assets Under Management***

***12 Months Ended September 30, 2004***

***\$78.5 Billion as of September 30, 2004***

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**INTRODUCTORY NOTE**

**You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only. Our business, financial condition, results of operations and prospects may have changed since that date.**

This is a public offering of Class A common stock of Lazard Ltd, which will be the holding company for the public's common equity interests in Lazard LLC, which we refer to in this prospectus as Lazard Group.

Unless the context otherwise requires, the terms:

historical partners refers to two general classes of members of Lazard Group, which consist of Eurazeo S.A., descendants and relations of our founders, several historical partners of our predecessor entities, several current and former managing directors and the other members of these classes,

Lazard, we, us and our refer to Lazard Ltd, a newly-formed company incorporated under the laws of Bermuda, and its subsidiaries, including Lazard Group and the businesses, subsidiaries, assets and liabilities that Lazard Group will retain after the completion of the transactions described in this prospectus,

Lazard Group refers to Lazard LLC, a Delaware limited liability company that is the current holding company for our businesses, which will be renamed Lazard Group LLC in connection with this offering and in which Lazard will acquire a controlling interest upon completion of this offering,

LAZ-MD Holdings refers to LAZ-MD Holdings LLC, a newly-formed Delaware limited liability company that after the completion of the transactions described in this prospectus will hold equity interests in Lazard Group and the Class B common stock of Lazard Ltd,

LFCM Holdings refers to LFCM Holdings LLC, a newly-formed Delaware limited liability company that will hold the businesses to be separated from Lazard Group in connection with this offering as described in this prospectus,

managing directors refers to our managing directors and the managing directors of the businesses to be separated from Lazard Group in connection with this offering as described in this prospectus,

net revenue from continuing operations means our historical net revenue excluding the net revenue of the businesses to be separated from Lazard Group in connection with this offering as described in this prospectus,

operating revenue means our consolidated total revenue less (1) total revenue attributable to the separated businesses and (2) interest expense related to Lazard Frères Banque, SA, our Paris-based banking affiliate,

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our business refers to all of the businesses, subsidiaries, assets and liabilities of Lazard Group after giving effect to the completion of the transactions described in this prospectus, and

working members refers to the two classes of members of Lazard Group that consists of current and former managing directors.

The Bermuda Monetary Authority has classified us as a non-resident of Bermuda for exchange control purposes. Accordingly, the Bermuda Monetary Authority does not restrict our ability to engage in transactions in currencies other than Bermuda dollars, to transfer funds in and out of Bermuda or to



pay dividends to non-Bermuda residents who are stockholders, other than in Bermuda dollars. We have received consent under the Exchange Control Act 1972 from the Bermuda Monetary Authority for the issue and transfer of the common stock to and between non-residents of Bermuda for exchange control purposes, provided that our shares remain listed on an appointed stock exchange, which includes the New York Stock Exchange, or the NYSE. This prospectus will be filed with the Registrar of Companies in Bermuda in accordance with Bermuda law. In granting such consent and in accepting this prospectus for filing, neither the Bermuda Monetary Authority nor the Registrar of Companies in Bermuda accepts any responsibility for our financial soundness or the correctness of any of the statements made or opinions expressed in this prospectus.

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

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

## PROSPECTUS SUMMARY

*This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before investing in our Class A common stock, which we refer to in this prospectus as our common stock. You should read this entire prospectus carefully, especially the risks of investing in our common stock discussed under Risk Factors.*

### Lazard

We are a preeminent international financial advisory and asset management firm that has long specialized in crafting solutions to the complex financial and strategic challenges of our clients. We serve a diverse set of clients around the world, including corporations, partnerships, institutions, governments and high-net worth individuals. We believe that what sets us apart is our dedication to:

competing on the basis of our intellectual (rather than financial) capital, which is personified by our team of highly skilled professionals,

demanding excellence and superior quality in all that we do,

cultivating long-term, senior-level relationships with clients, through deep roots in local markets,

linking together our local offices through a global network of industry expertise,

remaining focused on our chosen lines of business to provide the highest degree of expertise and continuous innovation,

emphasizing our tradition of integrity in all our dealings, and

offering independent, trusted and unbiased advice.

Lazard was founded in 1848, expanded shortly thereafter to provision the needs of the California gold rush, and eventually evolved its business exclusively into financial services. Having recently united the historical New York, Paris and London Houses of Lazard under Lazard Group, we operate today from 27 cities in key business and financial centers across 15 countries in Europe, North America, Asia and Australia. We believe that the mix of our activities across business segments, geographic regions, industries and investment strategies helps to diversify and stabilize our revenue stream.

### Our Strategic Positioning

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We focus primarily on two business segments, Financial Advisory (including our Mergers and Acquisitions and Financial Restructuring practices) and Asset Management. Since January 2002, when new senior management joined our firm, we have made significant reinvestments in the intellectual capital of our business to strengthen ourselves for future growth and profitability. As a result of our strategic initiatives, we believe that we are now positioned such that:

Our Mergers and Acquisitions practice is poised to capitalize on any future growth in the mergers and acquisitions market. This practice comprised 45% of our net revenue from continuing operations for the nine months ended September 30, 2004. During the fourth quarter of 2004, we experienced an increased rate of revenue growth in comparison to revenue growth during the first nine months of 2004, such that we estimate that full year 2004 Mergers and Acquisitions net revenue will be up approximately 14% from 2003. This reflects an improvement relative to the increase in net revenue of 9% for the nine months ended September 30, 2004 over the comparable period in 2003 due to an increase in net revenue of approximately 28% in the fourth quarter of 2004 over the same period in 2003.

Our Financial Restructuring practice, which comprised 7% of our net revenue from continuing operations for the nine months ended September 30, 2004, provides countercyclical balance to

our Mergers and Acquisitions practice. Following the recent economic recovery, and consistent with our expectation, this practice has experienced a substantial cyclical decline in revenue over the last year. With our leading position in this practice area, we believe that we are positioned to benefit from any resurgence in corporate credit defaults and financial distress.

Our Asset Management business, which comprised 41% of our net revenue from continuing operations for the nine months ended September 30, 2004, is benefiting from new strategic and management initiatives. We have recently transitioned the senior management of our largest Asset Management subsidiary to the next generation of leadership. We have been making significant efforts to improve our investment management capabilities and to enhance and expand our platform of traditional and alternative investment products. During the nine months ended September 30, 2004, we have grown our Asset Management net revenue by 29% versus the comparable period in 2003. We believe that the improvement in our investment performance and the successful launches of several new investment strategies reflect the initial results of our efforts, and we believe that there are substantial opportunities to build further on this success.

We believe that our increase in business activity since September 30, 2004 reflects both the results of our recent strategic initiatives as well as improved market conditions generally. For a further discussion of our performance since September 30, 2004, see [Recent Developments](#) below. Despite these results, we face a number of competitive challenges and potential risks. See [Risk Factors](#) for a discussion of the factors you should consider before buying shares of our common stock.

### **Our Business Model**

We have a focused business model. We generate Financial Advisory revenue primarily from fees earned upon the closing of mergers and acquisitions, restructurings and other engagements on which we have provided advisory services. We generate Asset Management revenue primarily from investment advisory fees calculated as a percentage of the assets under our management, or AUM. Employment costs are our largest expense, a significant portion of which is paid in the form of discretionary bonuses. Our policy will be to set our total compensation and benefits expense, including amounts payable to our managing directors, at a level not to exceed 57.5% of our operating revenue, such that after considering other operating costs, we may realize our operating profit margin goal. For more information on our compensation and benefits expenses, see [Unaudited Pro Forma Financial Information](#) and [Risk Factors](#) [Risks Related to the Separation](#). Our financial performance depends on our ability to achieve our target compensation expense.

### **Financial Advisory**

Our Financial Advisory business provides advice in connection with a wide range of strategic and financial matters that are typically of great importance to our clients. Our goal is to continue to grow our business by fostering long-term, senior-level relationships with existing and new clients as their independent advisor on strategic transactions such as mergers, acquisitions, restructurings and other financial matters. Our Mergers and Acquisitions services include general strategic advice and transaction-specific advice regarding domestic and cross-border mergers and acquisitions, divestitures, privatizations, special committee assignments, takeover defenses, strategic partnerships, joint ventures and specialized real estate advisory services. We provide advice to managements and boards of directors, business owners, governments, institutions, investors and other interested parties on a worldwide basis. Our dedicated industry specialty groups include: consumer, financial institutions, financial sponsors, healthcare and life sciences, industrial, power and energy, real estate and technology, media and telecommunications. We also currently provide various corporate finance services, such as fund-raising for alternative investment firms and public and private financings.



Our Financial Restructuring practice, which specializes in helping companies in financial distress, is an important strategic component of our Financial Advisory business. We believe we are the leading financial restructuring advisory firm in the world, having advised on most of the largest and highest profile corporate restructurings over the last several years. We believe that we have been able to secure our leading position in this practice area through a combination of our restructuring and industry-related expertise and our independent position. This practice complements our Mergers and Acquisitions practice because it is generally more active when our Mergers and Acquisitions practice is less active. In addition, our Financial Restructuring practice often generates follow-on relationships and assignments that survive the completion of restructuring-related engagements.

In 2003, Financial Advisory net revenue totaled \$691 million, accounting for 66% of our net revenue from continuing operations, and was earned from a diverse group of 370 clients. Fifty percent of Financial Advisory net revenue was generated in Europe, 49% in North America and 1% in the rest of the world in the same year.

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

making a significant reinvestment in our intellectual capital with the addition of many senior professionals who we believe have strong client relationships and industry expertise. We have recruited or promoted 68 new managing directors from January 2002 through September 2004, contributing to a 48% increase, net of departures, in Financial Advisory managing director headcount over that period, with the result that approximately half of our Financial Advisory managing directors have joined our firm or been promoted since January 2002. While we will continue opportunistically to hire outstanding individuals to this practice, we anticipate that our recent managing director expansion program in this practice is now substantially complete,

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

expanding the breadth and depth of our industry expertise and adding new practice areas,

coordinating our industry specialty groups on a global basis, and

broadening our global presence by adding six new regional offices and entering into strategic alliances in new geographies.

As a result, our Financial Advisory practice today consists of an experienced group of advisors with specialties across a wide range of industries and practice areas, operating, we believe, with increased quality and frequency of client contact. We made these investments during a period of financial market weakness, when many of our competitors were reducing senior staffing, to position us to capitalize more fully on any financial services industry recovery. We believe that it generally takes a new managing director from one to two years from the date of hiring to produce revenue at his or her full capacity. As a result, we believe that many of our new managing directors have not yet reached their full revenue generating potential.

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

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increasing demand for independent, unbiased financial advice, and

a potential increase in cross-border mergers and acquisitions and large capitalization mergers and acquisitions, two of our areas of historical specialization, which have experienced greater than average declines in recent years.

## Asset Management

Our Asset Management business provides investment management and advisory services to institutional clients, financial intermediaries, private clients and investment vehicles around the world. Our goal in our Asset Management business is to produce superior risk-adjusted investment returns and provide investment solutions customized for our clients. As of September 30, 2004, total AUM was \$78.5 billion, of which approximately 80% was managed on behalf of institutional clients, including corporations, labor unions, public pension funds, insurance companies and banks, and through sub-advisory relationships, mutual fund sponsors, broker-dealers and registered advisors. As of the same date, approximately 20% of our AUM was managed on behalf of individual client relationships, which are principally with family offices and high-net worth individuals.

Many of our equity investment strategies share an investment philosophy that centers on fundamental security selection with a focus on the trade-off between a company's valuation and its financial productivity. As of September 30, 2004, 79% of our AUM was invested in equities, 15% in fixed income, 3% in alternative investments, 3% in cash and less than 1% in merchant banking funds. As of the same date, approximately 54% of our AUM was invested in international (*i.e.*, non-U.S.) investment strategies, 25% was invested in global investment strategies and 21% was invested in U.S. investment strategies.

We operate our Asset Management business through two principal subsidiaries, Lazard Asset Management LLC, or LAM, in New York, San Francisco, London, Milan, Frankfurt, Hamburg, Tokyo, Sydney and Seoul (aggregating \$69.3 billion in total AUM as of September 30, 2004), and Lazard Frères Gestion, or LFG, in Paris (aggregating \$8.8 billion in total AUM as of September 30, 2004). These operations provide our business with a global presence and a local identity. We also manage \$0.5 billion of merchant banking funds.

In 2003, Asset Management net revenue was \$350 million, accounting for 33% of our net revenue from continuing operations. Sixty-three percent of Asset Management net revenue was generated in North America, 30% in Europe and 7% in the rest of the world.

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

- focused on enhancing our investment performance,

- improved our investment management platform by hiring ten senior equity analysts and filling the newly established position of Head of Risk Management,

- strengthened our marketing capabilities by establishing a global consultant relations effort aimed at improving our relations with the independent consultants who advise many of our clients on the selection of investment managers,



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expanded our product platform by lifting-out experienced portfolio managers to establish new products in the hedge fund area and in thematic investing, and

launched new products such as Lazard European Explorer, a European long/short strategy, and Lazard Global Total Return and Income Fund, Inc., a closed-end fund.

We believe that LAM has long maintained an outstanding team of portfolio managers and global research analysts. We intend to maintain and supplement our intellectual capital to achieve our goals. We also believe that LAM's specific investment strategies, global reach, unique brand identity and

access to multiple distribution channels will allow it to leverage into new investment products, strategies and geographic locations. In addition, we plan to expand our participation in merchant banking activities through investments in new and successor funds.

### Competitive Advantages

We attribute our success and distinctiveness to a combination of long-standing advantages from which we and our predecessor partnerships have benefited, including:

**Experienced People.** Our professionals concentrate on solving complex financial problems and executing specialized investment strategies. We strive to maintain and enhance our base of highly talented professionals and pride ourselves on being able to offer clients more senior-level attention than may be available from many of our competitors.

**Independence.** We are an independent firm, free of many of the conflicts that can arise at larger financial institutions as a result of their varied sales, trading, underwriting, research and lending activities. We believe that recent instances of perceived or actual conflicts of interest, and a desire to avoid any potential future conflicts, have increased the demand by managements and boards of directors for trusted, unbiased advice from professionals whose main product is advice.

**Reputation.** Our firm has a brand name with over 150 years of history. We are focused on providing world-class professional advice in complex strategic and financial assignments, utilizing both our global capabilities and deeply rooted, local know-how.

**Focus.** We are focused on two primary businesses Financial Advisory and Asset Management rather than on a broad range of financial services. We believe this focus has helped, and will continue to help, us attract clients and recruit professionals who want to work in a firm where these activities are the central focus.

**Global Presence with Local Relationships.** We believe that linking our talented indigenous professionals, deep local roots and industry expertise across offices enables us to be a global firm while maintaining a local identity. We believe this approach enables us to build close, local relationships with our clients and to develop insight into both local and international commercial, economic and political issues affecting their businesses. We do not regard any single jurisdiction as our home country.

**Balance.** Our Financial Advisory business includes both our Mergers and Acquisitions practice and our Financial Restructuring practice, which historically have been countercyclical to each other, thus helping to stabilize our revenue stream. Our Asset Management business helps provide further stability, principally because we generate significant recurring client business from year to year. Our revenue is also geographically diversified: in 2003 we derived 52% of our net revenue from continuing operations from offices in North America, 45% from offices in Europe and 3% from offices in the rest of the world.

**Strong Culture.** We believe that our people are united by a desire to be a part of an independent firm in which their activities are at the core and by a commitment to excellence and integrity in their activities. This is reinforced by the significant economic stake our managing directors have in our success. In our opinion, the strength of our many long-term client relationships is a testament to our distinctive culture and approach to providing superior advice to our clients.

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Notwithstanding these competitive strengths, we face a number of competitive challenges and potential risks. See [Risk Factors](#) for a discussion of the factors you should consider before buying shares of our common stock.

### **Our Initial Public Offering**

We decided to become a public company in order to:

incentivize our key employees, who also will be our primary owners, to grow the profitability of our business and enhance our ability to retain and recruit talented professionals,

better align the interests of all of our owners by using the net proceeds from this offering, and the net proceeds from the additional financing transactions, primarily to redeem membership interests in our firm held by the historical partners, and

provide us with publicly traded securities, which we could use to finance strategic acquisitions in the future.

This offering is a public offering of Class A common stock of Lazard Ltd, which will be the holding company for the public's common equity interests in Lazard Group. Lazard Group holds our Financial Advisory and Asset Management businesses. This offering is one of a series of concurrent securities offerings that Lazard Ltd and Lazard Group intend to complete, which other offerings we refer to in this prospectus as the additional financing transactions.

### **Our History**

Our origins date back to 1848 when our founders, the Lazard brothers, formed Lazard Frères & Co. as a dry goods business in New Orleans, Louisiana, with a combined contribution of \$9,000. Shortly thereafter, the Lazard brothers moved to the gold rush town of San Francisco, California, where they opened a business selling imported goods and exporting gold bullion. The business progressively became involved in financial transactions, first with its retail clients and then increasingly with commercial clients. Over time, the business expanded into the banking and foreign exchange businesses.

Seeking to expand operations to Europe, the Lazard brothers opened offices in Paris and London in 1858 and 1870, respectively. By 1876, Lazard's businesses had become solely focused on providing financial services. In 1880, Alexander Weill, the founding brothers' cousin, assumed control of Lazard.

Through the early and mid-twentieth century, the three Lazard Houses in London, Paris and New York continued to grow their respective operations independently of each other, with the New York House coming under the leadership of André Meyer in 1944. Under Mr. Meyer and continuing with Felix Rohatyn, the New York House further developed its reputation as a preeminent mergers and acquisitions advisory firm. Michel David-Weill, a descendant of the founding families, joined Lazard Frères et Cie. in Paris in 1956, ascended to a leadership role within the French operations and later moved to the New York House, where he became senior partner in 1977.

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Lazard has conducted an asset management business in Paris since 1969, establishing a separate subsidiary, LFG, for those operations in 1995. In 1970, the New York House entered the institutional asset management business by establishing LAM to complement its financial advisory business.

Throughout the twentieth century, Lazard's Paris and New York Houses were owned by the Houses' individual partners and by relations of their founders. For much of that period, the London House was majority-owned by Pearson plc, until the sale in 2000 by Pearson of its interests to a predecessor of Eurazeo S.A.

The unification of the Houses of Lazard under a single global firm was completed as of January 3, 2000, with their merger to form Lazard LLC. We believe that this combination has enabled us to offer our clients the benefits of a more unified global firm while preserving the advantages of our century-old, local

roots. Bruce Wasserstein joined Lazard in early 2002 as Head of Lazard. Under Mr. Wasserstein's direction, Lazard has pursued a strategy of growing its Financial Advisory and Asset Management businesses by attracting senior investment bankers and investment advisory professionals to our firm.

Lazard's history as a preeminent financial advisor has contributed to its ability to secure key advisory roles in some of the most important, complex and recognizable mergers and acquisitions of the last 75 years. Since 1999, we have advised on nearly 1,000 completed mergers and acquisitions, having a cumulative value in excess of \$1 trillion. During this period, we have participated in many prominent transactions, advising:

Nextel Communications in its pending merger-of-equals with Sprint Corporation (to create a company with a combined equity market value of approximately \$70 billion),

Telecom Italia Mobile in its pending €21 billion sale of the remaining public interests to Telecom Italia (integrating Italy's largest phone carrier and leading mobile operator),

Mitsubishi Tokyo Financial Group in its pending merger with UFJ Holdings (the first contested transaction among Japanese banks, creating the world's largest financial institution as measured by assets as of the date of this prospectus),

Hollinger International Inc. in its £730 million sale of the Telegraph Group Limited to Press Holdings International (owned by the Barclay brothers) in 2004 (the largest single title newspaper transaction as of the date of this prospectus),

Fisher Scientific International Inc. in its \$3.7 billion acquisition of Apogent Technologies Inc. in 2004 (creating a leading life sciences business),

Bank One Corporation in its \$59 billion sale to JPMorgan Chase & Co. in 2004 (creating the second largest bank in the U.S. as of the date of this prospectus),

Canary Wharf Group PLC in its £5 billion sale of a majority interest to an investment consortium in 2004 (the largest ever public-to-private transaction for a listed real estate company as of the date of this prospectus),

Alcan Inc. in its \$7 billion acquisition of Pechiney in 2004 (creating the world's largest aluminum company based on revenue as of the date of this prospectus),

Telecom Italia in its €25 billion sale of minority stockholder interests to Olivetti in 2003 (simplifying the ownership structure of one of Europe's largest telecommunications firms),

Caisse des Dépôts et Consignations in its €16 billion partnership with Group Caisse d'Épargne in 2003 (completing the restructuring of the French public finance sector and creating a major universal bank), and

Pfizer Inc. in its \$89 billion acquisition of Warner-Lambert Company in 2000 (the largest unsolicited acquisition at the time) and in its \$61 billion acquisition of Pharmacia (the largest announced acquisition in 2002).

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In recent years, we have been an advisor in most of the largest and highest profile corporate restructurings around the world. Since 1999, we have advised on over 100 in and out-of-court restructurings comprising in excess of \$300 billion of debt restructured. Our restructuring assignments have included, in the U.S., WorldCom Inc. (\$38 billion of debt) and Reliant Resources (\$9 billion of debt), in Italy, Parmalat (\$27 billion of debt), in the U.K., Marconi Corporation plc (\$8 billion of debt), in France and the U.K., Eurotunnel plc (\$12 billion of debt) and in Korea, Daewoo (\$50 billion of debt).

We were incorporated in Bermuda on October 25, 2004. Our registered office in Bermuda is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, with a general telephone number of (441) 295-1422. Our principal executive offices are located in the U.S. at 30 Rockefeller Plaza, New York, New York 10020, with a general telephone number of (212) 632-6000, in France at 121 Boulevard Haussmann, 75382 Paris Cedex 08, with a general telephone number of 33-1-44-13-01-11, in the U.K. at 50 Stratton Street, London W1J 8LL, with a general telephone number of 44-207-187-2000 and in Italy at via Dell Orso 2, 20121 Milan, with a general telephone number of 39-02-723121. In total, we maintain offices in 27 cities worldwide. We maintain an Internet site at [www.lazard.com](http://www.lazard.com). **Our website and the information contained on that site, or connected to that site, are not incorporated into this prospectus.**

### Lazard's Organizational Structure

Lazard Ltd is a Bermuda holding company. After completion of this offering, Lazard Ltd will have no material assets other than ownership of approximately % of the common membership interests of Lazard Group, the Delaware limited liability company that holds our business. The remaining % of Lazard Group's common membership interests will be held by LAZ-MD Holdings, a holding company that will be owned by current and former managing directors of Lazard Group. The Lazard Group common membership interests held by LAZ-MD Holdings will be effectively exchangeable over time on a one-for-one basis for shares of our common stock, as described in The Separation and Recapitalization Transactions and the Lazard Organizational Structure.

Lazard Ltd will hold a controlling interest in, and consolidate the financial statements of, Lazard Group. LAZ-MD Holdings ownership interests in Lazard Group will be accounted for as a minority interest in our consolidated financial results after this offering.

Lazard Group distributions will be allocated to holders of Lazard Group common membership interests on a pro rata basis. As we will hold approximately % of the outstanding Lazard Group common membership interests immediately after this offering, we will receive approximately % of the aggregate distributions in respect of the Lazard Group common membership interests.

We will use the net proceeds of this offering and the additional financing transactions primarily to recapitalize Lazard Group, which transaction we refer to in this prospectus as the recapitalization. As part of the recapitalization, Lazard Group will redeem outstanding membership interests of its historical partners.

Prior to completing the recapitalization, Lazard Group will transfer its capital markets business, which is comprised of equity, fixed income and convertibles sales and trading, broking, research and underwriting services, its merchant banking fund management activities other than its existing merchant banking business in France and specified non-operating assets and liabilities, to LFCM Holdings. We refer to these businesses, assets and liabilities as the separated businesses and these transfers collectively as the separation. For a more detailed description of the separation and the separated businesses, see The Separation and Recapitalization Transactions and the Lazard Organizational Structure, Certain Relationships and Related Transactions Relationships with LAZ-MD Holdings and LFCM Holdings Master Separation Agreement and Risk Factors Risks Related to the Separation.

Except as otherwise expressly noted, this prospectus describes Lazard Group's business as if the separation were complete for all purposes and for all periods described. The historical consolidated financial data of Lazard Group included in this prospectus,



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however, reflect the historical results of operations and financial position of Lazard Group, including the separated businesses. In addition to

other adjustments, the pro forma financial data included in this prospectus reflect financial data for Lazard Group and Lazard Ltd giving effect to the separation, as well as other adjustments made as a result of this offering and the additional financing transactions.

Each share of our common stock will entitle its holder to one vote per share. The share of our Class B common stock is intended to allow our managing directors to individually vote in proportion to their indirect economic interests in us. This will be effected by LAZ-MD Holdings, which holds our Class B common stock, entering into a stockholders' agreement with its members pursuant to which the members individually will be entitled to direct LAZ-MD Holdings how to vote their proportionate interest in our Class B common stock on an as-if-exchanged basis. This means that if a member held a LAZ-MD Holdings exchangeable interest that was effectively exchangeable for 1,000 shares of our common stock, that member would be entitled to direct LAZ-MD Holdings how to vote 1,000 votes represented by our Class B common stock. Our Class B common stock will be entitled, on all matters submitted to a vote of the stockholders of Lazard Ltd, to the number of votes equal to the number of shares of our common stock that would be issuable if all of the then outstanding Lazard Group common membership interests issued to LAZ-MD Holdings were exchanged for shares of our common stock. We refer to this stockholders' agreement as the LAZ-MD Holdings Stockholders' Agreement. Immediately after this offering, our Class B common stock will have \_\_\_\_\_% of the voting power of our company, which percentage will decrease proportionately as Lazard Group common membership interests are exchanged for shares of our common stock. In order to seek to avoid the possibility that LAZ-MD Holdings would be deemed to be an investment company for purposes of the U.S. Investment Company Act of 1940, as amended, or the Investment Company Act, the voting power of our outstanding Class B common stock will, however, represent no less than 50.1% of the voting power of our company until December 31, 2007. Our public stockholders initially will hold all \_\_\_\_\_ shares of our common stock, representing approximately \_\_\_\_\_% of the voting power in our company and 100% of our capital stock on an economic basis. The Class B common stock will not have any economic rights.

The graphic below illustrates our expected pro forma ownership structure immediately following completion of this offering, assuming no exercise of the underwriters' over-allotment option. The graphic below does not display all of the subsidiaries of Lazard Ltd, Lazard Group and LAZ-MD Holdings (including those through which Lazard Ltd holds its interests in Lazard Group), all of the minority interests in Lazard Group (including the participatory interests to be granted to managing directors) or other securities we expect to issue or grant in connection with the additional financing transactions. For a more detailed graphic, we refer you to [The Separation and Recapitalization Transactions and the Lazard Organizational Structure](#) and, for a further discussion of minority interests, to [Management's Discussion and Analysis of Financial Condition and Results of Operations](#) [Key Financial Measures and Indicators](#) [Minority Interest](#).

The working members will receive, in exchange for their interests in Lazard Group, membership interests in LAZ-MD Holdings, including LAZ-MD Holdings exchangeable interests, in connection with the separation and recapitalization transactions. These LAZ-MD Holdings exchangeable interests are effectively exchangeable for shares of our common stock on the eighth anniversary of this offering. In addition, the LAZ-MD Holdings exchangeable interests held by our working members who continue to provide services to us or LFCM Holdings will, subject to certain conditions, generally be effectively exchangeable for shares of our common stock in equal increments on and after each of the third, fourth and fifth anniversaries of this offering. LAZ-MD Holdings and Lazard also have the right to cause the holders of LAZ-MD Holdings exchangeable interests to exchange all such remaining interests during the 30-day period following the ninth anniversary of this offering. Upon full exchange of the LAZ-MD Holdings exchangeable interests for shares of our common stock, the Class B common stock would cease to be outstanding, and all of the Lazard Group common membership interests formerly owned by LAZ-MD Holdings would be owned by Lazard Ltd. Pursuant to a master separation

agreement that we will enter into with Lazard Group, LAZ-MD Holdings and LFCM Holdings, a stockholders' committee will be formed and will have the ability to accelerate the exchangeability of these LAZ-MD Holdings exchangeable interests, with the prior approval of our board of directors. See Certain Relationships and Related Transactions Relationship with LAZ-MD Holdings and LFCM Holdings Master Separation Agreement LAZ-MD Holdings Exchangeable Interests.

In connection with the separation and recapitalization transactions, our managing directors who are managing directors of LAM will retain their equity interests and phantom equity rights in LAM, which we refer to in this prospectus as LAM equity units, and, accordingly, will not hold any membership interests in LAZ-MD Holdings. For a discussion of the LAM equity units, see Management's Discussion and Analysis of Financial Condition and Results of Operation Key Financial Measures and Indicators Minority Interest.

We anticipate that Lazard Ltd will be structured as a partnership for U.S. federal income tax purposes, though Lazard Ltd will be organized as a company under Bermuda law. We intend to operate our business in a manner that does not result in the allocation of any income or deductible expenses to our stockholders, other than amounts that we distribute to our stockholders.

We intend to undertake several transactions concurrently with this offering, including the additional financing transactions, in order to establish this organizational structure and effect the recapitalization of Lazard Group. For more information about these transactions, see The Separation and Recapitalization Transactions and the Lazard Organizational Structure. Under the terms of the master separation agreement that we intend to enter into regarding the separation, we may withdraw the proposed transactions, including this offering, without liability at any time prior to the time that this offering is effected. See Certain Relationships and Related Transactions Relationship with LAZ-MD Holdings and LFCM Holdings Master Separation Agreement and Risk Factors Risks Related to the Separation.

### **Material U.S. Federal Income Tax and Bermuda Tax Considerations**

Lazard Ltd is not subject to any Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax. In addition, under current Bermuda law, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by our stockholders in respect of our common stock.

We intend to operate our business so that, with respect to our common shares, each shareholder will generally be required to report on its U.S. federal income tax return only the amount of cash actually distributed to such shareholder. Lazard Ltd, our parent holding company, made an election to be treated as a partnership for U.S. federal income tax purposes. As a result, each stockholder will be required to report on its income tax return its allocable share of Lazard Ltd's income, gains, losses and deductions.

Because Lazard Ltd is a partnership for U.S. federal income tax purposes, Lazard Ltd itself will not pay any U.S. federal income tax, although Lazard Ltd's U.S. subsidiaries generally will be subject to U.S. federal income tax on a net income basis on their share of the income of Lazard Group and its subsidiaries, and Lazard Ltd's non-U.S. subsidiaries generally will be subject to U.S. federal income tax on a net income basis on the income of Lazard Group and its subsidiaries that is effectively connected with their conduct of a trade or business in the United States.

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For additional information concerning the material tax consequences of investing in our common shares, see Material U.S. Federal Income Tax and Bermuda Tax Considerations.

### **Relationship with LAZ-MD Holdings and LFCM Holdings**

In addition to LAZ-MD Holdings' equity and voting interests in Lazard Ltd and Lazard Group as described above in Lazard's Organizational Structure, we will have ongoing relationships with LAZ-MD Holdings and LFCM Holdings and its subsidiaries after the separation and this offering, including several agreements with LAZ-MD Holdings and LFCM Holdings that are intended to define and regulate Lazard's ongoing relationship with LAZ-MD Holdings and LFCM Holdings after the separation and this offering. For a further discussion, see Certain Relationships and Related Transactions Relationship with LAZ-MD Holdings and LFCM Holdings.

### **Bermuda Law**

The Companies Act 1981 of Bermuda, as amended, which we refer to in this prospectus as the Companies Act,&#14