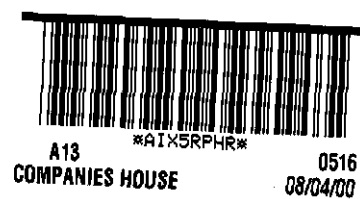


162175

Lazard Brothers & Co., Limited

ANNUAL REPORT
1999



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DIRECTORS AND OFFICERS

Chairman

D J Verey*

Deputy chairman

M A David-Weill*

Vice chairmen

M A P Agius*

N M H Jones*

Deputy chief executive

L A W Evans*

Executive directors

A J Adcock*

S L S Adde*

M C Baughan

E D Bottari

M C Bottenheim

G Braggiotti*

W Buist-Wells

R A M Constant

N M A Costain

* Managing

D S Cummings*

J D S Dawson*

J S Dear*

H E Durey

C C Fisher*

A D E Gardner*

M H Gidney*

P A Gismondi

M Gobbo

J T B Goodwin

J N B Hack

J V Hansford

Frances A Heaton

Sarah A Hedger

C N C Hill

P G Hock

P A Jameson*

A D Johnston*

P E Kelly

D G H Kotler

N T Lukes

D J McMillan

A R McNaught

Karen B Moore

M G Moyes

C M Packshaw*

D H A Reitman

W J Rucker*

J P H S Scott

N R Shott*

J W Sillem*

R M Stables

J R Stone*

Hon P N N Turner*

P D Warner*

J M A Wilford*

K M H Wilson*

M E Zaheen*

Non-Executive Directors

D J L F Anderson*

A L Blakesley

U Bose

P E Brock

J-C Haas*

N D M Mackay

J C Makinson*

A J B Mitchell

J C Orr

Lord Stevenson*

A E Wambold*

Secretary

W D W Dennis

Assistant directors

Clare N Addison

Birgitta Albage

Anne Bamford

M Canonaco

Noelene E Davin

B Dedryver

M J Elger

G I Evans

Stephanie A H Field

D J Ford

Julie Green

S Giudici

M J Hine

M D S James

M R Jarman

Kathleen G Jennings

C R Kirby

E A J Mason

Nuala C McDonnell

K J Mills

Claire Nightingale

N D Palfreman

C R S Preston

A Reid

J W Richens

J E Renier

J D Schaefer-Suren

R K Simmonds

G D C Stark

M W Trueblood

A Y C Tsang

B Walker

P C Wilson

The directors submit to the members their annual report and the audited financial statements for the year ended 31 December 1999. The business of the company and its subsidiaries continues to be that of merchant banking and related activities, the company being an authorised institution under the Banking Act 1987 and a member of London Stock Exchange Limited. It is also regulated by The Securities and Futures Authority.

Review of the year

A further good performance was led by a record showing by the corporate finance division in both domestic and cross-border business.

During the year, it was announced that Lazard Brothers & Co., Limited, Lazard Frères et Cie and Lazard Frères & Co. LLC intend to combine as a global force in investment banking. The structure is intended to enhance the Three Houses' ability to serve clients in each of their businesses, and to co-ordinate firm-wide marketing and decision making while maintaining the character and identity of each locality. As part of this restructuring, Pearson plc has announced its intention to dispose of its interest in the Company to Financière et Industrielle Gaz et Eaux. Completion is subject to regulatory and other conditions.

A meeting of the Board on 22 February 2000 approved the issue of a circular to shareholders recommending this restructuring, which will be put to an extraordinary general meeting of the Company on 3 March 2000.

During the year, the group disposed of certain Jersey subsidiaries.

Profit, dividends and reserves

The profit of the group, after taxation, amounted to £50,891,000. An interim dividend of Sw Fr 4.423 per Swiss Franc share in respect of the year ended 31 December 1999 was paid on 3 September 1999. An interim dividend of 276.64p per ordinary share was declared on 24 December 1999 and will be paid by 31 March 2000, subject to the completion of Pearson plc's disposal of its interest in the company. The dividends paid and payable total £71,829,000. After taking into account brought forward reserves of £101,805,000, carried forward reserves amount to £80,867,000.

Directors and their interests

The names of the present directors are shown on page 2.

N M A Costain, J V Hansford, P E Kelly, D G H Kotler and R M Stables were appointed Executive Directors on 1 January 1999.

R A M Constant, J N B Hack, Sarah A Hedger, Karen B Moore and D H A Reitman were appointed Executive Directors on 1 January 2000.

A J Adcock was appointed an Executive and Managing Director on 20 September 1999.

The following Executive Directors were also appointed Managing Directors on 16 February 2000: S L S Adde, D S Cummings, C C Fisher, A D E Gardner, M H Gidney, P A Jameson, A D Johnston, P D Warner, J M A Wilford and K M H Wilson.

The following Directors have resigned: M C Fornara (20 July 1999), J J Mora del Río (29 January 1999), N S Parkes (31 August 1999), J O Short (3 December 1999), D J Supino (30 December 1999) and D R Twining (31 December 1999).

The interests of the directors are shown on page 5.

Directors' responsibilities

The directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Company and the group and of its profit for the period to which the financial statements relate. In preparing those financial statements, the directors confirm that *suitable accounting policies have been used and applied consistently*, and that they have made estimates that are reasonable and prudent and have prepared the financial statements on the going concern basis. The directors also confirm that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records. They are also responsible for safeguarding the assets of the company and of the group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Employees

The average number of persons employed by the company and its subsidiaries during the year, excluding persons who worked wholly or mainly outside the United Kingdom, was 417. Of these 238 were directly engaged in merchant banking activities and 179 were engaged in administration functions. The company gives full

continued

and fair consideration to the employment of disabled persons, having regard to their particular aptitudes and abilities. Employees who are disabled are treated in the same way as all other employees as far as continuing employment, training and career development are concerned.

The company provided employees with information on matters of concern to them by means of memoranda and brochures and the Company's intranet notice board. It learned of employees' views through committees, which met regularly. The number of participants in the Company's profit participation and bonus schemes at the end of the year excluding directors was 345 (out of a total number of employees other than directors of 416) and the number of participants in the Save-As-You-Earn Share Option Scheme at the end of the year was 86.

The company sought to achieve a common awareness on the part of employees of the financial and economic factors affecting its performance by making available copies of its annual report and accounts, and by the holding of meetings at which the Chairman discussed its performance and answered questions.

Year 2000

The directors have assessed the impact of the Company's experience since 31 December 1999 in relation to the year 2000 issue and consider that such problems as did arise were able to be tackled under the Company's normal processes. These normal processes include the monitoring of significant customers, counterparties, vendors and service providers, and were, and are carried out on a scale which the directors believe to be sufficient for any date-related problems that might arise.

The Company continues to maintain contingency plans against the failure of computer systems including date-related problems. It also retains the documented contingency plans which were created for the year 2000 changeover.

However, given the complex technological issues involved, it is not possible for any organisation that has links with third parties to guarantee that it will itself experience no date-related or other problems during the remainder of the year.

Risk Management

The Board has ultimate responsibility to assess the risks taken and ensure adequate controls are in place to manage these risks for the whole of the group. In a number of areas, the Board delegates this function to Committees such as the Risk Committee.

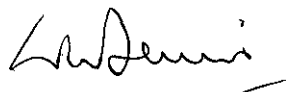
The Risk Committee is responsible for setting limits and monitoring all monetary risks, including credit limits and market risk limits across the group and is chaired by the Chairman. The Risk Committee in turn delegates levels of discretionary authority to divisional management and the Risk Department.

The Risk Department is accountable to the Risk Committee for reviewing and recommending market and credit risk limits, monitoring adherence to those limits, assessing risk at a group level and ensuring risk methodologies applied conform, where possible, with best practice. The Risk Department is also responsible for ensuring the valuation methods used are in line with market practice and for ensuring that the Risk Committee is promptly informed of all risks run by the group.

Risk management is described in more detail in note 30 of the financial statements.

Donations

Donations to charities totalled £249,085 in 1999.



By order of the board
W D W Dennis
Secretary

Registered Office:
21 Moorfields
London EC2P 2HT

Registered Number: 162175

1 March 2000

DIRECTORS' INTERESTS

The interests of those persons who were directors at the end of the year in the shares in, or debentures of, group companies, as shown in the register kept in accordance with Section 325 of the Companies Act 1985, were as follows.

M A David-Weill had interests in 750,000 Lazard Brothers & Co., Limited deferred shares at 1 January 1999 and at 31 December 1999. Interests in the ordinary shares of the company at 1 January 1999 and 31 December 1999 are listed below. The directors marked † had interests at both dates in Lazard Partners Limited Partnership (a Delaware limited partnership which controlled all of the issued ordinary shares of the company except 120,931 thereof at 1 January 1999 and 146,940 thereof at 31 December 1999 and all of the issued Swiss Franc shares of the company at both dates). The directors marked †† had interests in Lazard Partners Limited Partnership only at the earlier date.

No options over Lazard Brothers & Co., Limited shares were granted during the year ended 31 December 1999. H E Durey exercised an option over 2,812 shares in the year ended 31 December 1999.

	31 December 1999		1 January 1999	
	(a) shares and options over shares	(b) shares included in (a)	(a) shares and options over shares	(b) shares included in (a)
S L S Adde	3,593	-	3,593	-
M A P Agius	4,780	2,343	4,780	2,343
† D J L F Anderson	-	-	-	-
M C Baughan	1,500	1,500	3,000	3,000
P E Brock	3,000	3,000	1,420	1,420
† D S Cummings	5,843	5,125	4,843	4,125
† M A David-Weill	-	-	-	-
J S Dear	12,354	11,636	12,354	11,636
H E Durey	4,437	2,812	4,437	-
† L A W Evans	4,062	-	4,062	-
C C Fisher	718	-	718	-
P A Gismondi	1,625	-	1,625	-
† J-C Haas	-	-	-	-
C N C Hill	889	889	889	889
P G Hock	1,868	-	1,868	-
P A Jameson	6,573	2,980	6,573	2,980
A D Johnston	718	-	718	-
D J McMillan	2,515	1,078	2,515	1,078
†† J J Mora del Río	-	-	-	-
C M Packshaw	3,018	-	3,018	-
†† N S Parkes	-	-	-	-
J P H S Scott	1,558	840	1,558	840
† J W Sillem	-	-	-	-
† D J Supino	-	-	-	-
Hon P N N Turner	5,859	5,859	5,859	5,859
† D R Twining	-	-	-	-
† D J Verrey	57,610	56,892	57,610	56,892
† A E Wambold	-	-	-	-
J M A Wilford	2,500	2,500	2,500	2,500
† M E Zaheen	-	-	-	-

(b) The figures in these columns relate both to shares acquired as a result of the exercise of the relevant options and in certain cases to one or more further purchases.

REPORT OF THE AUDITORS

to the members of Lazard Brothers & Co., Limited

We have audited the financial statements on pages 7 to 39.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination,

on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 1999 and of the results and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
London

1 March 2000

LAZARD BROTHERS & CO., LIMITED AND SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1999

Note	1999 £000	1998 £000
Interest receivable:		
- interest receivable and similar income from debt securities and other fixed income securities	405,581	523,458
- other interest receivable and similar income	119,603	128,406
Less: Interest payable	(496,560)	(629,428)
2 Net interest income	28,624	22,436
- Continuing operations	26,510	18,281
- Discontinued operations	2,114	4,155
Dividend income - equity shares	3,760	211
Fees and commissions receivable	129,695	105,212
Less: Fees and commissions payable	(1,467)	(2,253)
Dealing profits	5,688	10,632
Other operating income	1,362	533
2 Operating income	167,662	136,771
- Continuing operations	162,205	126,506
- Discontinued operations	5,457	10,265
3 Administrative expenses	(115,302)	(90,909)
17 Depreciation and amortisation	(1,043)	(1,607)
13 Amounts written off fixed asset securities	(945)	(2,383)
2 Operating profit	50,372	41,872
- Continuing operations	48,927	37,520
- Discontinued operations	1,445	4,352
Income from associated undertakings	17,818	7,631
Profit on disposal of fixed asset investments		
14 - continuing operations	-	26,562
16 - discontinued operations	4,099	-
4 Profit on ordinary activities before tax	72,289	76,065
7 Tax on profit on ordinary activities	(21,398)	(21,355)
Profit on ordinary activities after tax	50,891	54,710
8 Equity and non-equity dividends	(71,829)	(56,408)
Transfer from reserves	(20,938)	(1,698)
Reserves brought forward	101,805	103,503
Reserves carried forward	80,867	101,805

No gains or losses have been recognised in these financial statements other than those reflected in the Consolidated Profit and Loss Account and therefore no separate statement of total recognised gains and losses has been presented. There is no difference between the profit on ordinary activities before taxation or the retained loss for the year stated above and their historical cost equivalents.

A reconciliation of the movement in shareholders' funds is shown in note 29.

LAZARD BROTHERS & CO., LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

at 31 December 1999

Note	1999 £000	1998 £000
Assets		
Cash and balance at central bank	27	44
9 Secured loans from purchase and resale agreements	2,406,398	4,370,242
10 Loans and advances to banks	196,386	552,084
11 Loans and advances to customers	352,511	735,675
12 Debt securities and other fixed income securities	3,216,059	3,873,601
13 Equity shares	202,834	280,080
14 Interests in associated undertakings	11,914	11,878
17 Tangible fixed assets	1,939	3,111
18 Other assets	62,427	49,157
Prepayments and accrued income	127,814	132,150
Total assets	6,578,309	10,008,022
Liabilities		
20 Secured deposits from sale and repurchase agreements	3,215,330	6,003,945
21 Deposits by banks	1,066,364	1,600,110
22 Customer accounts	773,297	1,409,200
23 Debt securities in issue	144,237	140,557
24 Short positions in securities	948,959	469,763
25 Other liabilities	188,086	150,611
Accruals and deferred income	70,132	35,638
Provisions for liabilities and charges		
26 - post-retirement medical benefits	12,106	12,601
	6,418,511	9,822,425
27 Called up share capital	30,711	30,711
28 Share premium account	48,220	53,081
Profit and loss account	80,867	101,805
29 Total shareholders' funds	159,798	185,597
- Equity interests	116,758	137,696
- Non-equity interests	43,040	47,901
Total liabilities	6,578,309	10,008,022
31 Memorandum items		
Contingent liabilities		
- acceptances and endorsements	75,000	50,000
- guarantees and assets pledged as collateral security	3,512	24,626
	78,512	74,626
Commitments	5,487	13,941
	83,999	88,567

LAZARD BROTHERS & CO., LIMITED
BALANCE SHEET

at 31 December 1999

Note		1999 £000	1998 £000
	Assets		
	Cash and balance at central bank	27	44
9	Secured loans from purchase and resale agreements	2,406,398	4,370,242
10	Loans and advances to banks	196,313	505,231
11	Loans and advances to customers	353,959	703,118
12	Debt securities and other fixed income securities	3,216,059	3,786,964
13	Equity shares	177,919	254,570
14	Interests in associated undertakings	67	66
15	Other participating interests	939	913
16	Shares in group undertakings	4,922	4,513
17	Tangible fixed assets	1,939	2,801
18	Other assets	58,424	50,141
	Prepayments and accrued income	127,815	126,786
	Total assets	6,544,781	9,805,389
	Liabilities		
20	Secured deposits from sale and repurchase agreements	3,215,330	6,003,945
21	Deposits by banks	1,066,364	1,699,578
22	Customer accounts	781,929	1,146,445
23	Debt securities in issue	144,237	161,577
24	Short positions in securities	948,959	469,763
25	Other liabilities	180,395	135,453
	Accruals and deferred income	70,871	36,021
	Provisions for liabilities and charges		
26	- post-retirement medical benefits	12,106	11,963
		6,420,191	9,664,745
27	Called up share capital	30,711	30,711
28	Share premium account	48,220	53,081
28	Profit and loss account	45,659	56,852
29	Total shareholders' funds	124,590	140,644
	- Equity interests	81,550	92,743
	- Non-equity interests	43,040	47,901
	Total liabilities	6,544,781	9,805,389
32	Memorandum items		
	Contingent liabilities		
	- acceptances and endorsements	75,000	50,000
	- guarantees and assets pledged as collateral security	3,512	4,982
		78,512	54,982
	Commitments	3,174	1,255
		81,686	56,237

Signed on behalf of the board on 1 March 2000

David J Verey

M A David-Weill

Directors

LAZARD BROTHERS & CO., LIMITED AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 1999

Note	1999 £000	1998 £000
33 Net cash outflow from operating activities	(102,643)	(21,661)
Dividends from joint ventures and associates:		
- dividends received from associated undertakings	15,802	8,673
Returns on investments and servicing of finance		
- non-equity dividends paid	(1,829)	(1,608)
Taxation:		
- United Kingdom corporation tax paid	(2,727)	(17,937)
- overseas tax paid	(1,676)	(26,419)
Total tax paid	(4,403)	(44,356)
Capital expenditure and financial investment:		
- acquisition of equities	(2,327)	(5,438)
- sale of equities	2,625	1,684
- purchase of tangible fixed assets	(489)	(1,488)
- sale of tangible fixed assets	576	2
	385	(5,240)
Acquisitions and disposals:		
- disposal of subsidiary undertakings - proceeds from sale	20,045	-
- cash transferred on sale	(39,917)	-
	(19,872)	-
- disposal of associated undertakings	133	66,232
	(19,739)	66,232
Equity dividends paid:		
33 - ordinary dividends paid	(9,300)	(45,500)
Net cash outflow before financing	(121,727)	(43,460)
Decrease in cash	(121,727)	(43,460)

Cash excludes trading positions and certain other liquid assets which fall outside the definition prescribed by Financial Reporting Standard 1 (revised). Accordingly the above statement, which has been drawn up solely in order to comply with that Standard, does not, of itself, provide useful information about the liquidity of the group.

1 Accounting policies

(a) Disclosure requirements and basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to banking companies and banking groups and applicable Accounting Standards in the United Kingdom.

(b) Basis of consolidation

The accounts of principal subsidiary undertakings are made up to 31 December and are included in the consolidated accounts.

Investments in associated companies, where material, are carried at the attributable share of their net tangible assets. The group's share of income from associated companies is dealt with in the profit and loss account.

(c) Goodwill

Goodwill, being the excess of the cost of shares in subsidiaries, partnerships and associated companies over the value attributable to their net tangible assets on acquisition, is capitalised as an asset on the balance sheet and amortised over its estimated useful economic life. All goodwill previously eliminated against reserves has been recognised in the profit and loss account as part of the profit on disposal of fixed asset investments.

(d) Debt securities

Debt instruments are included at cost, adjusted for discount accretion or premium amortisation where the intention is to hold them to maturity. Debt instruments intended for use on a continuing basis in the group's activities are classified as investment securities. Interest receivable thereon and the premium or discount are taken to the profit and loss account on a straight line basis over the period to the date of anticipated redemption. Other debt instrument positions arising from trading activities are valued at the market rates prevailing at the balance sheet date. The cost of such debt instrument positions is not disclosed in these financial statements as it cannot be determined without unreasonable expense.

(e) Equity shares

Shares and securities intended for use on a continuing basis in the group's activities are classified as fixed asset securities. Such shares and securities are stated at cost less provision for any permanent diminution in value.

(f) Forward foreign exchange contracts and other off-balance sheet instruments

Forward foreign exchange contracts and other off-balance sheet instruments are valued at market prices prevailing at the balance sheet date and the resultant profits and losses are included in income, except for transactions designated as hedges which are accounted for in accordance with the accounting treatment of the items being hedged.

(g) Tangible fixed assets

Motor vehicles, computer and other equipment are capitalised and depreciated on a straight line basis over two to four years. It is company policy to maintain long leasehold properties in such a condition that their value is not impaired by the passage of time. Such maintenance expenditure is charged to profits in the year in which it is committed. As a consequence, the element of depreciation is, in the opinion of the directors, immaterial and no provision for depreciation has been made in the company's accounts.

(h) Foreign currencies

Assets, liabilities and profits in overseas currencies are translated into sterling at contracted rates during the year and at the rates ruling at the balance sheet date. Exchange differences are dealt with in the profit and loss account.

1 Accounting policies (continued)

(i) Deferred taxation

Full provision is made, using the liability method, to take account of timing differences which exist between the treatment for accounts purposes of assets leased to customers and of other items and their treatment for taxation purposes, to the extent that the directors consider that it is probable that a liability or asset will arise.

(j) Provisions for bad and doubtful debts

Provisions for bad and doubtful debts are based on the year end appraisal of loans and advances.

(k) Pensions

The pension cost is assessed in accordance with the advice of independent qualified actuaries, so as to recognise the cost of pensions on a systematic basis over the employees' service lives.

(l) Interest receivable and payable

Net interest income comprises interest receivable on debt securities, loans, advances and deposits placed less interest payable on deposits taken and debt securities in issue, credit for which is taken on an accruals basis.

(m) Resale and repurchase agreements and stock loans

Cash given in respect of purchase and resale agreements is disclosed in the balance sheet as secured loans from purchase and resale agreements. The securities received in these transactions are not disclosed in the balance sheet. Cash received in respect of sale and repurchase agreements is disclosed in the balance sheet as secured deposits from sale and repurchase agreements. The securities given in these transactions remain on the balance sheet unless borrowed for the purpose of the transaction.

Stock borrowing and lending transactions are reflected in assets and liabilities respectively only to the extent that collateral given or received is in the form of cash. These off balance sheet transactions are summarised in note 20.

(n) Post-retirement medical benefits

The cost of making provision for these discretionary benefits is assessed in accordance with the advice of independent actuaries so as to recognise the cost on a systematic basis over the employees' service lives. The movement in the provision is dealt with in the profit and loss account.

CONTINUED
NOTES ON THE ACCOUNTS

2 Discontinued Operations

	Continuing £000	1999 Discontinuing £000	Total £000	Continuing £000	1998 Discontinuing £000	Total £000
Interest receivable	514,863	10,321	525,184	630,435	21,429	651,864
Interest payable	(488,353)	(8,207)	(496,560)	(612,154)	(17,274)	(629,428)
Net interest income	26,510	2,114	28,624	18,281	4,155	22,436
Dividend income	3,760	-	3,760	183	28	211
Fees and commissions receivable	127,919	1,776	129,695	99,866	5,346	105,212
Fees and commissions payable	(1,467)	-	(1,467)	(1,696)	(557)	(2,253)
Dealing profits	4,493	1,195	5,688	9,785	847	10,632
Other operating income	990	372	1,362	87	446	533
Operating income	162,205	5,457	167,662	126,506	10,265	136,771
Administrative expenses	(111,492)	(3,810)	(115,302)	(85,241)	(5,668)	(90,909)
Depreciation and amortisation	(841)	(202)	(1,043)	(1,362)	(245)	(1,607)
Amounts written off fixed asset securities	(945)	-	(945)	(2,383)	-	(2,383)
Operating profit	48,927	1,445	50,372	37,520	4,352	41,872

3 Administrative expenses

	1999 £000	1998 £000
Staff costs		
- wages and salaries	20,853	20,699
- profit-related bonuses	13,273	9,167
- social security costs	7,036	2,622
- other pension costs	1,109	2,685
- "Partnership" profit share and contributions to the Employee Benefit Trust (see note 5)	42,046	23,000
Other administrative expenses	30,985	32,736
	<u>115,302</u>	<u>90,909</u>

Wages and salaries include all cash benefits paid directly to employees.

4 Profit on ordinary activities before tax

	1999 £000	1998 £000
This is stated after taking into account:		
(a) Income		
Profits less losses on securities dealing	45	16
Profits less losses on disposal of investment securities	492	361
Aggregate rentals receivable under finance leases less amortisation of leases	19	22
(b) Charges		
Auditors' remuneration - group	336	360
Auditors' remuneration - company	238	238
Auditors' remuneration for non-audit work - group	53	87
Rental charged on land and buildings held under operating leases - group	5,581	5,781
Rental charged on land and buildings held under operating leases - company	5,421	5,421

5 Directors and officers

(a) Emoluments

Aggregate directors' emoluments, including the 1999 "partnership" share in revenue profits, as detailed below, and other profit-sharing payments amounted to £45,833,000 (1998: £21,584,000). Compensation paid for loss of office to directors was £909,000 (1998: Nil). A special pension augmentation was made in connection with retirement from office of a director at a cost of £100,000 (1998: £230,000).

Contributions from profits (as detailed in note 3) are made each year to an Employee Benefit Trust (the "Trust"), the trustees of which are directors of the company.

The 1999 "partnership" share, amounting to £37,323,000 (1998: £14,767,000), is payable to directors during 2000. This includes £7,777,000 (1998: £14,767,000) payable by the Trust.

47 directors accrued benefits under a "defined benefit" pension scheme and 5 directors accrued benefits under "money purchase" pension arrangements. Total contributions to money purchase pension arrangements in respect of those directors amounted to £76,000 (1998: £58,000).

One director exercised share options under the company's SAYE scheme during the year.

(b) Three Houses Pooling Partnership

In 1996, Lazard Frères & Co. LLC, Lazard Frères et Cie and Lazard Brothers & Co., Limited established a system of inter-house profit sharing through the Three Houses Pooling Partnership. The operation of the Three Houses Pooling Partnership was suspended during the course of the year and no distributions are receivable by directors in respect of 1999 (1998: £6,581,000).

5 Directors and officers (continued)

(c) Highest Paid Director

The total emoluments of the highest paid director in respect of 1999 were £3,124,000 (1998: £1,291,000). There are no distributions in respect of his membership of the Three Houses Pooling Partnership during 1999 (1998: £548,000). On 31 December 1999 his accrued benefits under the defined benefit pension scheme amounted to a pension of £95,700 p.a. (1998: £89,400 p.a.). He did not exercise any share options during the year.

(d) Loans and Transactions

At 31 December 1999 there were outstanding loans to 13 directors of £579,000. No amounts were outstanding in respect of quasi-loans or credit transactions for any director.

At 31 December 1999 there was an outstanding loan of £1,000 to one officer who is a manager within the meaning of the Banking Act 1987. There were no outstanding quasi-loans and no amounts were outstanding in respect of credit transactions for this person.

6 Pension costs

The group operates two pension schemes of the defined benefit type which have assets held in separate trustee administered funds. A further defined benefit pension scheme was operated by a subsidiary company sold during the year. In addition, contributions are made to personal pension schemes for certain individuals. For 1999 total pension charges recognised in the profit and loss account were £1,109,000 (1998: £2,685,000).

Each of the defined benefit schemes has had a full valuation by independent qualified actuaries within two years of 31 December 1999, using the projected unit funding method. The actuaries advise that the assumptions that have the most significant effect on the results of the valuation are the so-called "economic assumptions". In reaching their best estimate they have assumed that investment returns will be 7.5-9.5% per annum, general salary increases will average 4.5-6.5% per annum, price inflation and pension increases will be 3.5% per annum and dividend growth will run at 6% per annum. The larger of the schemes utilises a more conservative set of assumptions for the purposes of funding.

On a current funding level basis there is no deficiency in either of the schemes. Combining the results of their latest on-going actuarial valuations, the schemes held assets with a market value of £167,575,000 and the actuarial value of these assets covered 136% of the benefits then accrued to members (based on past service but allowing for future increases in salaries). The actuarial surplus is being spread over the average remaining service lives of present scheme members and is to be eliminated by a period of reduced contributions.

An amount of £7,192,000 (1998: £6,726,000) is included in "Prepayments and accrued income" in the group balance sheet which represents net accumulated contributions in excess of amounts charged to the profit and loss account.

CONTINUED
NOTES ON THE ACCOUNTS

7 Tax on profit on ordinary activities

	1999 £000	1998 £000
United Kingdom corporation tax at 30.25% (1998: 31.0%)	24,703	23,579
Relief for double taxation	(5,824)	(6,204)
	<u>18,879</u>	<u>17,375</u>
Tax credit on franked investment income	-	6
Transferred from deferred taxation asset (see note 19)	(1,866)	(5,239)
Deferred tax due to change in corporation tax rate (see note 19)	98	188
Overseas taxes	1,394	6,667
Adjustment in respect of prior years	1,045	669
Share of associated undertakings' taxation	1,848	1,689
	<u>21,398</u>	<u>21,355</u>

The tax charge in respect of the profit on disposal of fixed asset investments was £316,000 (1998: £5,035,000).

8 Dividends

	1999 Swiss Francs per share	1998	1999 pence per share	1998	1999 £000	1998 £000
Non-equity dividend						
Interim Swiss Franc dividend paid	4.4	3.7	-	-	1,829	1,608
Equity dividends						
Ordinary dividends paid/payable						
- First interim	-	-	-	21.7	-	5,500
- Second interim	-	-	-	158.1	-	40,000
- Final interim	-	-	276.6	36.8	70,000	9,300
					<u>71,829</u>	<u>56,408</u>

The final interim dividend of 276.64p per ordinary share will be paid by 31 March 2000, subject to the completion of Pearson plc's disposal of its interest in the company.

9 Secured loans from purchase and resale agreements

	Group 1999 £000	Company 1999 £000	Group 1998 £000	Company 1998 £000
Repayable on demand	-	-	87,904	87,904
With agreed maturity dates or periods of notice, by remaining maturity				
- 3 months or less ¹	2,377,117	2,377,117	4,023,599	4,023,599
- 1 year or less but over 3 months ²	29,281	29,281	258,739	258,739
	<u>2,406,398</u>	<u>2,406,398</u>	<u>4,370,242</u>	<u>4,370,242</u>

¹ These secured loans include £1,138,355,000 (1998: £2,140,520,000) with banks

² These secured loans include £29,281,000 (1998: £85,996,000) with banks

CONTINUED
NOTES ON THE ACCOUNTS

10 Loans and advances to banks

	Group 1999 £000	Company 1999 £000	Group 1998 £000	Company 1998 £000
Repayable on demand	94,349	94,276	216,059	218,083
Other loans and advances, by remaining maturity				
- 3 months or less	100,342	100,342	268,675	227,808
- 1 year or less but over 3 months	-	-	63,750	55,740
- over 5 years	1,695	1,695	3,600	3,600
	196,386	196,313	552,084	505,231
Amounts include:				
Due from subsidiary undertakings		-		3,454

11 Loans and advances to customers

	Group 1999 £000	Company 1999 £000	Group 1998 £000	Company 1998 £000
Repayable on demand	138,609	140,057	183,806	183,284
Other loans and advances, by remaining maturity				
- 3 months or less ¹	176,929	176,929	464,114	462,971
- 1 year or less but over 3 months ¹	3,081	3,081	25,243	8,672
- 5 years or less but over 1 year ¹	30,085	30,085	32,128	18,163
- over 5 years	3,807	3,807	30,384	30,028
	352,511	353,959	735,675	703,118
Amounts include:				
Due from subsidiary undertakings				
- unsubordinated		1,448		2,265
Due from associated undertakings				
- unsubordinated	15,823	15,823	14,178	14,178

¹ These loans include £nil (1998: £1,145,000) in respect of loans guaranteed by the Export Credits Guarantee Department.

12 Debt securities and other fixed income securities

	Group Trading securities		Group Investment securities		Group Total	
	1999	1998	1999	1998	1999	1998
	£000	£000	£000	£000	£000	£000
Book value						
Issued by public bodies						
- government securities	46,949	40,114	-	-	46,949	40,114
Issued by other issuers						
- bank and building society certificates of deposit	2,680,227	3,397,546	20,000	21,020	2,700,227	3,418,566
- other debt securities	370,133	225,768	98,750	189,153	468,883	414,921
	3,050,360	3,623,314	118,750	210,173	3,169,110	3,833,487
	3,097,309	3,663,428	118,750	210,173	3,216,059	3,873,601
Listed on a recognised exchange						
UK exchange	270,585	244,191	29,363	88,331	299,948	332,522
Listed elsewhere	124,857	6,801	57,013	35,205	181,870	42,006
Unlisted	2,701,867	3,412,436	32,374	86,637	2,734,241	3,499,073
	3,097,309	3,663,428	118,750	210,173	3,216,059	3,873,601
Analysed by maturity						
Due within one year	2,733,084	3,436,000	16,997	69,442	2,750,081	3,505,442
Due one year and over	364,225	227,428	101,753	140,731	465,978	368,159
	3,097,309	3,663,428	118,750	210,173	3,216,059	3,873,601
	Group Trading securities		Group Investment securities		Group Total	
	1999	1998	1999	1998	1999	1998
	£000	£000	£000	£000	£000	£000
Market value						
Issued by public bodies						
- government securities	46,949	40,114	-	-	46,949	40,114
Issued by other issuers						
- bank and building society certificates of deposit	2,680,227	3,397,546	19,352	21,036	2,680,227	3,418,582
- other debt securities	370,133	225,768	98,714	189,031	488,199	414,799
	3,050,360	3,623,314	118,066	210,067	3,168,426	3,833,381
	3,097,309	3,663,428	118,066	210,067	3,215,375	3,873,495
Listed on a recognised exchange						
UK exchange	270,585	244,191	29,336	88,313	299,921	332,504
Listed elsewhere	124,857	6,801	57,004	35,197	181,861	41,998
Unlisted	2,701,867	3,412,436	31,726	86,557	2,733,593	3,498,993
	3,097,309	3,663,428	118,066	210,067	3,215,375	3,873,495

The above amounts include in respect of the group an amount of £2,680,600,000 (1998: £3,361,700,000) which has been pledged as security.

CONTINUED
NOTES ON THE ACCOUNTS

12 Debt securities and other fixed income securities (continued)

	Company Trading securities		Company Investment securities		Company Total	
	1999	1998	1999	1998	1999	1998
	£000	£000	£000	£000	£000	£000
Book value						
Issued by public bodies						
- government securities	46,949	40,114	-	-	46,949	40,114
Issued by other issuers						
- bank and building society certificates of deposit	2,680,227	3,397,546	20,000	-	2,680,227	3,397,546
- other debt securities	370,133	225,768	98,750	123,536	488,883	349,304
	3,050,360	3,623,314	118,750	123,536	3,169,110	3,746,850
	3,097,309	3,663,428	118,750	123,536	3,216,059	3,786,964
Listed on a recognised exchange						
UK exchange	270,585	244,191	29,363	88,331	299,948	332,522
Listed elsewhere	124,857	6,801	57,013	35,205	181,870	42,006
Unlisted	2,701,867	3,412,436	32,374	-	2,734,241	3,412,436
	3,097,309	3,663,428	118,750	123,536	3,216,059	3,786,964
Analysed by maturity						
Due within one year	2,733,084	3,436,000	16,997	34,993	2,750,081	3,470,993
Due one year and over	364,225	227,428	101,753	88,543	465,978	315,971
	3,097,309	3,663,428	118,750	123,536	3,216,059	3,786,964
	Company Trading securities	Company Investment securities	Company Total			
	1999	1998	1999	1998	1999	1998
	£000	£000	£000	£000	£000	£000
Market value						
Issued by public bodies						
- government securities	46,949	40,114	-	-	46,949	40,114
Issued by other issuers						
- bank and building society certificates of deposit	2,680,227	3,397,546	19,352	-	2,680,227	3,397,546
- other debt securities	370,133	225,768	98,714	123,510	488,199	349,278
	3,050,360	3,623,314	118,066	123,510	3,168,426	3,746,824
	3,097,309	3,663,428	118,066	123,510	3,215,375	3,786,938
Listed on a recognised exchange						
UK exchange	270,585	244,191	29,336	88,313	299,921	332,504
Listed elsewhere	124,857	6,801	57,004	35,197	181,861	41,998
Unlisted	2,701,867	3,412,436	31,726	-	2,733,593	3,412,436
	3,097,309	3,663,428	118,066	123,510	3,215,375	3,786,938

The above amounts include in respect of the company an amount of £2,680,600,000 (1998: £3,361,700,000) which has been pledged as security.

CONTINUED
NOTES ON THE ACCOUNTS

12 Debt securities and other fixed income securities (continued)

	Cost £000	Discounts and premiums £000	Carrying value £000
Group			
At 1 January 1999	210,239	(66)	210,173
Exchange adjustments	2,041	(1)	2,040
Acquisitions	59,426	(3)	59,423
Disposals	(152,937)	19	(152,918)
Amortisation of discounts and premiums	-	32	32
At 31 December 1999	118,769	(19)	118,750
Company			
At 1 January 1999	123,602	(66)	123,536
Exchange adjustments	2,041	(1)	2,040
Acquisitions	59,426	-	59,426
Disposals	(66,300)	19	(66,281)
Amortisation of discounts and premiums	-	29	29
At 31 December 1999	118,769	(19)	118,750

13 Equity shares

	Group 1999		Company 1999		Group 1998		Company 1998	
	Book value £000	Market value £000	Book value £000	Market value £000	Book value £000	Market value £000	Book value £000	Market value £000
Investment securities								
- unlisted	35,394	36,394	10,479	10,565	36,293	35,389	10,783	9,879
- listed on a non-UK exchange	3,020	4,638	3,020	4,614	2,964	4,391	2,964	4,391
	38,414	41,032	13,499	15,179	39,257	39,780	13,747	14,270
Trading securities								
- listed	164,420	164,420	164,420	164,420	240,823	240,823	240,823	240,823
Total	202,834	205,452	177,919	179,599	280,080	280,603	254,570	255,093

The above amounts include in respect of the group and company an amount of £27,300,000 (1998: £225,600,000) which has been pledged as security.

CONTINUED
NOTES ON THE ACCOUNTS

13 Equity shares (continued)

	Cost £000	Provisions £000	Carrying value £000
Group			
At 1 January 1999	47,627	(8,370)	39,257
Acquisitions	2,327	-	2,327
Disposals	(2,249)	24	(2,225)
Net provisions made	-	(945)	(945)
	<u>47,705</u>	<u>(9,291)</u>	<u>38,414</u>
At 31 December 1999			
Company			
At 1 January 1999	20,793	(7,046)	13,747
Acquisitions	1,595	-	1,595
Disposals	(995)	-	(995)
Net provisions made	-	(848)	(848)
	<u>21,393</u>	<u>(7,894)</u>	<u>13,499</u>
At 31 December 1999			

14 Interests in associated undertakings

	Cost £000	Carrying value £000
Group		
At 1 January 1999	12,299	11,878
Disposals	(43)	(132)
Exchange difference	-	168
	<u>12,256</u>	<u>11,914</u>
At 31 December 1999		
Company		
At 1 January 1999	64	66
Transfers	1	1
	<u>65</u>	<u>67</u>
At 31 December 1999		

The principal associate held by the company is LDC Limited (33% equity interest), an investment company incorporated in Guernsey.

The principal associated undertakings held by other group undertakings are Lazard Capital Markets (40% equity interest), a partnership based at 21 Moorfields, London EC2P 2HT whose main activities are the management, underwriting, distribution and trading of securities; and Lazard Asset Management Holdings Limited (the shares held constitute 75% of the nominal share capital and carry 15% of the voting rights), a holding company for a group of companies involved in fund management activities. Lazard Asset Management Holdings Limited is incorporated in Great Britain and registered in England and Wales.

The profit on disposal of fixed asset investments in 1998 of £26,562,000 arose from a reduction in the group's holding in Les Fils Dreyfus & Cie S.A., Banquiers, from 30% to 13%, on cancellation of some of its shares. The related goodwill of £16,700,000, previously written off in group reserves, was included in the profit on disposal. This reduction in the group's interest resulted in this investment ceasing to be treated as an associated undertaking.

15 Other participating interests

The company has an interest of 54% in the capital of Moorfields Debt Trading ("MDT") arising out of a partnership agreement. The movement in the company balance sheet is due to exchange differences which have been taken to the company's profit and loss account. MDT is an unlisted joint venture based at 21 Moorfields, London EC2P 2HT.

16 Shares in group undertakings

	Cost £000	Carrying value £000
At 1 January 1999	4,513	4,513
Increase in investment in group undertakings	409	409
At 31 December 1999	4,922	4,922

In the opinion of the directors, the value of the company's investment in group undertakings is not less than their carrying value. These undertakings are engaged in the business of advising, leasing and investment holding. Each of the companies which is incorporated in Great Britain is registered in England and Wales.

The profit on disposal of fixed asset investments of £4,099,000 arose from the sale of the private banking and trust and corporate administration businesses of the Channel Islands Group, formerly wholly owned by subsidiary undertakings, to Standard Bank Offshore Group Limited on 21 July 1999.

The sale of the fund administration and asset management businesses in Jersey, also formerly owned by subsidiary undertakings, to Standard Bank Offshore Group Limited was completed on 27 October 1999.

Listed below are those undertakings that, in the opinion of the directors, principally affected the consolidated results of the group for the year or the amount of the assets at 31 December 1999; their issued share capital comprises equity shares.

Subsidiary undertakings wholly owned by the company

	<i>Country of Incorporation</i>
Lazard Equipment Leasing Limited	Great Britain
Lazard Holdings Limited	Great Britain
Lazard Overseas Holdings Limited	Great Britain

CONTINUED
NOTES ON THE ACCOUNTS

17 Tangible fixed assets

	Leases of 50 years or more unexpired on land and buildings held for own use £000	Motor vehicles Computers and other equipment £000	Total £000	
Group				
Cost				
At 1 January 1999	386	8,733	9,119	
Additions	-	489	489	
Disposals	(180)	(3,100)	(3,280)	
At 31 December 1999	<u>206</u>	<u>6,122</u>	<u>6,328</u>	
Accumulated depreciation				
At 1 January 1999	(180)	(5,828)	(6,008)	
Disposals	180	2,482	2,662	
Charge for year	-	(1,043)	(1,043)	
At 31 December 1999	<u>-</u>	<u>(4,389)</u>	<u>(4,389)</u>	
Net book value at 31 December 1999	<u>206</u>	<u>1,733</u>	<u>1,939</u>	
Net book value at 31 December 1998	<u>206</u>	<u>2,905</u>	<u>3,111</u>	
Company				
Cost				
At 1 January 1999	206	7,679	7,885	
Additions	-	489	489	
Disposals	-	(2,046)	(2,046)	
At 31 December 1999	<u>206</u>	<u>6,122</u>	<u>6,328</u>	
Accumulated depreciation				
At 1 January 1999	-	(5,084)	(5,084)	
Disposals	-	1,738	1,738	
Charge for year	-	(1,043)	(1,043)	
At 31 December 1999	<u>-</u>	<u>(4,389)</u>	<u>(4,389)</u>	
Net book value at 31 December 1999	<u>206</u>	<u>1,733</u>	<u>1,939</u>	
Net book value at 31 December 1998	<u>206</u>	<u>2,595</u>	<u>2,801</u>	
	Group 1999 £000	Company 1999 £000	Group 1998 £000	Company 1998 £000
Future capital expenditure contracted but not provided for in the accounts	752	752	479	479

NOTES ON THE ACCOUNTS

18 Other assets

	Group 1999 £000	Company 1999 £000	Group 1998 £000	Company 1998 £000
Other securities	6,216	-	4,584	-
Taxation	3,226	3,146	20,359	20,563
Deferred taxation (see note 19)	8,268	8,167	6,500	6,621
Settlement debtors	38,247	42,162	8,272	14,683
Other	6,470	4,949	9,442	8,274
	62,427	58,424	49,157	50,141

19 Deferred taxation

	Group 1999 £000	Company 1999 £000	Group 1998 £000	Company 1998 £000
Deferred taxation				
- capital allowances	2,129	2,028	2,376	2,241
- other timing differences	6,139	6,139	4,124	4,380
	8,268	8,167	6,500	6,621

UK deferred taxation relating to capital allowances has been calculated at 30%, the rate of corporation tax at which the asset is expected to crystallise.

	Group £000	Company £000
At 1 January 1999	6,500	6,621
Transfer to profit and loss account (see note 7)	1,768	1,546
At 31 December 1999 (see note 18)	8,268	8,167

CONTINUED
NOTES ON THE ACCOUNTS

20 Secured deposits from sale and repurchase agreements

	Group 1999 £000	Company 1999 £000	Group 1998 £000	Company 1998 £000
Repayable on demand ¹	-	-	389,426	389,426
With agreed maturity dates or periods of notice, by remaining maturity				
- 3 months or less ²	2,520,998	2,520,998	4,824,851	4,824,851
- 1 year or less but over 3 months ³	694,332	694,332	789,668	789,668
	3,215,330	3,215,330	6,003,945	6,003,945

¹ These secured deposits include £nil (1998: £16,395,000) from banks

² These secured deposits include £1,865,218,000 (1998: £3,187,534,000) from banks

³ These secured deposits include £515,928,000 (1998: £583,907,000) from banks

Stock loans are fully collateralised, initially with cash but alternative collateral with an appropriate margin may be substituted at a later stage. Cash loans are also fully collateralised, with the type of collateral and margin being agreed at the time of dealing. As at 31 December 1999, the gross value of stock lent, including repos, was £3,391,677,000 (1998: £6,720,570,000) and stock borrowed, including reverse repos and gilt DBV, was £5,405,496,000 (1998: £8,298,714,000).

21 Deposits by banks

	Group 1999 £000	Company 1999 £000	Group 1998 £000	Company 1998 £000
Repayable on demand	347,219	347,219	707,074	719,801
With agreed maturity dates or periods of notice, by remaining maturity				
- 3 months or less	711,165	711,165	865,734	951,975
- 1 year or less but over 3 months	7,980	7,980	27,302	27,802
	1,066,364	1,066,364	1,600,110	1,699,578
Amounts include:				
Due to subsidiary undertakings		-		99,468

CONTINUED
NOTES ON THE ACCOUNTS

22 Customer accounts

	Group 1999 £000	Company 1999 £000	Group 1998 £000	Company 1998 £000
Repayable on demand	581,071	589,270	929,932	881,637
With agreed maturity dates or periods of notice, by remaining maturity				
- 3 months or less	189,182	189,615	467,970	260,050
- 1 year or less but over 3 months	3,044	3,044	10,270	4,758
- 5 years or less but over 1 year	-	-	1,028	-
	773,297	781,929	1,409,200	1,146,445
Amounts include:				
Due to subsidiary undertakings		8,959		6,727
Due to associated undertakings	23,668	23,668	23,081	23,081
Due to undertakings in which the company has a participating interest		899		903

23 Debt securities in issue

	Group 1999 £000	Company 1999 £000	Group 1998 £000	Company 1998 £000
Certificates of deposit with maturity dates, by remaining maturity				
- 3 months or less	123,387	123,387	134,552	150,572
- 1 year or less but over 3 months	20,850	20,850	6,005	11,005
	144,237	144,237	140,557	161,577

CONTINUED
NOTES ON THE ACCOUNTS

24 Short positions in securities

	Group and company 1999		Group and company 1998	
	Book value £000	Market value £000	Book value £000	Market value £000
Investment securities				
Government securities, by remaining maturity				
- 5 years or less but over 1 year	350,000	354,865	269,000	305,034
- over 5 years	350,000	364,523	-	-
	700,000	719,388	269,000	305,034
Trading securities				
Government securities, by remaining maturity				
- repayable within 1 year	51,736	51,736	10,790	10,790
- 5 years or less but over 1 year	197,223	197,223	189,973	189,973
	248,959	248,959	200,763	200,763
Listed on a recognised UK exchange	948,959	968,347	469,763	505,797

25 Other liabilities

	Group 1999 £000	Company 1999 £000	Group 1998 £000	Company 1998 £000
Taxation	14,588	10,039	16,543	12,397
Other	173,498	170,356	134,068	123,056
	188,086	180,395	150,611	135,453

26 Post-retirement medical benefits

	Group £000	Company £000
Provision at 1 January 1999	12,601	11,963
Movement in provision	461	428
Medical expenses set against the provision	(289)	(285)
Release of provision due to sale of subsidiary	(667)	-
Provision at 31 December 1999	12,106	12,106

The group has an unfunded scheme for post-retirement medical benefits. As part of this scheme, defined medical benefits are currently being provided, at the group's discretion, to certain retired employees. The costs of private medical insurance are met for these pensioners, their spouses and eligible dependants. At 1 July 1999, excluding the past and current employees of the subsidiary sold during the course of the year, 212 pensioners received these benefits and 344 potential beneficiaries could have been eligible, at the group's discretion, to receive them when they reach retirement.

An actuarial estimate of the accrued cost which the group might incur in respect of post-retirement medical benefits has been made by an independent qualified actuary on the basis of a gross interest rate of 7.5% per annum and medical benefit cost inflation of 11% per annum for 2 years, falling linearly over a further 5 years to 7% per annum and at 7% per annum thereafter.

At 1 January 1999 the group's accrued estimated provision amounted to £12,601,000 (1998: £12,471,000), and the surplus provision over the liability estimated using the assumptions above is being spread over the average remaining service lives of the potential beneficiaries.

The charge to the profit and loss account in 1999 in respect of discretionary benefits accruing during the year has been calculated using the projected unit method. In addition to the cost of discretionary benefits accruing, interest on the expected costs accrued at the start of the year has also been charged. The charge to the profit and loss account for the group for 1999 amounts to £461,000 (1998: £379,000) before taxation relief.

Medical expenses of £289,000 (1998: £249,000) have been charged against the group provision. In addition, £667,000 of the provision made in previous years was released following the sale of a subsidiary during the year. At 31 December 1999 the group provision for medical expenses amounted to £12,106,000 (1998: £12,601,000).

CONTINUED
NOTES ON THE ACCOUNTS

27 Called up share capital

	1999 £000	1998 £000
Authorised		
1 (1) special rights redeemable preference share of £1	-	-
28,750,000 (28,750,000) ordinary shares of £1 each	28,750	28,750
1,000,000 (1,000,000) shares of SwFr 1 each	408	408
5,000,000 (5,000,000) deferred shares of £1 each	5,000	5,000
	34,158	34,158
Called up, allotted and fully paid		
1 (1) special rights redeemable preference share of £1	-	-
25,303,221 (25,303,221) ordinary shares of £1 each	25,303	25,303
1,000,000 (1,000,000) shares of SwFr 1 each	408	408
5,000,000 (5,000,000) deferred shares of £1 each	5,000	5,000
	30,711	30,711

The special rights redeemable preference share entitles the holder to the right to a cumulative preferential dividend out of the profits of the company referable to the profits of Lazard Asset Management Holdings Limited and its subsidiaries, calculated according to a formula set out in the company's Articles of Association. It confers the right to receive notice of, but not to attend or speak or vote at any general meeting. However, it confers the rights on a winding up of the company to be paid a sum equal to the amount paid up thereon in priority to any distribution of capital to any holder of any ordinary share and on a return of assets on liquidation or otherwise by Lazard Asset Management Limited to be paid out of the profits of the company available for distribution a cumulative preferential dividend calculated according to a formula set out in the company's Articles of Association. The company may at any time redeem the special rights redeemable preference share with the prior written consent of the holder but not otherwise.

The Swiss Franc shares entitle the holder to the right to a dividend not exceeding the net income of the company referable to the investment by Lazard Overseas Holdings Limited in a Swiss company. They do not confer the right to receive notice of, attend or vote at any general meeting. However, they confer the right on a winding up to participate in the assets of the company *pari passu* with the ordinary shares (on the basis of the exchange rate between Sterling and Swiss Francs prevailing on the date of winding up) provided that the maximum amount payable on them shall be the amount paid up thereon, including the amount credited to the Swiss Franc share premium account. The provisions of the company's Articles of Association relating to the transfer of shares do not apply to them.

The deferred shares do not confer the right to receive any dividend, nor the right to receive notice of, attend, or vote at any general meeting. They confer the right, on a winding up, to the repayment of the amounts paid up thereon, after payment to the holders of the ordinary shares of the sum of £100 in respect of each ordinary share held by them.

The ordinary shares constitute equity interests and the special rights redeemable preference share, the Swiss Franc shares and the deferred shares constitute non-equity interests.

No shares were purchased and cancelled by the company during the year or during the previous year and no options were granted during the year or during the previous year.

A company controlled by a common parent, Lazard Partners Limited Partnership, sold on various dates to certain option holders the following ordinary shares in satisfaction of rights under the company's share option scheme:

Price per share (p)	No. of shares
320	28,443
480	1,763
	30,206

CONTINUED
NOTES ON THE ACCOUNTS

27 Called up share capital (continued)

The following options over ordinary shares of £1 each were outstanding at 31 December:

Year of grant	Exercise prices (p)	1999	1998
1992	320	-	28,541
1994	480	80,725	85,478
		<u>80,725</u>	<u>114,019</u>

They are exercisable during various periods between 2000 and 2002.

28 Reserves

	Group Share premium £000	Company Share premium £000	Company Profit and loss account £000
As at 1 January 1999	53,081	53,081	56,852
Transfer from reserves	-	-	(11,193)
Revaluation of Swiss Franc share premium and share capital	(4,861)	(4,861)	-
As at 31 December 1999	<u>48,220</u>	<u>48,220</u>	<u>45,659</u>

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the company has not been presented separately.

29 Shareholders' funds

	1999	1998		
	£000	£000		
(a) Reconciliation of group shareholders' funds				
Profit attributable to shareholders	50,891	54,710		
Dividends	(71,829)	(56,408)		
	<u>(20,938)</u>	<u>(1,698)</u>		
Revaluation of Swiss Franc share premium	(4,861)	1,929		
	<u>(25,799)</u>	<u>231</u>		
Net (reduction) / increase in shareholders' funds	185,597	185,366		
Opening shareholders' funds	159,798	185,597		
Closing shareholders' funds	<u>159,798</u>	<u>185,597</u>		
	Group	Company	Group	Company
	1999	1999	1998	1998
	£000	£000	£000	£000
(b) Analysis of non-equity interests				
Deferred shares of £1 each	5,000	5,000	5,000	5,000
Swiss Franc shares of SwFr 1 each	38,040	38,040	42,901	42,901
Special rights redeemable preference share of £1	-	-	-	-
	<u>43,040</u>	<u>43,040</u>	<u>47,901</u>	<u>47,901</u>

30 Financial Instruments

Risk management

Responsibilities for the group's risk management are given in the Directors' report.

Credit risk

Credit risk is the risk that a third party fails to deliver all or part of a commitment under a transaction. This applies to all contracts, whether delivery is for the full amount of the underlying instruments or for a difference against a calculated change in price or value. Credit risk is monitored on a daily basis against limits for individual counterparties, their associated groupings and by geographic area.

Liquidity risk

The group monitors the mismatch of maturities of significant inward and outward cashflows on a daily basis in order to ensure its ability to meet its commitments. It also measures the risk arising from short positions of negotiable assets that may be particularly in demand, using a combination of sensitivity and value at risk techniques.

Market risk

The company's money market business covers repo, equity and fixed income stock lending and borrowing, loans and deposits, fixed and floating rate securities investment, equity and fixed income swaps. A small amount of foreign exchange and derivatives trading, including exchange traded and over the counter futures and options, is undertaken. Money market positions, which include all repo and stock lending and borrowing, are managed as a single, aggregated portfolio.

The key market risks arising from the above are to movements in interest rates, changes in the shape of the yield curve, the volatility of prices, the volatility of collateral value (since much of the business is conducted on a secured basis), instrument liquidity and foreign exchange rate movements.

The company analyses market risk, principally exposure to movements in interest rates, on a portfolio basis. Therefore, interest rate sensitive positions in both the trading book and the non-trading book are captured and their sensitivity to changes in interest rates assessed against agreed limits. This approach is adopted in order to recognise the effect of changes in the shape of the yield curve on short and long positions with similar repricing profiles but arising in different activities within the bank. In this way the level of risk to different interest rate scenarios can be reflected accurately.

The company calculates sensitivity to changes in interest rates on nominal cashflows using linear interpolation. Sensitivity across currencies is then aggregated and reported in sterling. The aggregation process does not take into account correlation between currencies, but the majority of the exposure is to sterling.

The sensitivity limit is a unitised measure designed to cover all underlying trades across all maturities and currencies so that, should interest rates move by 1% for the overall position, the company will not lose more than £4.8m from the mark to market value of the overall position. At 31 December 1999, the sensitivity of exposures to such an interest rate movement was £2.1m. During the year, the average exposure was £3.4m, the highest was £4.5m and the lowest was £1.6m.

30 Financial Instruments (continued)

Interest rate risk

Part of the group's return on financial instruments is obtained from controlled mismatching of the dates on which interest receivable on assets and interest payable on liabilities are next reset to market rates or, if earlier, the dates on which the instruments mature. The table below summarises these repricing mismatches on the group's non-trading book (excluding short-term debtors and creditors) at 31 December 1999. Items are allocated to time bands on the earlier of the next contractual interest rate repricing date and the maturity date.

	Less than 3 months £000	Over 3 months but less than 6 months £000	Over 6 months but less than 1 year £000	Over 1 year but less than 5 years £000	Over 5 years £000	Non interest bearing £000	Total £000
Assets							
Cash and balances at central bank	-	-	-	-	-	27	27
Loans and advances to banks	189,736	-	-	-	-	3,986	193,722
Loans and advances to customers	99,485	666	2,428	30,074	-	10,167	142,820
Debt securities and other fixed income securities	-	1,856	15,141	101,753	-	-	118,750
Equity shares	-	-	-	-	-	38,414	38,414
Other assets	-	15	-	575	5,468	158	6,216
Total assets	289,221	2,537	17,569	132,402	5,468	52,752	499,949
Liabilities							
Deposits by banks	(770,602)	(6,997)	(998)	-	-	-	(778,597)
Customer accounts	(459,021)	-	(3,044)	-	-	(267)	(462,332)
Debt securities in issue	(123,387)	(19,550)	(1,300)	-	-	-	(144,237)
Short positions in securities	-	-	-	(350,000)	(350,000)	-	(700,000)
Total liabilities	(1,353,010)	(26,547)	(5,342)	(350,000)	(350,000)	(267)	(2,085,166)
Off balance sheet items	(101,062)	84,533	(16,239)	291,481	350,000	-	608,713
Interest rate gap	(1,164,851)	60,523	(4,012)	73,883	5,468	52,485	(976,504)
Cumulative gap	(1,164,851)	(1,104,328)	(1,108,340)	(1,034,457)	(1,028,989)	(976,504)	

Currency risk

The table below shows the group's non-trading book transactional (or non-structural) exposures that give rise to the net currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and liabilities of the group that are not denominated in the functional currency of the operating unit involved. At 31 December 1999, these exposures were as follows:

Functional currency	Sterling £000	US dollar £000	Yen £000	Euro £000	Other £000	Total £000
Sterling	-	(212,830)	14,548	(1,127)	(317)	(199,725)
US dollar	(61)	-	198	(361)	(627)	(852)
Total	(61)	(212,830)	14,746	(1,488)	(944)	(200,577)

30 Financial Instruments (continued)

Operational risk

Operational risks arise from inadequate or failed internal processes due to human error or systems failure, or from external events. These are managed by line management. The Operational Risk Committee discusses issues of mutual concern, general policy and standards. The Committee comprises the heads of operations for each division, departmental compliance officers, the head of internal audit and the heads of the central departments and is chaired by the Finance Director.

The Risk Department is responsible to the Finance Director for the design and implementation of any transfer of operational risks through insurance. Internal Audit is responsible to the Board for carrying out regular independent reviews of all financial and operational risks and related controls.

Fair values

Financial instruments held for trading purposes are valued at the market rates prevailing at the balance sheet date. The fair values of listed, publicly traded securities and other debt held for non-trading purposes (comprising debt securities, equity shares and other assets) are disclosed under the relevant balance sheet note. Stock lending and borrowing activity is marked to market on a daily basis and fair values are disclosed under the relevant balance sheet note. The replacement cost of derivative contracts, which is considered to be the fair value, and the notional principal amounts and maturity profiles of derivatives held by the group are disclosed in note 31.

Hedges

The group's policy is to hedge its exposures (predominantly to movements in interest rates) on a portfolio basis apart from a number of specific structural positions, of which hedges are an integral part. The group hedges its exposures using an opposite position in another instrument, which shares the same or similar risk sensitivities.

Non-trading derivatives are used for hedging purposes and accounted for on an accruals basis, consistent with the assets, liabilities, or positions being hedged. Income and expense on non-trading derivatives are recognised as they accrue over the life of the instruments as an adjustment to interest receivable or payable. The gains or losses on these instruments (arising from changes in fair value) are not recognised in the profit and loss account immediately they arise. Instead, they are either not recognised at all or are recognised and carried forward in the balance sheet; then, when the hedged transaction occurs, the gain or loss is recognised in the profit and loss account at the same time as the hedged item.

The table below shows the extent to which the group has unrecognised gains and losses in respect of financial instruments used as hedges at the end of December 1999. Unrecognised gains and losses on hedges are expected to be matched by unrecognised losses and gains on the underlying transactions or positions being hedged.

	£000
Total unrecognised net gains at 31st December 1999	22,629
Likely to be recognised in next accounting period	1,205
Likely to be recognised thereafter	21,424

31 Memorandum items, foreign exchange and interest rate contracts in respect of the Consolidated Balance Sheet

The group enters into derivatives contracts for trading and non-trading purposes. Exchange rate contracts include cross currency swaps and foreign exchange forwards, equity contracts include equity swaps, and interest rate contracts include interest rate swaps and forward rate agreements.

The tables below give, for the group, the notional principal amounts and risk weighted amounts of off-balance sheet transactions. The notional principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The credit risk weighted amounts, which is calculated in accordance with the Financial Services Authority guidelines, is based upon replacement cost, but also takes into account measures of potential future credit exposure and the nature of the counterparty.

	1999				1998	
	Notional principal amount £m	Risk weighted amount £m	Gross positive fair value £m	Gross negative fair value £m	Notional principal amount £m	Risk weighted amount £m
Group						
Contingent liabilities						
Acceptances and endorsements	75	15			50	10
Guarantees and assets pledged as collateral security						
- guarantees given	4	3			25	6
	<u>79</u>	<u>18</u>			<u>75</u>	<u>16</u>
Commitments						
Forward asset purchases and forward deposits placed	2	2			-	-
Undrawn formal standby facilities, credit lines and other commitments to lend						
- less than 1 year	3	-			12	-
- 1 year and over	-	-			2	1
	<u>5</u>	<u>2</u>			<u>14</u>	<u>1</u>
	<u>84</u>	<u>20</u>			<u>89</u>	<u>17</u>
Exchange rate contracts						
Non-trading						
- less than 1 year	16	-	1	-	69	1
- 1 year and over	8	-	1	-	13	-
	<u>24</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>82</u>	<u>1</u>
Trading						
- less than 1 year	1,363	1	7	7	1,787	3
	<u>1,363</u>	<u>1</u>	<u>7</u>	<u>7</u>	<u>1,787</u>	<u>3</u>
Interest rate contracts						
Non-trading						
- less than 1 year	382	2	5	5	107	-
- 1 year and over	751	7	27	2	274	8
	<u>1,133</u>	<u>9</u>	<u>32</u>	<u>7</u>	<u>381</u>	<u>8</u>
Trading						
- less than 1 year	-	-	-	-	130	-
- 1 year and over	72	1	1	-	12	-
	<u>72</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>142</u>	<u>-</u>
Equity contracts						
Trading						
- less than 1 year	164	2	-	8	241	3
	<u>164</u>	<u>2</u>	<u>-</u>	<u>8</u>	<u>241</u>	<u>3</u>
	<u>2,756</u>	<u>13</u>	<u>42</u>	<u>22</u>	<u>2,633</u>	<u>15</u>

1998 gross positive fair value for exchange rate contracts was £9m and for interest rate contracts was £38m. Those contracts with a negative value were excluded.

32 Memorandum items, foreign exchange and interest rate contracts in respect of the Company Balance Sheet

The company enters into derivatives contracts for trading and non-trading purposes. Exchange rate contracts include cross currency swaps and foreign exchange forwards, equity contracts include equity swaps, and interest rate contracts include interest rate swaps and forward rate agreements.

The tables below give, for the company, the notional principal amounts and risk weighted amounts of off-balance sheet transactions. The notional principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The credit risk weighted amount, which is calculated in accordance with the Financial Services Authority guidelines, is based upon replacement costs, but also takes into account measures of potential future credit exposure and the nature of the counterparty.

	1999				1998	
	Notional principal amount £m	Risk weighted amount £m	Gross positive fair value £m	Gross negative fair value £m	Notional principal amount £m	Risk weighted amount £m
Company						
Contingent liabilities						
Acceptances and endorsements	75	15			50	10
Guarantees and assets pledged as collateral security						
- guarantees given	4	3			5	4
	<u>79</u>	<u>18</u>			<u>55</u>	<u>14</u>
Commitments						
Undrawn formal standby facilities, credit lines and other commitments to lend						
- less than 1 year	3	-			1	-
	<u>3</u>	<u>-</u>			<u>1</u>	<u>-</u>
	<u>82</u>	<u>18</u>			<u>56</u>	<u>14</u>
Exchange rate contracts						
Non-trading						
- less than 1 year	15	-	1	-	-	-
- 1 year and over	8	-	1	-	13	-
	<u>23</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>13</u>	<u>-</u>
Trading						
- less than 1 year	1,363	1	7	7	1,787	3
	<u>1,363</u>	<u>1</u>	<u>7</u>	<u>7</u>	<u>1,787</u>	<u>3</u>
Interest rate contracts						
Non trading						
- less than 1 year	382	2	5	5	107	-
- 1 year and over	751	7	27	2	269	8
	<u>1,133</u>	<u>9</u>	<u>32</u>	<u>7</u>	<u>376</u>	<u>8</u>
Trading						
- less than 1 year	-	-	-	-	130	-
- 1 year and over	72	1	1	-	12	-
	<u>72</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>142</u>	<u>-</u>
Equity contracts						
Trading						
- less than 1 year	164	2	-	8	241	3
	<u>164</u>	<u>2</u>	<u>-</u>	<u>8</u>	<u>241</u>	<u>3</u>
	<u>2,755</u>	<u>13</u>	<u>42</u>	<u>22</u>	<u>2,559</u>	<u>14</u>

1998 gross positive fair value for exchange rate contracts was £8m and for interest rate contracts was £38m. Those contracts with a negative fair value were excluded.

33 Consolidated cash flow statement

	1999 £000	1998 £000	Cash flow £000
(a) Analysis of balances of cash as shown in the balance sheet			
Cash and balance at central bank	27	44	(17)
Loans and advances to banks repayable on demand	94,349	216,059	(121,710)
	94,376	216,103	(121,727)
	Continuing 1999 £000	Discontinued 1999 £000	1998 £000
(b) Reconciliation of group operating profit to net operating cash flows			
Group operating profit before taxation	72,289	-	76,065
Decrease/(increase) in prepayments and accrued income	4,336	-	(21,480)
Increase in accruals and deferred income	34,494	-	3,334
Loss on sale of fixed assets	42	-	364
Depreciation of fixed assets	1,043	-	1,607
Decrease in debt securities held for investment purposes	91,063	8	60,469
(Decrease)/increase in provision for liabilities and charges	(497)	-	130
Increase/(decrease) in short positions in securities	479,196	-	(450,413)
Income from associated undertakings	(17,818)	-	(7,631)
Profit on sale of associated undertakings	-	-	(26,327)
Profit on sale of subsidiary undertakings	(4,099)	-	-
Profit on sale of equities	(537)	-	(378)
Capital distributions from equities	137	-	104
Release of provision against equities	945	-	2,383
Net cash inflow/(outflow) from trading activities	660,594	8	(361,773)
Decrease in loans and advances to customers	240,786	94,610	201,741
(Decrease)/increase in customer accounts	(368,629)	70,339	(77,043)
Decrease/(increase) in other loans and advances to banks	183,757	(108,975)	(94,875)
Net (decrease)/increase in secured loans and deposits from resale and repurchase agreements	(824,771)	-	1,452,916
(Decrease)/increase in deposits by banks	(533,746)	-	693,372
Increase/(decrease) in debt securities in issue	3,680	-	(943)
Increase/(decrease) in equity shares	76,403	-	(240,823)
Decrease/(increase) in debt securities held for trading purposes	458,461	3,407	(1,631,022)
(Increase)/decrease in other assets	(35,074)	1,491	15,460
(Decrease)/increase in other liabilities	(15,843)	(9,141)	21,329
	(154,382)	51,739	(21,661)
Net cash outflow from operating activities		(102,643)	(21,661)

33 Consolidated cash flow statement (continued)

	1999 £000
(c) Sale of business	
Net assets disposed of:	
Assets	
Cash, current accounts with banks and money at call	39,917
Short term deposits with banks, public authorities and others	159,205
Investments in securities	104,251
Other investments	353
Loans and advances	47,768
Debtors and other accounts	4,646
Fixed assets	302
	<hr/> 356,442
Liabilities	
Deposit and current accounts	(337,613)
Creditors and other accounts	(2,399)
Taxation	(484)
	<hr/> 15,946
Profit on disposal	4,099
	<hr/> 20,045
	<hr/>
Satisfied by cash	20,045
	<hr/>

34 Related party transactions

The company had the following transactions with related parties during the year ended 31 December 1999:

Other interest receivable includes £249,000 (1998: £279,000) paid by Lazard Capital Markets ("LCM"), LDC Limited ("LDC") and Moorfields Debt Trading ("MDT"). The interest was received on overdrafts and a loan facility held with the company.

Interest payable includes £444,000 (1998: £968,000) paid to LCM, LDC and MDT. The interest was paid on cash deposits maintained by these parties with the company.

Underwriting and distribution fees of £33,000 (1998: £854,000) were received by the company on behalf of LCM.

Profits of LDC and MDT, amounting to £21,744,000 (1998: £3,914,000), were earned on transactions brokered with the market by the company and on inventory registered in the name of the company but held for the benefit of LDC and MDT.

Expenses of £1,351,000 (1998: £948,000) incurred by the company on behalf of LDC and MDT were reimbursed directly by LDC and were taken as a first call on the partnership profits of MDT. The company was reimbursed £11,980,000 (1998: £9,212,000) by LCM for net expenses incurred by the company on behalf of LCM, of which £507,000 related to 1998. An amount of £625,000 was recoverable from LCM at the year end. The company was reimbursed £16,492,000 by Lazard Asset Management Holdings Limited ("LAMH") for expenses incurred by the company on behalf of LAMH, of which £905,000 related to 1998. An amount of £736,000 was recoverable from LAMH at the year end.

All of the income and expenses above are included within the accounts of LAMH, LCM, LDC and MDT. The company, as a shareholder of LDC and LAMH and a partner in LCM (through a wholly owned subsidiary) and MDT, has included its share of the profits of each of these entities for the year within its reported profits.

The non-equity dividend relating to the Swiss Franc shares and £9,189,000 (1998: £57,083,000) of total equity dividends in 1999 were paid to, or for the benefit of, the immediate controlling party, Lazard Partners Limited Partnership, a Delaware limited partnership, all of which related to 1998. Further details regarding Lazard Partners Limited Partnership are disclosed in Directors' Interests.

In addition, the following balances were held in the name of the company, on behalf of LDC and MDT. These balances are shown in the accounts of LDC and MDT and consolidated in the group accounts.

	1999	1998	1999	1998
	MDT	MDT	LDC	LDC
	£000	£000	£000	£000
Inventory at market value ¹	11,433	8,431	27,079	18,633
Other assets: settlement debtors	13	2,944	597	15,446
Other liabilities: settlement creditors	(27)	(2,946)	(84)	(15,598)

¹ Included within other assets

35 Segmental information

The group has one main activity, merchant banking. No geographical analysis is given, as more than 90% of the group's activities are within the UK.

CONTINUED
NOTES ON THE ACCOUNTS

36 Miscellaneous

	Group 1999 £000	Company 1999 £000	Group 1998 £000	Company 1998 £000
(a) Operating lease commitments				
Land and buildings				
- expiring within one year	16	-	-	-
- expiring within years two to five	45	-	-	-
- expiring thereafter	5,421	5,421	5,705	5,421
	5,482	5,421	5,705	5,421
	Group 1999 £000	Company 1999 £000	Group 1998 £000	Company 1998 £000
(b) Asset and liabilities denominated by currency				
Denominated in sterling	6,215,398	6,191,387	8,919,615	8,821,615
Denominated in currencies other than sterling	362,911	353,394	1,088,407	983,774
Total assets	6,578,309	6,544,781	10,008,022	9,805,389
Denominated in sterling	6,214,588	6,190,527	8,915,413	8,816,403
Denominated in currencies other than sterling	363,721	354,254	1,092,609	988,986
Total liabilities	6,578,309	6,544,781	10,008,022	9,805,389

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Vice Chairmen	M A P Agius, N M H Jones
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Finance Director	J R Stone
Compliance Director	D J McMillan
Facilities Management and Information Technology Director	M G Moyes
Personnel Director	H E Durey
Financial Controller	J V Hansford
Company Secretary and General Counsel	W D W Dennis

Corporate Finance Division

Head of Division	W J Rucker
Directors	A J Adcock, S L S Adde, M A P Agius, E D Bottari, M C Bottenheim, W Buist-Wells, R A M Constant, D S Cummings, J D S Dawson, J S Dear, C C Fisher, A D E Gardner, M H Gidney, M Gobbo, J T B Goodwin, J N B Hack, Frances A Heaton, Sarah A Hedger, C N C Hill, P A Jameson, A D Johnston, N M H Jones, P E Kelly, D G H Kotler, N T Lukes, A R McNaught, Karen B Moore, C M Packshaw, D H A Reitman, J P H S Scott, N R Shott, R M Stables, Hon P N N Turner, P D Warner, J M A Wilford, M E Zaheen
Assistant Directors	Birgitta Albage, M Canonaco, Noelene E Davin, B Dedryver, M J Elger, S Giudici, Julie Green, M D S James, M R Jarman, E A Mason, J E Renier, J D Schaefer-Suren, G D C Stark, A Y C Tsang

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