

LAZARD ASSET MANAGEMENT

Lazard Global Total
Return & Income
Fund, Inc.
Annual Report

DECEMBER 31, 2006

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Please consider the Fund's investment objective, risks, charges and expenses carefully before investing. For more complete information about the Fund, you may obtain the prospectus by calling 800-828-5548. Read the prospectus carefully before you invest. The prospectus contains investment objective, risks, charges, expenses and other information about the Fund, which may not be detailed in this report.

Investment Overview

Dear Shareholder,

We are pleased to present this Annual Report for Lazard Global Total Return & Income Fund, Inc. ("LGI" or the "Fund"), for the year ended December 31, 2006. The Fund is a diversified, closed-end management investment company that began trading on the New York Stock Exchange ("NYSE") on April 28, 2004. Its ticker symbol is "LGI."

The Fund has been in operation for over two and a half years, and we are very pleased with LGI's performance for the year and since the Fund's inception. We believe that the Fund has provided investors with an attractive yield and diversification, backed by the extensive experience, commitment, and professional management of Lazard Asset Management LLC (the "Investment Manager" or "Lazard").

Portfolio Update (as of December 31, 2006)

For the fourth quarter of 2006, the Fund's Net Asset Value ("NAV") performance increased 8.6%, which compares favorably with the Morgan Stanley Capital International (MSCI®) World® Index (the "Index") return of 8.4%. The one-year NAV return of 24.5% comfortably beat the Index return of 20.1%. In addition, the Fund's since-inception annualized NAV return of 16.6% outperformed the Index return of 15.2%. Shares of LGI ended the year with a market price of \$22.58, representing a 5.0% discount to the Fund's NAV of \$23.77. The Fund's net assets were \$228.3 million as of December 31, 2006, with total leveraged assets of \$317.6 million, representing 28.1% leverage.

We believe that LGI's investment thesis remains sound, as demonstrated by the Fund's favorable NAV performance for the fourth quarter, the year, and since inception. Fourth quarter performance was positively affected by stock selection in the technology and consumer staples sectors. Detracting from fourth quarter performance was stock selection in Japanese financials. Returns for the smaller, short-duration¹ emerging market currency and debt portion of the Fund were strong throughout the fourth quarter, and have been a meaningful positive contributor to performance in 2006 and since inception.

As of December 31, 2006, 64.2% of the Fund's total leveraged assets consisted of global equities and 34.4% consisted of emerging markets currency and debt instruments, while the remaining 1.4% consisted of cash and other assets.

Declaration of Dividends

Pursuant to LGI's level distribution policy, the Fund's Board of Directors has declared a monthly dividend distribution of \$0.1042 per share on the Fund's outstanding stock each month since inception. In September and December of 2006, the Fund also made additional, required distributions of accumulated income and net realized capital gains. The cumulative distributions for the year totaled \$2.339 per share and were composed of \$1.116 of net investment income (48%), and \$1.223 of net realized long-term capital gains (52%). There was no return of capital in 2006 and the Fund has not returned capital to investors since its inception. The \$2.339 distribution represents a market yield of 10.4%, based on the share price of \$22.58 at the close of NYSE trading on December 31, 2006. The amounts and sources of distributions reported here are not intended for tax reporting purposes. Shareholders should refer to their 2006 Form 1099-DIV, which reports these distributions for income tax filing purposes.

Additional Information

Please note that, on www.LazardNet.com, frequent updates are available on the Fund's performance, press releases, and a monthly fact sheet that provides information about the Fund's major holdings, sector weightings, regional exposures, and other characteristics. You may also reach Lazard by phone at 1-800-828-5548.

On behalf of Lazard, we thank you for your investment in Lazard Global Total Return & Income Fund, Inc. and look forward to continuing to serve your investment needs in the future.

Message from the Portfolio Managers

Global Equity Portfolio (64.2% of total leveraged assets)

The Fund's equity portfolio is invested primarily in equity securities of large, well-known global compa-

Investment Overview (continued)

nies with strong financial productivity at attractive valuations. Examples include GlaxoSmithKline, a global research-based pharmaceutical company based in the United Kingdom; Bank of America, a holding company that provides banking and non-banking financial services and products in the United States and internationally; Nokia Corp., the Finnish manufacturer of mobile telephones; and Total SA, the French-based energy supplier that explores for, produces, refines, transports, and markets oil and natural gas.

Of the companies held in the global equity portfolio at December 31, 2006, 43.7% of these stocks were based in North America, 26.0% were based in Continental Europe (not including the U.K.), 18.7% were from the U.K., and 11.6% were from Japan. The global equity portfolio is similarly well diversified across a number of industry sectors. The top two sectors, by weight, at December 31, 2006, were financials (30.3%), which includes banks, insurance companies, and financial services companies, and information technology (19.4%), a sector that encompasses industries involved in the design, development, installation, and implementation of information systems and applications, including hardware, software, IT services, and media-related companies. Other sectors in the portfolio include consumer discretionary, consumer staples, energy, health care, industrials, and telecommunications services. The average dividend yield on the global equity portfolio was approximately 2.0% as of December 31, 2006.

Global Equity Market Review

Global stocks performed well in 2006, overcoming concerns about the slowing U.S. housing market, stubbornly high oil prices, and the sustainability of strong corporate-earnings growth. As has been the case, consistently, in recent years, much of these gains came during a strong fourth-quarter rally, which saw many equity indices, including the Dow Jones Industrials® and the MSCI World Index, finally exceed the peaks reached in early 2000 during the technology bubble. During the fourth quarter, economically sensitive groups, such as consumer discretionary and materials, outperformed, as did sectors of the market with higher dividend yields, such as telecom services and utilities. Energy shares performed roughly in line with the broad market, as crude oil prices stabilized after a

sharp downturn in the third quarter. Health care was a notable laggard, as a few European pharmaceutical stocks were hurt by setbacks in getting major new drugs approved.

All regions were positive in the fourth quarter, with Europe, the United Kingdom, Australasia, and the Far East (other than Japan) outperforming the broad market. The United States and Japan underperformed the Index.

What Helped and What Hurt LGI

During the fourth quarter of 2006, the portfolio benefited from stock selection in technology, as shares of Cisco posted solid gains. With some of the best fundamentals in the technology sector, the company reported 16% year-on-year revenue growth in the period, due to broad-based strength across all geographies, customer segments, and products. Stock selection in consumer staples also helped portfolio performance, as shares of Gallaher rose sharply. This U.K.-based tobacco company had received a takeover bid from Japan Tobacco. The Fund sold its position of Gallaher in December. Performance also benefited from continued strength in telecom services holdings, such as Vodafone. Conversely, returns were hurt by continued weakness in Japanese financial stocks.

Emerging Market Currency and Debt Portfolio (34.4% of total leveraged assets)

The Fund also seeks enhanced income through investing in high-yielding, short-duration (typically, under one year) emerging market forward currency contracts and local currency debt instruments. As of December 31, 2006, this portfolio consisted primarily of forward currency contracts (81.8%), with a smaller allocation to sovereign debt obligations (14.9%) and structured notes (3.3%). The average duration of the emerging market currency and debt portfolio was approximately 4.7 months, as of December 31, with an average yield of 7.9%².

As of December 31, the Fund's emerging market currency and debt holdings were highly diversified across 28 countries within Asia (27.7%), Latin America (23.8%), Africa (15.7%), the Commonwealth of Independent States and Baltic countries (12.8%), Eastern Europe (12.5%), and the Middle East (7.5%).

Investment Overview (continued)

Emerging Market Currency and Debt Market Review

Emerging local markets closed the year with a strong performance in the last quarter of 2006, with all three months posting solid returns. Overall, global monetary conditions have tightened. Markets have increasingly begun to focus on fundamentals, specifically the credibility of emerging market countries' monetary policy and balance of payments, versus yield-seeking capital flows. We see an increased tolerance for emerging market currency appreciation, as the tendency for central banks to intervene has lessened.

We believe the outlook for emerging local markets is constructive, with potential for positive attribution, for the coming year, from both interest rate carry and modest currency appreciation in certain regions. With most economies characterized by solid balance of payments, strong growth, and orthodox fiscal and monetary policies, capital inflows also continue at a brisk pace. Overall, emerging markets have transitioned in the past few years from being perennial capital seekers (i.e. to finance twin deficits, excess consumption) to playing the role of capital providers of their surplus savings. This has left many countries in the investment universe well placed to weather sudden shocks to risk appetite or other factors behind any sharp contraction in global capital flows.

What Helped and Hurt LGI

Good country selection in Asia helped the Fund's emerging market currency and debt portfolio, with

especially strong contributions from Indonesia, the Philippines, and Singapore. Also helping the portfolio was its lack of exposure to underperforming China, Taiwan, and Hong Kong. Latin America was also a leading contributor to performance, especially the portfolio's heavy Brazilian exposure. Brazil's local market gains stemmed from currency appreciation, high carry, and a yield curve rally alongside disinflation. High U.S. dollar inflows from Brazil's record trade surplus, foreign direct investment, and portfolio capital provide ongoing fundamental support, even as the country's Central Bank engages in direct intervention to manage the pace of real gains. In Eastern Europe, sizeable exposure to Romania was also a significant contributor to the portfolio as that country's National Bank tightened monetary policy.

Detracting from performance was a small Icelandic exposure, as large capital outflows overwhelmed thin market depth, resulting in sharp krona depreciation. Both Zambia and Botswana detracted from portfolio performance. The Zambian kwacha depreciated in the second half of 2006 on election-related sentiment and a fall in copper prices from mid-year record levels (metals account for 70% of Zambia's exports). Despite high local interest rates, exposure to the Botswana pula exhibited correlated weakness to the South African rand's decline, although of a smaller magnitude.

Investment Overview (continued)

Notes to Investment Overview:

- ¹ A measure of the average cash weighted term-to-maturity of the investment holdings. Duration is a measure of the price sensitivity of a bond to interest rate movements. Duration for a forward currency contract is equal to its term-to-maturity.
- ² The quoted yield does not account for the implicit cost of borrowing on the forward currency contracts, which would reduce the yield shown.

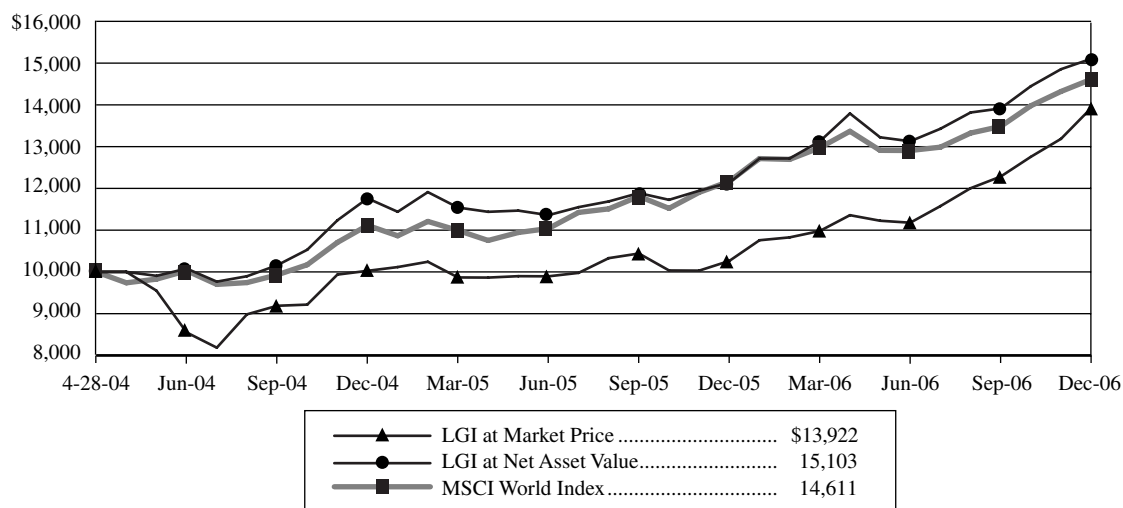
All returns reflect reinvestment of all dividends and distributions. Past performance is not indicative, nor a guarantee, of future results. The performance data of the Index and other market data have been prepared from sources and data that the Investment Manager believes to be reliable, but no representation is made as to their accuracy. The Index is unmanaged, has no fees or costs and is not available for investment.

The views of the Fund's management and the portfolio holdings described in this report are as of December 31, 2006; these views and portfolio holdings may have changed subsequent to this date. Nothing herein should be construed as a recommendation to buy, sell, or hold a particular investment. There is no assurance that the portfolio holdings discussed herein will remain in the Fund at the time you receive this report, or that portfolio holdings sold will have not been repurchased. The specific portfolio holdings discussed may in aggregate represent only a small percentage of the Fund's holdings. It should not be assumed that investments identified and discussed were, or will be, profitable, or that the investment decisions we make in the future will be profitable, or equal the performance of the investments discussed herein.

The views and opinions expressed are provided for general information only, and do not constitute specific tax, legal, or investment advice to, or recommendations for, any person. There can be no guarantee as to the accuracy of the outlooks for markets, sectors and securities as discussed herein. You should read the Fund's prospectus for a more detailed discussion of the Fund's investment objective, strategies, risks and fees.

Investment Overview (continued)

Comparison of Changes in Value of \$10,000 Investment in LGI and MSCI World Index*



Average Annual Total Returns*
Periods Ended December 31, 2006

	<u>One Year</u>	<u>Since Inception**</u>
Market Price	35.64%	13.15%
Net Asset Value	24.46	16.64
MSCI World Index	20.07	15.20

* All returns reflect reinvestment of all dividends and distributions. The performance quoted represents past performance. Current performance may be lower or higher than the performance quoted. Past performance is not indicative, nor a guarantee, of future results; the investment return, market price and net asset value of the Fund will fluctuate, so that an investor's shares in the Fund, when sold, may be worth more or less than their original cost. The returns do not reflect the deduction of taxes that a stockholder would pay on the Fund's distributions or on the sale of Fund shares.

The performance data of the index has been prepared from sources and data that the Investment Manager believes to be reliable, but no representation is made as to its accuracy. The MSCI World Index represents market value-weighted average returns of selected securities listed on the stock exchanges of Europe, Australasia and Far East, New Zealand, Canada, and the United States. The Index is unmanaged, has no fees or costs and is not available for investment.

** The Fund's inception date was April 28, 2004.

Investment Overview (concluded)

Ten Largest Equity Holdings
December 31, 2006

<u>Security</u>	<u>Value</u>	<u>Percentage of Net Assets</u>
Microsoft Corp.	\$9,746,304	4.27%
Exxon Mobil Corp.	8,053,813	3.53
Diageo PLC Sponsored ADR	8,018,241	3.51
International Business Machines Corp.	7,840,005	3.43
Bank of America Corp.	7,378,498	3.23
JPMorgan Chase & Co.	7,191,677	3.15
HSBC Holdings PLC Sponsored ADR	6,992,895	3.06
Johnson & Johnson	6,885,886	3.02
Oracle Corp.	6,850,858	3.00
The Home Depot, Inc.	6,646,480	2.91

Portfolio Holdings Presented by Sector
December 31, 2006

<u>Sector</u>	<u>Percentage of Total Investments</u>
Consumer Discretionary	4.6%
Consumer Staples	9.4
Emerging Markets Debt Obligations	8.0
Energy	10.0
Financials	25.0
Health Care	9.3
Industrials	3.5
Information Technology	16.0
Telecommunication Services	4.8
Short-Term Investments	9.4
Total Investments	<u>100.0%</u>

Portfolio of Investments

December 31, 2006

Description	Shares	Value
Common Stocks—89.3%		
Finland—1.7%		
Nokia Oyj Sponsored ADR (c)	192,800	\$ 3,917,696
France—5.2%		
Sanofi-Aventis ADR	105,200	4,857,084
Societe Generale Sponsored ADR	72,000	2,443,680
Total SA Sponsored ADR (c)	64,000	4,602,880
Total France		<u>11,903,644</u>
Italy—2.1%		
Eni SpA Sponsored ADR (c)	72,850	4,901,348
Japan—10.4%		
Canon, Inc. Sponsored ADR	44,700	2,529,573
Hoya Corp. Sponsored ADR (d)	54,300	2,114,985
Mitsubishi UFJ Financial Group, Inc. ADR (c), (d)	323,100	4,022,595
Mitsui Sumitomo Insurance Co., Ltd. ADR (d)	17,600	1,923,141
Nissan Motor Co., Ltd. Sponsored ADR (d)	192,200	4,664,694
Nomura Holdings, Inc. ADR (d)	332,600	6,299,444
Sumitomo Mitsui Financial Group, Inc. ADR	209,100	2,153,730
Total Japan		<u>23,708,162</u>
Netherlands—2.4%		
Heineken NV ADR	225,600	5,362,512
Sweden—1.1%		
Telefonaktiebolaget LM Ericsson Sponsored ADR	61,900	2,490,237
Switzerland—10.7%		
Credit Suisse Group Sponsored ADR	73,400	5,126,990
Nestle SA Sponsored ADR	57,400	5,094,250
Novartis AG ADR	78,900	4,532,016
Swiss Reinsurance Co. Sponsored ADR	55,200	4,688,688
UBS AG (c)	42,800	2,582,124
Zurich Financial Services AG ADR	92,500	2,474,375
Total Switzerland		<u>24,498,443</u>
United Kingdom—16.7%		
Barclays PLC Sponsored ADR (c), (d)	67,800	3,941,892
BP PLC Sponsored ADR (c)	69,600	4,670,160
Cadbury Schweppes PLC Sponsored ADR (c), (d)	112,700	4,838,211
Diageo PLC Sponsored ADR	101,100	8,018,241

Description	Shares	Value
GlaxoSmithKline PLC ADR (c)	80,200	\$ 4,231,352
HSBC Holdings PLC Sponsored ADR (d)	76,300	6,992,895
Vodafone Group PLC Sponsored ADR	191,712	5,325,759
Total United Kingdom		<u>38,018,510</u>
United States—39.0%		
Bank of America Corp. (c)	138,200	7,378,498
Bristol-Myers Squibb Co. (c)	92,600	2,437,232
Cisco Systems, Inc. (a)	220,400	6,023,532
ConocoPhillips	32,900	2,367,155
Dell, Inc. (a)	92,900	2,330,861
Exxon Mobil Corp. (c)	105,100	8,053,813
First Data Corp. (c)	84,300	2,151,336
General Electric Co.	116,300	4,327,523
International Business Machines Corp.	80,700	7,840,005
Johnson & Johnson (c)	104,300	6,885,886
JPMorgan Chase & Co. (c)	148,896	7,191,677
Mellon Financial Corp.	60,400	2,545,860
Microsoft Corp. (c)	326,400	9,746,304
Oracle Corp. (a), (c)	399,700	6,850,858
The Home Depot, Inc.	165,500	6,646,480
United Technologies Corp.	68,900	4,307,628
Western Union Co. (c)	84,300	1,890,006
Total United States		<u>88,974,654</u>
Total Common Stocks (Identified cost \$162,607,042)		
		<u>203,775,206</u>

Description	Principal Amount (000)(e)	Value
Foreign Government		
Obligations—7.1%		
Costa Rica—2.1%		
Costa Rican Bono de Estabilizacion Monetaria:		
0.00%, 10/10/07	639,500	1,141,457
13.35%, 09/24/08	669,100	1,320,336
Costa Rican Titulos de Propiedad:		
0.00%, 04/11/07	626,200	1,166,457
0.00%, 10/10/07	660,000	1,178,047
Total Costa Rica		<u>4,806,297</u>

The accompanying notes are an integral part of these financial statements.

Portfolio of Investments (continued)

December 31, 2006

Description	Principal Amount (000) (e)	Value
Egypt—3.6%		
Egypt Treasury Bills:		
0.00%, 01/02/07	10,225	\$ 1,788,393
0.00%, 01/16/07	3,875	675,209
0.00%, 01/30/07	7,400	1,284,597
0.00%, 02/27/07	11,700	2,015,954
0.00%, 03/13/07	3,950	678,076
0.00%, 03/20/07	3,250	556,880
0.00%, 04/17/07	7,125	1,210,835
Total Egypt		<u>8,209,944</u>
Mexico—0.3%		
Mexican Bonos,		
9.00%, 12/20/12	6,050	602,882
Turkey—1.1%		
Turkish Government Bonds:		
0.00%, 08/13/08	2,400	1,239,732
15.00%, 02/10/10	2,033	1,377,818
Total Turkey		<u>2,617,550</u>
Total Foreign Government Obligations (Identified cost \$16,046,903)		
		<u>16,236,673</u>
Structured Notes—1.6%		
Brazil—1.4%		
Citibank Brazil Inflation-Linked Bond NTN-B:		
7.994%, 05/18/09 (f)	927	986,998
7.978%, 08/17/10 (f)	1,029	1,109,571
7.85%, 05/18/15 (f)	989	1,013,691
Total Brazil		<u>3,110,260</u>
Colombia—0.2%		
Citibank Colombia TES Credit Linked Unsecured Note,		
8.96%, 04/27/12 (f)	397	492,788
Total Structured Notes (Identified cost \$3,317,228)		<u>3,603,048</u>

Description	Shares	Value
Short-Term Investments—10.2%		
Collateral for Securities on Loan—9.1%		
State Street Navigator Securities Lending Prime Portfolio, 5.32% (g), (h)		
	20,750,690	\$ 20,750,690
Description	Principal Amount (000)	Value
Repurchase Agreement—1.1%		
State Street Bank and Trust Co., 4.30%, 01/02/07 (Dated 12/29/06, collateralized by \$1,965,000 United States Treasury Bond, 7.625%, 02/15/25, with a value of \$2,652,750) Proceeds of \$2,600,242 (c)		
	\$2,599	2,599,000
Total Short-Term Investments (Identified cost \$23,349,690)		<u>23,349,690</u>
Total Investments—108.2% (Identified cost \$205,320,863) (b) .		\$246,964,617
Liabilities in Excess of Cash and Other Assets—(8.2)% .		<u>(18,690,372)</u>
Net Assets—100.0%		<u>\$228,274,245</u>

The accompanying notes are an integral part of these financial statements.

Portfolio of Investments (continued)

December 31, 2006

Forward Currency Purchase Contracts open at December 31, 2006:

Forward Currency Purchase Contracts	Expiration Date	Foreign Currency	U.S. \$ Cost on Origination Date	U.S. \$ Current Value	Unrealized Appreciation	Unrealized Depreciation
ARS	01/03/07	2,926,323	\$ 945,500	\$ 954,170	\$ 8,670	\$ —
ARS	01/04/07	2,926,323	945,500	954,104	8,604	—
ARS	01/26/07	1,945,524	636,000	633,370	—	2,630
ARS	02/02/07	2,589,992	842,000	842,773	773	—
ARS	02/05/07	2,928,162	952,000	952,613	613	—
ARS	03/12/07	2,154,377	698,000	699,010	1,010	—
BRL	01/05/07	1,797,146	818,000	840,960	22,960	—
BRL	01/31/07	1,874,000	773,422	872,643	99,221	—
BRL	09/20/07	2,352,609	1,047,000	1,054,468	7,468	—
BRL	09/20/07	5,583,770	2,483,000	2,502,713	19,713	—
BRL	10/05/07	993,450	444,000	444,140	140	—
BWP	01/11/07	5,602,728	915,000	928,034	13,034	—
BWP	01/22/07	2,016,335	331,000	333,367	2,367	—
BWP	02/20/07	4,531,398	718,000	746,290	28,290	—
BWP	02/22/07	2,826,000	445,061	465,308	20,247	—
BWP	03/21/07	3,044,586	478,000	499,620	21,620	—
CLP	01/12/07	334,800,200	623,000	628,991	5,991	—
CLP	01/16/07	282,649,950	537,000	531,006	—	5,994
COP	01/22/07	246,537,500	110,000	109,865	—	135
COP	01/26/07	940,724,500	421,000	419,072	—	1,928
COP	01/29/07	1,034,628,000	452,000	460,784	8,784	—
COP	01/29/07	5,245,200,000	2,350,000	2,336,014	—	13,986
COP	02/05/07	624,248,500	271,000	277,869	6,869	—
GHC	01/16/07	2,268,266,000	242,000	245,529	3,529	—
GHC	01/24/07	5,039,700,000	535,000	545,130	10,130	—
GHC	02/28/07	9,296,280,000	980,000	1,000,735	20,735	—
GHC	03/13/07	5,062,500,000	540,000	544,085	4,085	—
GHC	05/24/07	6,539,400,000	692,000	695,602	3,602	—
GHC	06/18/07	2,103,450,000	222,000	222,923	923	—
IDR	01/12/07	6,020,820,000	664,000	669,464	5,464	—
IDR	01/16/07	26,473,230,000	2,842,000	2,943,596	101,596	—
IDR	01/29/07	4,756,685,000	523,000	528,903	5,903	—
IDR	03/20/07	5,480,160,000	588,000	609,347	21,347	—
IDR	03/20/07	5,460,000,000	600,000	607,105	7,105	—
ILS	02/20/07	9,966,009	2,318,000	2,365,128	47,128	—
INR	01/05/07	90,081,810	1,941,000	2,033,462	92,462	—
INR	01/08/07	26,545,860	594,000	598,911	4,911	—
INR	01/16/07	55,251,810	1,227,000	1,244,772	17,772	—
INR	01/22/07	46,114,750	1,025,000	1,037,808	12,808	—
INR	05/17/07	10,358,040	228,000	230,691	2,691	—
INR	05/18/07	10,358,040	228,000	230,673	2,673	—
ISK	01/11/07	41,909,400	597,000	587,584	—	9,416
ISK	01/29/07	44,716,020	634,000	623,573	—	10,427
ISK	02/06/07	36,011,000	521,408	501,120	—	20,288
KRW	01/29/07	527,366,700	567,000	567,403	403	—
KRW	01/29/07	480,853,500	519,000	517,359	—	1,641
KRW	02/12/07	1,179,905,000	1,286,000	1,269,856	—	16,144
KZT	01/16/07	67,904,200	533,000	535,718	2,718	—

The accompanying notes are an integral part of these financial statements.

Portfolio of Investments (continued)

December 31, 2006

Forward Currency Purchase Contracts open at December 31, 2006 (continued):

Forward Currency Purchase Contracts	Expiration Date	Foreign Currency	U.S. \$ Cost on Origination Date	U.S. \$ Current Value	Unrealized Appreciation	Unrealized Depreciation
KZT	02/02/07	88,663,440	\$ 696,000	\$ 699,698	\$ 3,698	\$ —
KZT	02/07/07	76,200,000	600,000	601,319	1,319	—
KZT	02/15/07	44,684,000	350,436	352,595	2,159	—
KZT	05/08/07	74,976,800	592,000	591,704	—	296
KZT	09/08/07	68,641,200	552,000	541,370	—	10,630
MXN	01/08/07	5,795,933	519,000	535,125	16,125	—
MXN	01/08/07	5,276,984	482,000	487,212	5,212	—
MXN	01/08/07	1,405,926	128,000	129,806	1,806	—
MXN	02/26/07	19,095,439	1,727,000	1,759,332	32,332	—
MXN	03/30/07	6,290,201	557,000	578,694	21,694	—
MYR	01/12/07	3,178,010	865,000	901,340	36,340	—
MYR	01/12/07	1,413,751	399,500	400,965	1,465	—
MYR	01/16/07	2,774,248	755,000	786,985	31,985	—
MYR	01/22/07	2,782,440	786,000	789,547	3,547	—
MYR	02/12/07	5,035,961	1,424,600	1,430,456	5,856	—
MYR	02/12/07	1,410,954	399,500	400,779	1,279	—
NGN	01/10/07	128,760,000	990,006	997,954	7,948	—
NGN	04/05/07	178,352,490	1,367,000	1,362,633	—	4,367
PEN	02/15/07	1,738,547	538,500	545,118	6,618	—
PEN	08/14/07	1,964,505	610,000	616,507	6,507	—
PHP	01/31/07	132,810,580	2,557,000	2,705,285	148,285	—
PHP	03/19/07	19,014,360	386,000	386,967	967	—
PHP	03/20/07	19,014,360	386,000	386,960	960	—
PHP	05/14/07	68,481,450	1,371,000	1,391,450	20,450	—
PHP	06/26/07	81,843,980	1,502,000	1,660,686	158,686	—
PLN	01/22/07	3,270,746	1,106,000	1,127,249	21,249	—
PLN	02/13/07	3,617,720	1,256,000	1,247,819	—	8,181
PLN	02/20/07	8,787,875	3,067,000	3,031,836	—	35,164
PLN	03/06/07	2,044,454	717,000	705,678	—	11,322
RON	01/11/07	2,476,000	960,435	965,048	4,613	—
RON	01/11/07	1,393,408	537,000	543,096	6,096	—
RON	01/29/07	8,424,889	3,276,000	3,279,454	3,454	—
RUB	02/01/07	4,929,750	175,000	187,191	12,191	—
RUB	02/26/07	42,336,000	1,470,000	1,608,384	138,384	—
RUB	02/26/07	7,284,020	251,000	276,727	25,727	—
RUB	02/26/07	6,131,270	227,000	232,933	5,933	—
RUB	05/24/07	106,389,050	3,826,945	4,045,844	218,899	—
RUB	11/07/07	46,639,980	1,739,000	1,774,842	35,842	—
RUB	09/19/08	21,264,250	725,000	803,028	78,028	—
SGD	01/10/07	1,374,359	872,000	896,207	24,207	—
SGD	01/12/07	1,111,258	723,000	724,714	1,714	—
SGD	01/16/07	1,207,456	776,000	787,608	11,608	—
SGD	01/24/07	1,145,597	738,000	747,560	9,560	—
SGD	01/29/07	1,562,126	1,015,000	1,019,622	4,622	—
SGD	02/05/07	1,056,750	687,000	690,009	3,009	—
SGD	02/12/07	1,242,330	811,000	811,488	488	—
SGD	03/22/07	1,232,433	802,000	806,599	4,599	—
SKK	01/22/07	32,771,841	1,237,000	1,254,432	17,432	—

The accompanying notes are an integral part of these financial statements.

Portfolio of Investments (concluded)

December 31, 2006

Forward Currency Purchase and Sale Contracts open at December 31, 2006 (concluded):

Forward Currency Purchase Contracts	Expiration Date	Foreign Currency	U.S. \$ Cost on Origination Date	U.S. \$ Current Value	Unrealized Appreciation	Unrealized Depreciation
SKK	03/21/07	29,847,373	\$ 1,129,000	\$ 1,143,913	\$ 14,913	\$ —
TRY	02/09/07	1,428,000	869,407	992,980	123,573	—
TRY	05/31/07	746,493	459,352	498,698	39,346	—
TRY	06/27/07	4,353,244	2,699,687	2,880,054	180,367	—
TZS	05/08/07	520,053,000	396,684	391,164	—	5,520
UAH	01/12/07	1,692,000	334,387	334,478	91	—
UAH	01/12/07	6,019,000	1,191,811	1,189,850	—	1,961
UAH	01/16/07	3,654,620	718,000	722,091	4,091	—
UAH	03/01/07	3,167,411	621,000	622,587	1,587	—
ZAR	01/29/07	4,138,555	590,000	585,057	—	4,943
Total Forward Currency Purchase Contracts			<u>\$95,426,141</u>	<u>\$97,412,388</u>	<u>\$2,151,220</u>	<u>\$164,973</u>

Forward Currency Sale Contracts	Expiration Date	Foreign Currency	U.S. \$ Cost on Origination Date	U.S. \$ Current Value	Unrealized Appreciation	Unrealized Depreciation
ARS	01/03/07	2,926,323	\$ 952,269	\$ 954,170	\$ —	\$ 1,901
ARS	01/04/07	2,926,323	952,269	954,104	—	1,835
BRL	01/05/07	1,797,146	840,377	840,960	—	583
ISK	01/11/07	41,909,400	586,474	587,584	—	1,110
ISK	02/06/07	36,011,000	507,269	501,120	6,149	—
RUB	05/24/07	23,963,580	892,000	911,305	—	19,305
TRY	02/09/07	1,428,000	994,637	992,980	1,657	—
TZS	05/08/07	520,053,000	392,197	391,164	1,033	—
Total Forward Currency Sale Contracts			<u>\$6,117,492</u>	<u>\$6,133,387</u>	<u>8,839</u>	<u>24,734</u>
Gross unrealized appreciation/depreciation on Forward Currency Contracts					<u>\$2,160,059</u>	<u>\$189,707</u>

The accompanying notes are an integral part of these financial statements.

Notes to Portfolio of Investments

December 31, 2006

- (a) Non-income producing security.
- (b) For federal income tax purposes, the aggregate cost was \$205,320,863, aggregate gross unrealized appreciation was \$42,838,372, aggregate gross unrealized depreciation was \$1,194,618, and the net unrealized appreciation was \$41,643,754.
- (c) Segregated security for forward currency contracts.
- (d) Security or portion thereof is out on loan.
- (e) Principal amount denominated in respective country's currency unless otherwise specified.
- (f) Pursuant to Rule 144A under the Securities Act of 1933, these securities may only be traded among "qualified institutional buyers." At December 31, 2006, these securities amounted to 1.6% of net assets and none are considered to be liquid. Principal amount denominated in U.S. dollar. Interest rate shown reflects current yield as of December 31, 2006.
- (g) Rate shown reflects 7 day yield as of December 31, 2006.
- (h) Represents security purchased with cash collateral received for securities on loan.

Security Abbreviations:

ADR — American Depositary Receipt
 NTN-B— Brazil Sovereign "Nota do Tesouro Nacional"
 TES — Titulos de Tesoreria

Currency Abbreviations:

ARS — Argentine Peso	MYR — Malaysian Ringgit
BRL — Brazilian Real	NGN — Nigerian Naira
BWP — Botswana Pula	PEN — Peruvian New Sol
CLP — Chilean Peso	PHP — Philippine Peso
COP — Colombian Peso	PLN — Polish Zloty
GHC — Ghanaian Cedi	RON — Romanian Leu
IDR — Indonesian Rupiah	RUB — Russian Ruble
ILS — Israeli Shekel	SGD — Singapore Dollar
INR — Indian Rupee	SKK — Slovenska Koruna
ISK — Iceland Krona	TRY — New Turkish Lira
KRW — South Korean Won	TZS — Tanzanian Shilling
KZT — Kazak Tenge	UAH — Ukranian Hryvnia
MXN — Mexican Peso	ZAR — South African Rand

Portfolio holdings by industry (as percentage of net assets):

Industry	
Alcohol & Tobacco	5.9%
Automotive	2.0
Banking	14.0
Commercial Services	1.8
Computer Software	7.3
Drugs	7.0
Energy Integrated	10.8
Financial Services	8.2
Food & Beverages	4.4
Insurance	4.0
Manufacturing	3.8
Medical Products	3.0
Retail	2.9
Semiconductors & Components	2.0
Technology	3.4
Technology Hardware	6.5
Telecommunications	2.3
Subtotal	89.3
Foreign Government Obligations	7.1
Structured Notes	1.6
Collateral for Securities on Loan	9.1
Repurchase Agreement	1.1
Total Investments	<u>108.2%</u>

The accompanying notes are an integral part of these financial statements.

Statement of Assets and Liabilities

December 31, 2006

ASSETS

Investments in securities, at value (cost \$205,320,863 and includes \$20,750,690 in collateral for securities on loan, at value)	\$246,964,617
Cash	69
Foreign currency, at value (cost \$48,429)	48,912
Receivables for:	
Dividends and interest	415,911
Income from securities loaned	3,120
Gross appreciation on forward currency contracts	<u>2,160,059</u>
Total assets	<u>249,592,688</u>

LIABILITIES

Payables for:	
Management fees	230,984
Accrued directors' fees	3,509
Amounts due upon return of securities on loan	20,750,690
Gross depreciation on forward currency contracts	189,707
Other accrued expenses and payables	<u>143,553</u>
Total liabilities	<u>21,318,443</u>
Net assets	<u>\$228,274,245</u>

NET ASSETS

Paid in capital	\$183,076,027
Distributions in excess of net investment income	(713,170)
Accumulated undistributed net realized gain	2,295,161
Net unrealized appreciation on:	
Investments	41,643,754
Foreign currency and forward currency contracts	<u>1,972,473</u>
Net assets	<u>\$228,274,245</u>

Shares of common stock outstanding*	9,605,237
Net assets per share of common stock	\$ 23.77
Market value per share	\$ 22.58

* \$0.001 par value, 500,000,000 shares authorized for the Fund.

The accompanying notes are an integral part of these financial statements.

Statement of Operations

For the year ended December 31, 2006

INVESTMENT INCOME

Income:

Dividends (net of foreign withholding taxes of \$267,253)	\$ 5,513,818
Interest	1,562,468
Income from securities loaned	80,220
Total investment income	<u>7,156,506</u>

Expenses:

Management fees	2,593,080
Professional services	98,509
Custodian fees	97,787
Administration fees	97,419
Shareholders' reports	75,889
Shareholders' services	43,085
Shareholders' meeting	30,108
Directors' fees and expenses	19,951
Other	74,088
Total gross expenses before interest expense	<u>3,129,916</u>
Interest expense	167,350
Total gross expenses	<u>3,297,266</u>
Expense reductions	(3,520)
Net expenses	<u>3,293,746</u>
Net investment income	<u>3,862,760</u>

NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS AND FOREIGN CURRENCY

Net realized gain on:	
Investments (net of foreign capital gains taxes of \$92,915)	13,763,897
Foreign currency and forward currency contracts	4,715,396
Net change in unrealized appreciation on:	
Investments	23,500,472
Foreign currency and forward currency contracts	2,233,657
Net realized and unrealized gain on investments and foreign currency	<u>44,213,422</u>
Net increase in net assets resulting from operations	<u>\$48,076,182</u>

Statements of Changes in Net Assets

	Year Ended December 31, 2006	Year Ended December 31, 2005
INCREASE (DECREASE) IN NET ASSETS		
Operations:		
Net investment income	\$ 3,862,760	\$ 2,258,643
Net realized gain on investments and foreign currency	18,479,293	7,730,842
Net change in unrealized appreciation (depreciation) on investments and foreign currency	25,734,129	(3,892,779)
Net increase in net assets resulting from operations	<u>48,076,182</u>	<u>6,096,706</u>
Distributions to Stockholders:		
From net investment income	(10,717,512)	(12,010,388)
From net realized gains	<u>(11,751,766)</u>	<u>—</u>
Net decrease in net assets resulting from distributions	<u>(22,469,278)</u>	<u>(12,010,388)</u>
Total increase (decrease) in net assets	25,606,904	(5,913,682)
Net assets at beginning of year	<u>202,667,341</u>	<u>208,581,023</u>
Net assets at end of year*	<u>\$228,274,245</u>	<u>\$202,667,341</u>
*Includes undistributed (distributions in excess of) net investment income of	<u>\$ (713,170)</u>	<u>\$ 137,092</u>
Transactions in Capital Shares:		
Common shares outstanding at beginning of year	<u>9,605,237</u>	<u>9,605,237</u>
Common shares outstanding at end of year	<u>9,605,237</u>	<u>9,605,237</u>

The accompanying notes are an integral part of these financial statements.

Financial Highlights

Selected data for a share of common stock outstanding throughout each period:

	Year Ended		For the Period
	12/31/06	12/31/05	4/28/04* to 12/31/04
Net asset value, beginning of period	\$ 21.10	\$ 21.72	\$ 19.06 (a)
Income from investment operations:			
Net investment income	0.40	0.23	0.18
Net realized and unrealized gain	4.61	0.40	3.11
Total from investment operations	5.01	0.63	3.29
Less distributions from:			
Net investment income	(1.12)	(1.25)	(0.63)
Net realized gains	(1.22)	—	—
Total distributions	(2.34)	(1.25)	(0.63)
Net asset value, end of period	\$ 23.77	\$ 21.10	\$ 21.72
Market value, end of period	\$ 22.58	\$ 18.56	\$ 19.37
Total Return based upon:			
Net asset value (b)	24.46%	3.18%	17.67%
Market value (b)	35.64%	2.38%	0.26%
Ratios and Supplemental Data:			
Net assets, end of period (in thousands)	\$228,274	\$202,667	\$208,581
Ratios to average net assets:			
Net expenses (c)	1.50%	1.63%	1.57%
Gross expenses (c)	1.51%	1.63%	1.57%
Gross expenses excluding interest expense (c)	1.43%	1.51%	1.49%
Net investment income (c)	1.76%	1.12%	1.40%
Portfolio turnover rate	38%	18%	7%

* Commencement of operations.

(a) Net of initial sales load, underwriting and offering costs of \$0.94 per share.

(b) Total return based on per share market price assumes the purchase of common shares at the market price on the first day and sales of common shares at the market price on the last day of the period indicated; dividends and distributions are assumed to be reinvested in accordance with the Fund's Dividend Reinvestment Plan. The total return based on net asset value, or NAV, assumes the purchase of common shares at NAV on the first day and sales of common shares at NAV on the last day of the period indicated; distributions are assumed to be reinvested at NAV. Past performance is not indicative, nor a guarantee, of future results; the investment return, market price and net asset value of the Fund will fluctuate, so that an investor's shares in the Fund, when sold, may be worth more or less than their original cost. The returns do not reflect the deduction of taxes that a stockholder would pay on the Fund's distributions or on the sale of Fund shares. Period of less than one year is not annualized.

(c) Annualized for period of less than one year.

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

December 31, 2006

1. Organization

Lazard Global Total Return & Income Fund, Inc. (the "Fund") was incorporated in Maryland on January 27, 2004 and is registered under the Investment Company Act of 1940, as amended (the "Act"), as a diversified, closed-end management investment company. The Fund trades on the New York Stock Exchange ("NYSE") under the ticker symbol LGI and commenced operations on April 28, 2004. The Fund's investment objective is total return, consisting of capital appreciation and income.

2. Significant Accounting Policies

The following is a summary of significant accounting policies:

(a) *Valuation of Investments*—Market values for securities are generally based on the last reported sales price on the principal exchange or market on which the security is traded, generally as of the close of regular trading on the NYSE (normally 4:00 p.m. Eastern time) on each valuation date. Any securities not listed, for which current over-the-counter market quotations or bids are readily available, are valued at the last quoted bid price or, if available, the mean of two such prices. Forward currency contracts are valued at the current cost of offsetting the contract. Securities listed on foreign exchanges are valued at the last reported sales price except as described below; securities listed on foreign exchanges that are not traded on the valuation date are valued at the last quoted bid price.

Bonds and other fixed-income securities that are not exchange-traded are valued on the basis of prices provided by pricing services which are based primarily on institutional trading in similar groups of securities, or by using brokers' quotations.

If a significant event affecting the value of securities occurs between the close of the exchange or market on which the security is principally traded and the time when the Fund's net asset value is calculated, or when current market quotations otherwise are determined not to be readily available or reliable, such securities will be valued at their fair values as determined in good faith by or under the supervision of the Board of Directors. Fair valuing of foreign securities may be determined with the assistance of a pricing service, using correlations between the movement of prices of such securities and indices of domestic securities and other appropriate indicators, such as closing market prices of relevant ADRs or futures contracts. The Valuation Committee of the Investment Manager may evaluate a variety of factors to determine the fair value of securities for which current market quotations are deter-

mined not to be readily available or reliable. These factors include, but are not limited to, the type of security, the value of comparable securities, observations from financial institutions and relevant news events. Input from the Investment Manager's analysts will also be considered. The effect of using fair value pricing is that the net asset value of the Fund will reflect the affected securities' values as determined in the judgment of the Board of Directors, or its designee, instead of being determined by the market. Using a fair value pricing methodology to price securities may result in a value that is different from the most recent closing price of a security and from the prices used by other investment companies to calculate their portfolios' net asset values.

(b) *Portfolio Securities Transactions and Investment Income*—Portfolio securities transactions are accounted for on trade date. Realized gain (loss) on sales of investments are recorded on a specific identification basis. Dividend income is recorded on the ex-dividend date and interest income is accrued daily. The Fund amortizes premiums and accretes discounts on fixed-income securities using the effective yield method.

(c) *Repurchase Agreements*—In connection with transactions in repurchase agreements, the Fund's custodian takes possession of the underlying collateral securities, the fair value of which at all times is required to be at least equal to the principal amount, plus accrued interest, of the repurchase transaction. If the seller defaults, and the fair value of the collateral declines, realization of the collateral by the Fund may be delayed or limited.

(d) *Securities Lending*—The Fund may lend portfolio securities to qualified borrowers in order to earn additional income. The terms of the lending agreements require that loans are secured at all times by cash, U.S. Government securities or irrevocable letters of credit in an amount at least equal to 102% of the market value of domestic securities loaned (105% in the case of foreign securities), plus accrued interest and dividends, determined on a daily basis. Cash collateral received is invested in State Street Navigator Securities Lending Prime Portfolio, a regulated investment company offered by State Street Bank and Trust Company ("State Street"). If the borrower defaults on its obligation to return the securities loaned because of insolvency or other reasons, the Fund could experience delays and costs in recovering the securities loaned or in gaining access to the collateral.

At December 31, 2006, the value of the securities on loan was \$20,278,657 and corresponding cash collateral received was \$20,750,690.

Notes to Financial Statements (continued)

December 31, 2006

In accordance with accounting principles generally accepted in the United States, cash received as collateral for securities lending transactions which is invested in income producing securities is included in the Portfolio of Investments. The related amount payable upon the return of the securities on loan, where cash is received as collateral, is shown on the Statement of Assets and Liabilities.

(e) *Leveraging*—The Fund intends to use leverage to invest Fund assets in currency investments, primarily using forward currency contracts and by borrowing under a credit facility with State Street, up to a maximum of 33 $\frac{1}{3}$ % of the Fund's total leveraged assets. If the assets of the Fund decline due to market conditions such that this 33 $\frac{1}{3}$ % threshold will be exceeded, leverage risk will increase.

If the Fund is able to realize a higher return on the leveraged portion of its investment portfolio than the cost of such leverage together with other related expenses, the effect of the leverage will be to cause the Fund to realize a higher net return than if the Fund were not so leveraged. There is no assurance that any leveraging strategy the Fund employs will be successful.

Using leverage is a speculative investment technique and involves certain risks. These include higher volatility of net asset value, the likelihood of more volatility in the market value of Common Stock and, with respect to borrowings, the possibility either that the Fund's return will fall if the interest rate on any borrowings rises, or that income will fluctuate because the interest rate of borrowings varies.

If the market value of the Fund's portfolio declines, the leverage will result in a greater decrease in net asset value than if the Fund were not leveraged. A greater net asset value decrease also will tend to cause a greater decline in the market price of the Fund's Common Stock. To the extent that the Fund is required or elects to prepay any borrowings, the Fund may need to liquidate investments to fund such prepayments. Liquidation at times of adverse economic conditions may result in capital losses and may reduce returns.

(f) *Foreign Currency Translation and Forward Currency Contracts*—The accounting records of the Fund are maintained in U.S. dollars. Portfolio securities and other assets and liabilities denominated in a foreign currency are translated daily into U.S. dollars at the prevailing rates of exchange. Purchases and sales of securities, income receipts and expense payments are translated into U.S. dollars at the prevailing exchange rates on the respective transaction dates.

The Fund does not isolate the portion of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in their market prices. Such fluctuations are included in net realized and unrealized gain (loss) on investments. Net realized gain (loss) on foreign currency transactions represents net foreign currency gain (loss) from forward currency contracts, disposition of foreign currencies, currency gain (loss) realized between the trade and settlement dates on securities transactions, and the difference between the amount of dividends, interest and foreign withholding taxes recorded on the Fund's accounting records and the U.S. dollar equivalent amounts actually received or paid. Net unrealized foreign currency gain (loss) arises from changes in the value of assets and liabilities, other than investments in securities, as a result of changes in exchange rates.

A forward currency contract is an agreement between two parties to buy or sell currency at a set price on a future date. Upon entering into these contracts, risks may arise from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in the value of the foreign currency relative to the U.S. dollar.

The U.S. dollar value of forward currency contracts is determined using forward exchange rates provided by quotation services. Daily fluctuations in the value of such contracts are recorded as unrealized gain (loss). When the contract is closed, the Fund records a realized gain (loss) equal to the difference between the value at the time it was opened and the value at the time it was closed. Such gain (loss) is disclosed in the realized and unrealized gain (loss) on foreign currency in the Fund's accompanying Statement of Operations.

(g) *Structured Investments*—The Fund may invest in structured investments, whose values are linked either directly or inversely to changes in foreign currencies, interest rates, commodities, indices, or other underlying instruments. The Fund may use these investments to increase or decrease its exposure to different underlying instruments, to gain exposure to markets that might be difficult to invest in through conventional securities or for other purposes. Structured investments may be more volatile than their underlying instruments, but any loss is limited to the amount of the original investment.

(h) *Federal Income Taxes*—The Fund's policy is to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code and to distribute all of its taxable income, including any net realized capital gains, to stockholders. Therefore, no federal income tax provision is required.

Notes to Financial Statements (continued)

December 31, 2006

At December 31, 2006, the Fund had no unused capital loss carryforwards.

Under current tax law, certain capital and net foreign currency losses realized after October 31 within the taxable year may be deferred and treated as occurring on the first day of the following tax year. For the tax year ended December 31, 2006, the Fund had no net capital and currency losses arising between November 1, 2006 and December 31, 2006.

(i) *Dividends and Distributions*—The Fund intends to declare and to pay dividends monthly from net investment income. Distributions to stockholders are recorded on the ex-dividend date. During any particular year, net realized gains from investment transactions in excess of available capital loss carryforwards would be taxable to the Fund if not distributed. The Fund intends to declare and distribute these amounts, at least annually, to stockholders; however, to avoid taxation, a second distribution may be required.

Income dividends and capital gains distributions are determined in accordance with federal income tax regulations which may differ from accounting principles generally accepted in the United States. These book/tax differences, which may result in distribution reclassifications, are primarily due to differing treatments of foreign currency transactions. Book/tax differences relating to stockholder distributions may result in reclassifications among certain capital accounts.

The Fund has implemented a Level Distribution Policy to seek to maintain a stable monthly distribution, subject to approval and oversight of the Fund’s Board of Directors. Under the Fund’s Level Distribution Policy, the Fund intends to make regular monthly distributions at a fixed rate per share. If for any monthly distribution, net investment income and net realized short-term capital gain were less than the amount of the distribution, the difference would generally be distributed from the Fund’s assets. In addition, in order to make such distributions, the Fund might have to sell a portion of its investment portfolio at a time when independent investment judgment might not dictate such actions.

The tax character of dividends and distributions paid during the years ended December 31 was as follows:

Ordinary Income		Long-Term Capital Gain	
2006	2005	2006	2005
\$10,717,512	\$10,926,802	\$11,751,766	\$ 1,083,586

At December 31, 2006, the components of distributable earnings on a tax basis were \$2,295,161 of undistributed long-term capital gain and \$42,903,057 of net unrealized appreciation.

(j) *Expense Reductions*—When the Fund leaves excess cash in a demand deposit account, it may receive credits which are available to offset custody expenses. The Statement of Operations reports gross custody expenses, and reports the amount of such credits separately as an expense reduction.

(k) *Estimates*—The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Fund to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

3. Investment Management Agreement

The Fund has entered into an investment management agreement (the “Management Agreement”) with the Investment Manager. Pursuant to the Management Agreement, the Investment Manager regularly provides the Fund with investment research, advice and supervision and furnishes continuously an investment program for the Fund consistent with its investment objective and policies, including the purchase, retention and disposition of securities.

The Fund has agreed to pay the Investment Manager an annual investment management fee of 0.85% of the Fund’s average daily “Total Leveraged Assets” (the Fund’s total assets including Financial Leverage (defined below)) for the services and facilities provided by the Investment Manager, payable on a monthly basis. The fee paid to the Investment Manager will be higher when the Investment Manager uses Currency Commitments and Borrowings (“Financial Leverage”) to make Currency Investments, rather than by reducing the percentage of “Net Assets” (the Fund’s assets without taking into account Financial Leverage) invested in Global Equity Investments for the purposes of making Currency Investments. “Global Equity Investments” refers to investments in the Fund’s global equity strategy consisting of equity securities of companies with market capitalizations of \$5 billion or greater domiciled in those countries that comprise the Morgan Stanley Capital International (MSCI®) World® Index. “Currency Investments” refers to investments in the Fund’s emerging income strategy, consisting of emerging market currencies (primarily by entering into forward currency contracts), or instruments whose

Notes to Financial Statements (continued)

December 31, 2006

value is derived from the performance of an underlying emerging market currency, but also may invest in debt obligations, including government, government agency and corporate obligations and structured notes denominated in emerging market currencies. "Currency Commitments" are the aggregate financial exposures created by forward currency contracts in excess of that represented in the Fund's Net Assets, and "Borrowings" refers to the borrowings under the Fund's credit facility. Assuming Financial Leverage in the amount of 33 1/3% of the Fund's Total Leveraged Assets, the annual fee payable to the Investment Manager would be 1.28% of Net Assets (i.e., not including amounts attributable to Financial Leverage).

The following is an example of this calculation of the Investment Manager's fee, using very simple illustrations. If the Fund had assets of \$1,000, it could invest \$1,000 in Global Equity Investments and enter into \$500 in forward currency contracts (because the Fund would not have to pay money at the time it enters into the currency contracts). Similarly, the Fund could invest \$1,000 in Global Equity Investments, borrow \$500 and invest the \$500 in foreign currency denominated bonds. In either case, the Investment Manager's fee would be calculated based on \$1,500 of assets, because the fee is calculated based on Total Leveraged Assets (Net Assets plus Financial Leverage). In our example, the Financial Leverage is in the form of either the forward currency contracts (Currency Commitments) or investments from Borrowings. The amount of the Financial Leverage outstanding, and therefore the amount of Total Leveraged Assets on which the Investment Manager's fee is based, fluctuates daily based on changes in value of the Fund's portfolio holdings, including changes in value of the currency involved in the forward currency contracts and foreign currency denominated bonds acquired with the proceeds of Borrowings. However, the Investment Manager's fee will be the same regardless of whether Currency Investments are made with Currency Commitments or with Borrowings (without taking into account the cost of Borrowings).

This method of calculating the Investment Manager's fee is different than the way closed-end investment companies typically calculate management fees. Traditionally, closed-end investment companies calculate management fees based on Net Assets plus Borrowings (excluding Financial Leverage obtained through Currency Commitments). The Investment Manager's fee is different because the Fund's leverage strategy is different than the leverage strategy employed by many other closed-end investment companies. Although the Fund may employ Borrowings in making Currency Investments, the Fund's leverage strategy

relies primarily on Currency Commitments, rather than relying exclusively on borrowing money or/and issuing preferred stock, as is the strategy employed by most closed-end investment companies. The Investment Manager's fee would be lower if its fee were calculated only on Net Assets plus Borrowings, because the Investment Manager would not earn fees on Currency Investments made with Currency Commitments (forward currency contracts). Using the example above, where the Fund has assets of \$1,000 and invests \$1,000 in Global Equity Investments and \$500 in forward currency contracts, the following table illustrates how the Investment Manager's fee would be different if it did not earn management fees on these types of Currency Investments. A discussion of the most recent review and approval by the Fund's Board of Directors of the Management Agreement (including the method of calculating the Investment Manager's fee) is included under "Other Information—Board Consideration of Management Agreement."

	Fund's management fee based on Total Leveraged Assets (includes Currency Commitments)	Typical management fee formula, calculated excluding Currency Commitments
Beginning assets of \$1,000		
Global Equity Investments (Net Assets)	\$1,000	\$1,000
Currency Commitments	\$ 500	\$ 500
Assets used to calculate management fee	\$1,500	\$1,000
Management fee (0.85%)	\$12.75	\$ 8.50

Investment Manager Fee Conflict Risk—The fee paid to the Investment Manager for investment management services will be higher when the Fund uses Financial Leverage, whether through forward currency contracts or Borrowings, because the fee paid will be calculated on the basis of the Fund's assets including this Financial Leverage. Consequently, the Investment Manager may have a financial interest for the Fund to utilize such Financial Leverage, which may create a conflict of interest between the Investment Manager and the stockholders of the Fund.

The Fund has implemented procedures to monitor this potential conflict.

4. Administrative Agreement

The Fund has entered into an administrative agreement with State Street to provide certain administrative services. The Fund bears the cost of such services at a fixed annual rate of \$42,500, plus 0.02% of average daily net assets up to \$1 billion and 0.01% of average daily net assets over \$1 billion.

Notes to Financial Statements (concluded)

December 31, 2006

5. Directors' Compensation

Certain Directors of the Fund are officers of the Investment Manager. In 2006, the Fund paid each Director who is not an employee or an affiliated person of the Investment Manager its allocated portion of a fixed fee of \$50,000 per year, plus \$2,500 per meeting attended (\$1,000 per meeting attended by telephone) for the Fund, The Lazard Funds, Inc., Lazard Retirement Series, Inc. and Lazard World Dividend & Income Fund, Inc. (collectively, the "Lazard Funds"), each a registered management investment company advised by the Investment Manager, and reimbursed such Directors for travel and other out of pocket expenses. In addition, the Chairman of the Audit Committees for the Lazard Funds also received an annual fee of \$5,000.

6. Securities Transactions and Transactions with Affiliates

Purchases and sales of portfolio securities (excluding short-term securities) for the year ended December 31, 2006 were \$82,193,500 and \$104,196,645, respectively.

For the year ended December 31, 2006, no brokerage commissions were paid to affiliates of the Investment Manager or other affiliates of the Fund for portfolio transactions executed on behalf of the Fund.

7. Line of Credit

The Fund has a \$40 million Line of Credit Agreement (the "Agreement") with State Street primarily to borrow to invest Fund assets in Currency Investments. The Fund may borrow the lesser of \$40 million or 33½% of its Total Leveraged Assets. Interest on borrowings is payable at the Federal Funds rate plus 0.50%, on an annualized basis. Under the Agreement, the Fund has agreed to pay a 0.10% per annum fee on the unused portion of the commitment, payable quarterly in arrears. During the year ended December 31, 2006, the Fund had borrowings under the Agreement as follows:

<u>Average Daily Loan Balance</u>	<u>Maximum Daily Loan Outstanding</u>	<u>Weighted Average Interest Rate</u>
\$5,466,250	\$17,250,000	5.18%

8. Foreign Securities Investment Risks

The Fund invests in securities of foreign entities and instruments denominated in foreign currencies which

involve risks not typically involved in domestic investments. Foreign investments carry special risks, such as exposure to currency fluctuations, less developed or less efficient trading markets, political instability, a lack of company information, differing auditing and legal standards and, potentially, less liquidity. The Fund's investments in emerging markets are exposed to additional volatility. The Fund's performance will be influenced by political, social and economic factors affecting emerging markets. Emerging market countries generally have economic structures that are less diverse and mature, and political systems that are less stable, than those of developed countries.

9. Recent Accounting Pronouncements

On July 13, 2006, the Financial Accounting Standards Board ("FASB") released FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. Adoption of FIN 48 is required beginning with the last net asset value per share calculation in the first required financial statement reporting period for fiscal years beginning after December 15, 2006 and is to be applied to all open tax years as of the effective date. Management is currently assessing the impact that FIN 48 will have on its financial statements.

On September 20, 2006, the FASB released Statement of Financial Accounting Standards No. 157 "Fair Value Measurements" ("FAS 157"). FAS 157 establishes an authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair-value measurements. The application of FAS 157 is required for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. Management is evaluating the application of FAS 157 to the Fund, and believes the impact resulting from the adoption of FAS 157 will be limited to expanded disclosures in the Fund's financial statements.

Lazard Global Total Return & Income Fund, Inc.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Lazard Global Total Return & Income Fund, Inc.

We have audited the accompanying statement of assets and liabilities of Lazard Global Total Return & Income Fund, Inc. (the "Fund"), including the schedule of investments, as of December 31, 2006, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended and the financial highlights for each of the periods presented. The financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on the financial statements and financial highlights based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2006 by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Lazard Global Total Return & Income Fund, Inc. as of December 31, 2006, and the respective results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for the periods presented, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP
New York, New York
February 28, 2007

Proxy Voting Results

(unaudited)

The Annual Meeting of Stockholders was held on April 26, 2006, to vote on the following proposal. The proposal received the required number of votes of stockholders and was adopted.

Election of the following Directors:

- two Class I Directors (Robert M. Solmson and Charles Carroll), each to serve for a three-year term expiring at the 2009 Annual Meeting and until his successor is duly elected and qualified;
- one Class III Director (Ashish Bhutani), to serve for a two-year term expiring at the 2008 Annual Meeting and until his successor is duly elected and qualified.

<u>Director</u>	<u>For</u>	<u>Withhold Authority</u>
Robert M. Solmson	6,974,224	207,017
Charles Carroll	7,095,333	85,908
Ashish Bhutani	6,977,124	204,117

Dividend Reinvestment Plan (unaudited)

Unless you elect to receive distributions in cash (i.e., opt-out), all dividends, including any capital gain distributions, on your Common Stock will be automatically reinvested by Computershare Shareholder Services, Inc., as dividend disbursing agent (the "Plan Agent"), in additional Common Stock under the Fund's Dividend Reinvestment Plan (the "Plan"). You may elect not to participate in the Plan by contacting the Plan Agent. If you do not participate, you will receive all distributions in cash, paid by check mailed directly to you by the Plan Agent.

Under the Plan, the number of shares of Common Stock you will receive will be determined on the dividend or distribution payment date, as follows:

- (1) If the Common Stock is trading at or above net asset value at the time of valuation, the Fund will issue new shares at a price equal to the greater of (i) net asset value per Common Share on that date or (ii) 95% of the Common Stock's market price on that date.
- (2) If the Common Stock is trading below net asset value at the time of valuation, the Plan Agent will receive the dividend or distribution in cash and will purchase Common Stock in the open market, on the NYSE or elsewhere, for the participants' accounts. It is possible that the market price for the Common Stock may increase before the Plan Agent has completed its purchases. Therefore, the average purchase price per share paid by the Plan Agent may exceed the market price at the time of valuation, resulting in the purchase of fewer shares than if the dividend or distribution had been paid in Common Stock issued by the Fund. The Plan Agent will use all dividends and distributions received in cash to purchase Common Stock in the open market within 30 days of the valuation date. Interest will not be paid on any uninvested cash payments.

You may withdraw from the Plan at any time by giving written notice to the Plan Agent. If you withdraw or the Plan is

terminated, you will receive whole shares in your account under the Plan and you will receive a cash payment for any fraction of a share in your account. If you wish, the Plan Agent will sell your shares and send you the proceeds, minus an initial \$15 service fee plus \$0.12 per share being liquidated (for processing and brokerage expenses).

The Plan Agent maintains all stockholders' accounts in the Plan and gives written confirmation of all transactions in the accounts, including information you may need for tax records. Shares of Common Stock in your account will be held by the Plan Agent in non-certificated form. Any proxy you receive will include all Common Stock you have received under the Plan.

There is no brokerage charge for reinvestment of your dividends or distributions in newly-issued shares of Common Stock. However, all participants will pay a pro rata share of brokerage commissions incurred by the Plan Agent when it makes open market purchases.

Automatically reinvesting dividends and distributions does not mean that you do not have to pay income taxes due upon receiving dividends and distributions.

If you hold your Common Stock with a brokerage firm that does not participate in the Plan, you will not be able to participate in the Plan and any dividend reinvestment may be effected on different terms than those described above. Consult your financial advisor for more information.

The Fund reserves the right to amend or terminate the Plan if, in the judgment of the Board of Directors, the change is warranted. There is no direct service charge to participants in the Plan (other than the service charge when you direct the Plan Agent to sell your Common Stock held in a dividend reinvestment account); however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants. Additional information about the Plan may be obtained from the Plan Agent at P.O. Box 43010, Providence, Rhode Island 02940-3010.

Board of Directors and Officers Information

(unaudited)

Name (Age) Address ⁽¹⁾	Position(s) and Term with the Fund ⁽²⁾	Principal Occupation(s) During Past 5 Years and Other Directorships Held
Board of Directors:		
<u>Class I — Directors with Term Expiring in 2009</u>		
Independent Directors:		
Leon M. Pollack (66)	Director since August 2006	Former Managing Director, Donaldson, Lufkin & Jenrette.
Robert M. Solmson (59)	Director since September 2004	Director, Colonial Williamsburg Co.; Former Chief Executive Officer and Chairman, RFS Hotel Investors, Inc.; Former Director, Morgan Keegan, Inc.; Former Director, Independent Bank, Memphis.
Interested Director⁽³⁾:		
Charles Carroll (46)	Chief Executive Officer, President and Director since June 2004	Deputy Chairman and Head of Global Marketing of the Investment Manager.
<u>Class II — Directors with Term Expiring in 2007</u>		
Independent Directors:		
Kenneth S. Davidson (61)	Director since February 2004	President, Davidson Capital Management Corporation; President, Aquiline Advisors LLC; Trustee, The Juilliard School; Chairman of the Board, Bridgehampton Chamber Music Festival; Trustee, American Friends of the National Gallery/London.
Nancy A. Eckl (44)	Director since February 2007	Former Vice President, Trust Investments, American Beacon Advisors, Inc. ("American Beacon") and Vice President of certain funds advised by American Beacon.
Lester Z. Lieberman (76)	Director since February 2004	Private Investor; Chairman, Healthcare Foundation of New Jersey; Director, Cives Steel Co.; Director, Northside Power Transmission Co.; Advisory Trustee, New Jersey Medical School; Director, Public Health Research Institute; Trustee Emeritus, Clarkson University; Council of Trustees, New Jersey Performing Arts Center.
<u>Class III — Directors with Term Expiring in 2008</u>		
Independent Director:		
Richard Reiss, Jr. (62)	Director since February 2004	Chairman, Georgica Advisors LLC, an investment manager; Director, O'Charley's, Inc., a restaurant chain.
Interested Director⁽³⁾:		
Ashish Bhutani (46)	Director since July 2005	Chief Executive Officer of the Investment Manager; from 2001 to December 2002, Co-Chief Executive Officer North America of Dresdner Kleinwort Wasserstein and member of its Global Corporate and Markets Board and the Global Executive Committee.

⁽¹⁾ The address of each Director is Lazard Asset Management LLC, 30 Rockefeller Plaza, New York, New York 10112-6300.

⁽²⁾ Each Director also serves as a Director for each of the Lazard Funds (comprised of 17 investment portfolios). All of the Independent Directors, except Mr. Lieberman, are also board members of Lazard Alternative Strategies Fund, LLC, a privately-offered fund registered under the Act that is advised by an affiliate of the Investment Manager.

⁽³⁾ Messrs. Bhutani and Carroll are "interested persons" (as defined in the Act) of the Fund because of their positions with the Investment Manager.

The Fund's Statement of Additional Information contains further information about the Directors and is available without charge by calling 800-828-5548.

Lazard Global Total Return & Income Fund, Inc.

Board of Directors and Officers Information (concluded)
(unaudited)

Name (Age) Address ⁽¹⁾	Position(s) and Term with the Fund ⁽²⁾	Principal Occupation(s) During Past 5 Years
Officers:		
Nathan A. Paul (34)	Vice President and Secretary	Managing Director and General Counsel of the Investment Manager.
Stephen St. Clair (48)	Treasurer	Vice President of the Investment Manager.
Brian Kawakami (57)	Chief Compliance Officer	Senior Vice President and Chief Compliance Officer of the Investment Manager; Chief Compliance Officer at INVESCO, from July 2002 to April 2006; Chief Compliance Officer at Aeltus Investment Management, from 1993 to July 2002.
Brian D. Simon (44)	Assistant Secretary	Director of the Investment Manager; Vice President, Law & Regulations at J. & W. Seligman & Co., from July 1999 to October 2002.
David A. Kurzweil (32)	Assistant Secretary	Vice President of the Investment Manager; Associate at Kirkpatrick & Lockhart LLP, a law firm, from August 1999 to January 2003.
Cesar A. Trelles (32)	Assistant Treasurer	Fund Administration Manager of the Investment Manager; Manager for Mutual Fund Finance Group at UBS Global Asset Management, from August 1998 to August 2004.

⁽¹⁾ The address of each officer is Lazard Asset Management LLC, 30 Rockefeller Plaza, New York, New York 10112-6300.

⁽²⁾ Each officer became an officer in February 2004, except Messrs. Kawakami and Trelles, who became officers in August 2006 and December 2004, respectively. Each officer serves for an indefinite term, until his successor is elected and qualified, and serves in the same capacity for the other Lazard Funds.

Other Information

(unaudited)

Tax Information

Year Ended December 31, 2006

The following tax information represents year end disclosures of the tax benefits passed through to stockholders for 2006:

Of the dividends paid by the Fund, 39.27% of each dividend will be subject to a maximum tax rate of 15%, as provided by the Jobs and Growth Tax Relief Reconciliation Act of 2003. The same information will be reported in conjunction with your 2006 1099-DIV.

Of the dividends paid by the Fund, 21.26% of the dividends qualify for the dividends received deduction available to corporate shareholders.

Pursuant to Section 871 of the Internal Revenue Code, \$0 has been designated as qualified short-term gains for purposes of exempting withholding of tax on such distributions to U.S. nonresident shareholders.

Certifications

The Fund's chief executive officer has certified to the NYSE, pursuant to the requirements of Section 303A.12(a) of the NYSE Listed Company Manual, that as of May 25, 2006 he was not aware of any violation by the Fund of applicable NYSE corporate governance listing standards. The Fund's reports to the Securities and Exchange Commission (the "SEC") on Forms N-CSR and N-Q contain certifications by the Fund's chief executive officer and chief financial officer as required by Rule 30a-2(a) under the Act, including certifications regarding the quality of the Fund's disclosures in such reports and certifications regarding the Fund's disclosure controls and procedures and internal control over financial reporting.

Proxy Voting

A description of the policies and procedures used to determine how proxies relating to Fund portfolio securities are voted is available (1) without charge, upon request, by calling (800) 823-6300 or (2) on the SEC's website at <http://www.sec.gov>.

The Fund's proxy voting record for the most recent 12-month period ended June 30 is available (1) without charge, upon request, by calling (800) 823-6300 or (2) on the SEC's website at <http://www.sec.gov>. Information as of June 30 each year will generally be available by the following August 31.

Form N-Q

The Fund files a complete schedule of its portfolio holdings for the first and third quarters of its fiscal year with the SEC on Form N-Q. The Fund's Form N-Q is available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling 1-800-SEC-0330.

Board Consideration of Management Agreement

At the meeting of the Fund's Board of Directors held on November 8, 2006, the Board considered the approval, for an additional annual period, of the Management Agreement between the Fund and the Investment Manager. The Directors who are not interested persons (as defined in the Act) of the Fund (the "Independent Directors") were assisted in their review by independent legal counsel and met with counsel in executive session separate from representatives of the Investment Manager.

Services Provided

Representatives of the Investment Manager gave a presentation to the Board about the nature, extent and quality of services that the Investment Manager provides the Fund, including a brief discussion of the Investment Manager and its clients (of which the Fund comprised approximately \$310 million (leveraged) of the approximately \$88 billion of total assets under management by the Investment Manager and its global affiliates) and outline of the Investment Manager's global structure, including technology and operational support and significant marketing infrastructure, all of which provide realized benefits through investment in the Investment Manager's investment advisory business. The Directors also considered information provided by the Investment Manager regarding its personnel, resources, business reputation, financial condition and experience. The Directors agreed that the Fund benefits from all of the services of the Investment Manager's global platforms, and that such services would be different than those provided to a \$6 billion fund complex such as that of the Fund and the

Other Information (continued)
(unaudited)

other Lazard Funds. The Directors were provided with the Fund's market price performance and market discount to net asset value and distributions.

The Directors discussed the nature, extent and quality of the services provided by the Investment Manager to the Fund. The Directors considered the various services provided by the Investment Manager to the Fund and considered the Investment Manager's research and portfolio management capabilities and that the Investment Manager also provides oversight of day-to-day operations of the Fund, including fund accounting and administration and assistance in meeting legal and regulatory requirements. The Directors also considered the Investment Manager's extensive administrative, accounting and compliance infrastructure and agreed that the Fund benefits from all of the services of the Investment Manager's global platforms, and that such services would be different than those provided to a fund if it were not managed by a global firm such as the Investment Manager.

Comparative Performance and Fees and Expenses

The Directors reviewed and placed significant emphasis on the relative performance and advisory fees and expense ratio for the Fund, including comparative information prepared by Lipper.

The Directors noted that the Fund's total return performance (based on net asset value) was above the medians of its Lipper comparison group ("Group") and Lipper category ("Category") for the most recent one-year period, although below the medians for other periods. The Directors also reviewed a comparison of the Fund's performance compared to its benchmark index. The Directors also discussed the advisory fees and current expense ratio for the Fund, and it was noted that they were within the ranges of those of the Group and Category. It was noted that there were no funds in the Group or Category that pursued a strategy similar to that of the Fund's strategy of investing in global equity securities and in currency forward contracts. There were no other accounts managed by the Investment Manager in the Fund's investment strategy. An extended discussion of the fees charged and services provided under the Management Agreement ensued.

Fee Calculation

The Board was reminded of the method of calculating the Fund's management fee and considered that the method of calculation of management fees based on the Fund's Total Leveraged Assets, pursuant to which the management fee borne by stockholders will increase to the extent the Investment Manager makes Currency Investments by incurring Financial Leverage rather than reducing the percentage of Net Assets invested in Global Equity Investments for the purposes of making Currency Investments, and considered the advantages of increased investment exposure through Financial Leverage. The Board considered the economic equivalence, and the similarities, from an investment management perspective, of Currency Investments (1) made with Currency Commitments and (2) made with the proceeds of Borrowings.

The Board considered, (1) that this method of calculating management fees is different than the way closed-end investment companies typically calculate management fees, (2) that traditionally closed-end funds calculate management fees based on Net Assets plus Borrowings (excluding Financial Leverage obtained through Currency Commitments), and (3) that the Investment Manager's fee would be lower if its fee were calculated only on Net Assets plus Borrowings, because the Investment Manager would not earn fees on Currency Investments made with Currency Commitments (forward currency contracts or other derivative instruments whose value is derived from the performance of an underlying emerging market currency). The Board considered that the Investment Manager's fee is different because the Fund's leverage strategy is different than the leverage strategy employed by many other closed-end investment companies—that although the Fund may employ Borrowings in making Currency Investments, the Fund's leverage strategy relies primarily on Currency Commitments rather than relying exclusively on borrowing money and/or issuing preferred stock, as for most closed-end investment companies. The Board considered the Fund's use of Currency Commitments for leverage (rather than relying exclusively on borrowing money and/or issuing preferred stock) and the Investment Manager's belief that forward currency contracts, or other derivative instruments whose value is derived from the performance of an underlying emerging market currency, often offer a more attractive way to gain exposure to emerging market interest rate opportunities and currencies than investments in debt obligations and the fact that there might not be a viable debt market in certain emerging market countries. The Board also considered the Investment Manager's view that foreign currency contracts present less counterparty and custody risks and the Investment Manager's extensive expertise with these instruments, as discussed in detail in previous meetings concerning the Management Agreement.

Procedures adopted by the Investment Manager for the Management Agreement in order to evaluate possible conflicts of interest that may arise from the fee calculation methodology, included the following: (1) no less frequently than monthly,

Other Information (concluded)
(unaudited)

decisions regarding the amount of the Fund's allocation to Currency Investments must be reviewed by a Managing Director of the Investment Manager not involved in the decision-making process and the Fund's Chief Compliance Officer, and that such review be documented to include the basis therefor, documentation to be retained for six years, the first two years in an easily accessible place, (2) the Investment Manager must provide the Board with a quarterly report regarding these decisions and the reasons therefor and (3) the Investment Manager must deliver a quarterly certification to the Board, signed by a Managing Director of the Investment Manager and the Fund's or the Investment Manager's Chief Compliance Officer (as applicable), that the procedures had been complied with during the previous quarter. The Investment Manager representatives stated that such procedures had been followed under the Management Agreement, and that the Investment Manager would continue to follow those procedures.

Investment Manager Profitability and Economies of Scale

The Directors reviewed information prepared by the Investment Manager for the Fund concerning the costs to and profits realized by the Investment Manager and its affiliates resulting from the Management Agreement, reviewing the projected dollar amount of expenses allocated and profit received by the Investment Manager and the method used to determine such expenses and profit. The representatives of the Investment Manager stated that neither the Investment Manager nor its affiliates, including Lazard, receive any significant indirect benefits from managing the Fund. The Investment Manager's representatives stated that Lazard is not currently used for brokerage purposes. The Investment Manager's representatives noted that the Investment Manager does obtain soft dollar research, as reviewed by the Board each quarter. The Directors agreed that the information provided substantiated statements of the Investment Manager representatives.

It was noted that the profitability percentage for the Fund was within ranges determined by appropriate court cases not to be so disproportionately large that it bore no reasonable relationship to the services rendered and, given the overall service levels, was thought not to be excessive, and the Board concurred with this analysis.

The Directors considered the Investment Manager's projected profitability with respect to the Fund as part of their evaluation of whether the Fund's fee under the Management Agreement bears a reasonable relationship to the mix of services provided by the Investment Manager, including the nature, extent and quality of such services. The Directors evaluated the costs of the services to be provided and profits expected to be realized by the Investment Manager and its affiliates from the relationship with the Fund in light of the relevant circumstances. It was noted that a discussion of economies of scale should be predicated on increasing assets and that because the Fund is a closed-end fund without daily inflows and outflows of capital there were not at this time significant economies of scale to be realized by the Investment Manager in managing the Fund's assets. The Directors also considered potential benefits to the Investment Manager and its affiliates from the Investment Manager acting as investment adviser to the Fund.

At the conclusion of these discussions, each of the Independent Directors expressed the opinion that he had been furnished with sufficient information to make an informed business decision with respect to renewal of the Management Agreement. Based on its discussions and considerations as described above, the Board made the following conclusions and determinations.

- The Board concluded that the nature, extent and quality of the services provided by the Investment Manager are adequate and appropriate, especially including the benefits of advisory and research services associated with a \$88 billion asset management business.
- The Board was satisfied with the Fund's overall performance.
- The Board concluded that the Fund's fee paid to the Investment Manager was reasonable in light of comparative performance and expense and advisory fee information, costs of the services provided and profits to be realized and benefits derived or to be derived by the Investment Manager from the relationship with the Fund.
- The Board determined that there were not at this time significant economies of scale to be realized by the Investment Manager managing the Fund's assets and that, to the extent that material economies of scale had not been shared with the Fund, the Board would seek to do so.

The Board considered these conclusions and determinations and, without any one factor being dispositive, determined that approval of the Management Agreement was in the best interests of the Fund and its stockholders.

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Lazard Global Total Return & Income Fund, Inc.

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Investment Manager

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Telephone: 800-823-6300

Custodian

State Street Bank and Trust Company
One Lincoln Street
Boston, Massachusetts 02111

Transfer Agent and Registrar

Computershare Trust Company, N.A.
P.O. Box 43010
Providence, Rhode Island 02940-3010

Dividend Disbursing Agent

Computershare Shareholder Services, Inc.
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Providence, Rhode Island 02940-3010

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
Two World Financial Center
New York, New York 10281-1414

Legal Counsel

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180 Maiden Lane
New York, New York 10038-4982
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This report is intended only for the information of stockholders or those who have received the current prospectus covering shares of Common Stock of Lazard Global Total Return & Income Fund, Inc. which contains information about management fees and other costs.

