

Lazard Insights Conference Call Series

2008 - Sorting Through the Capital Market Opportunity Set

David R. Cleary, CFA
Managing Director, Portfolio Manager
January 17, 2008

Information and opinions presented have been obtained or derived from sources believed by Lazard to be reliable. Lazard makes no representation as to their accuracy or completeness. All opinions expressed herein are subject to change.

© 2008 Lazard Asset Management, LLC



The Real Big Picture: Boom or Gloom?

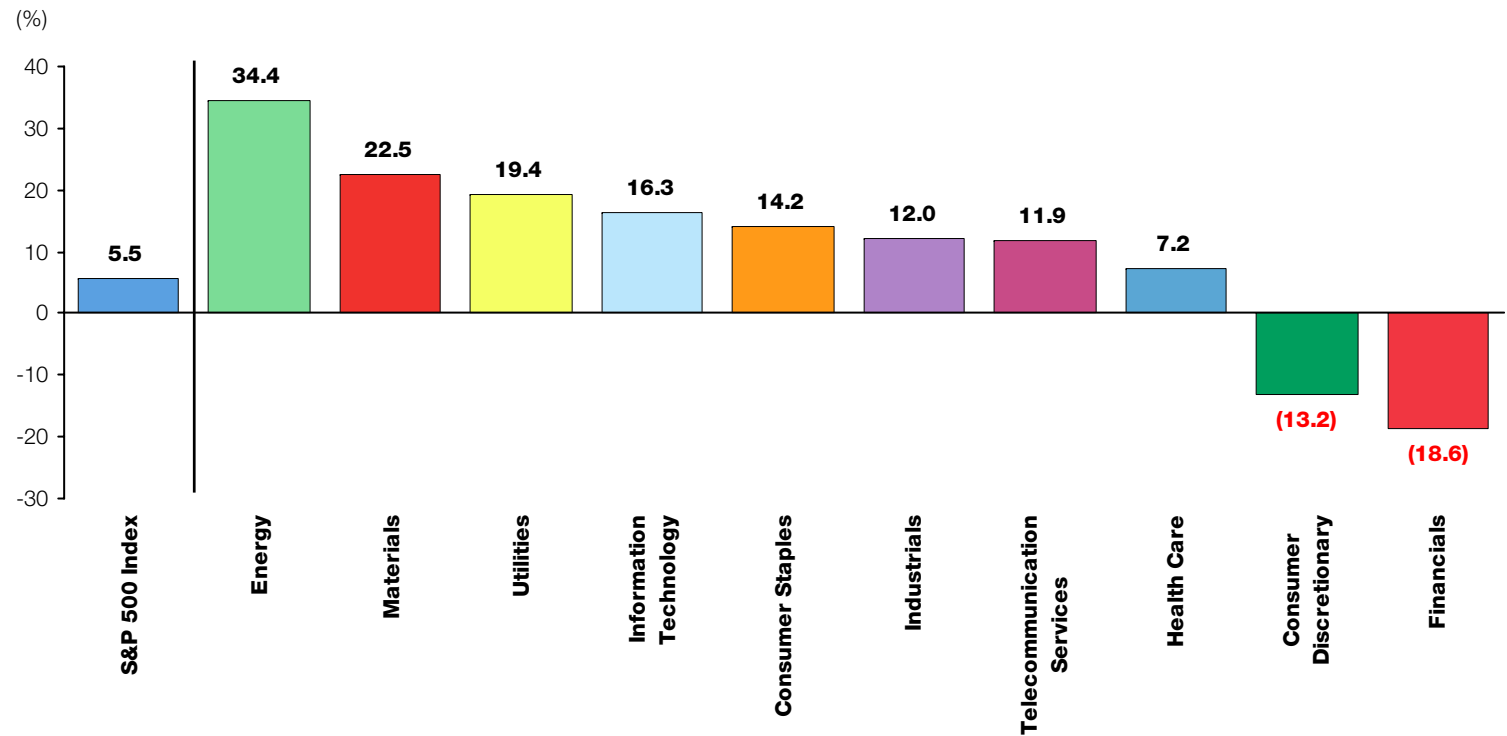
The world increasingly is a capitalist friendly place.

- Low tax
- Low inflation
- Stable but proactive monetary policies
- Free trade
- Liquidity
- Transparency
- Rule of Law
- Wealth and income disparate
- Speculative
- Resource consumptive

2007 Broad Market Review

S&P 500 Index

Disparate returns
across sectors

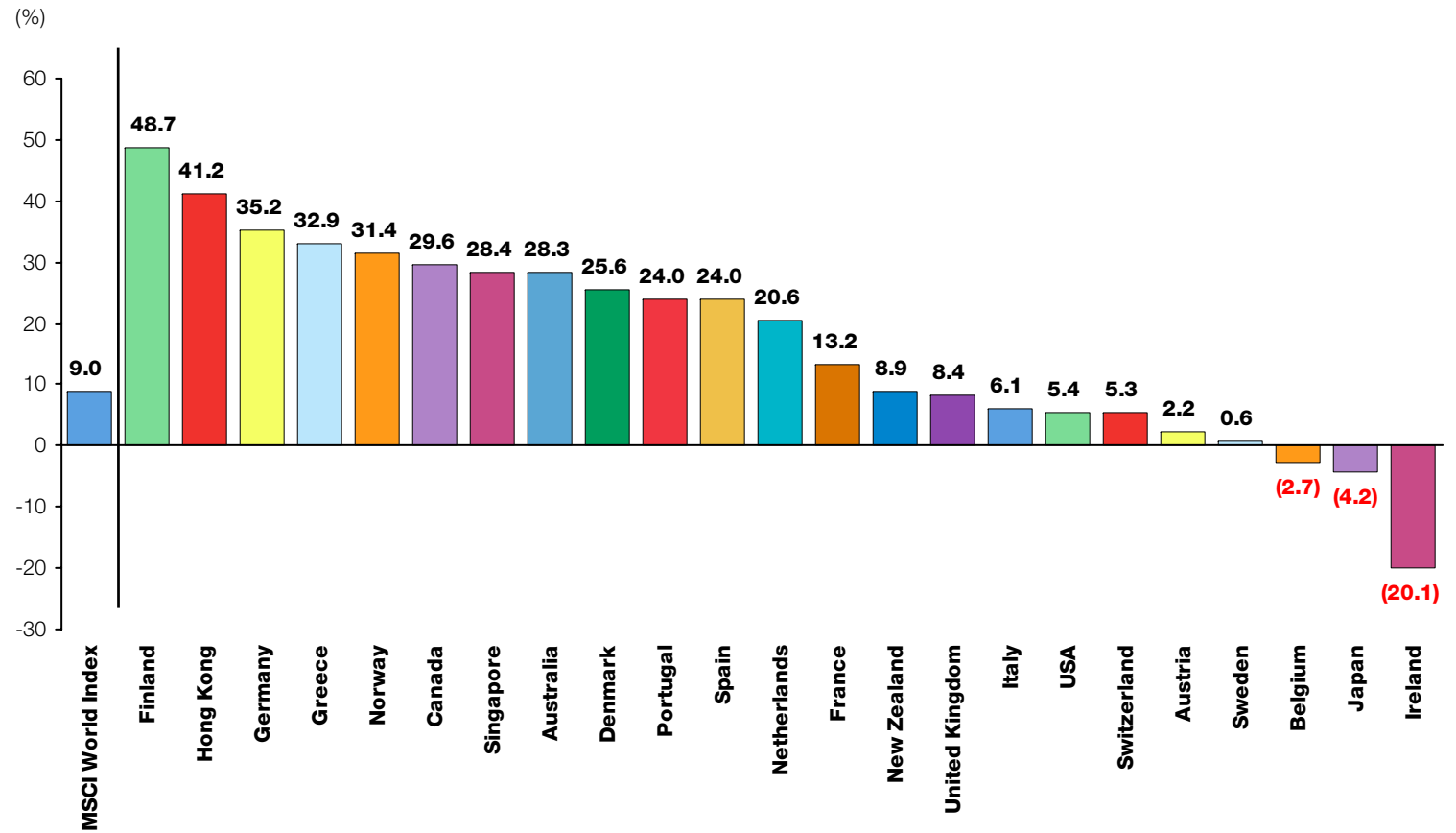


Total returns as of December 31, 2007
Source: FactSet, S&P

2007 Broad Market Review

MSCI World Index

Generally strong returns in non-U.S. developed markets

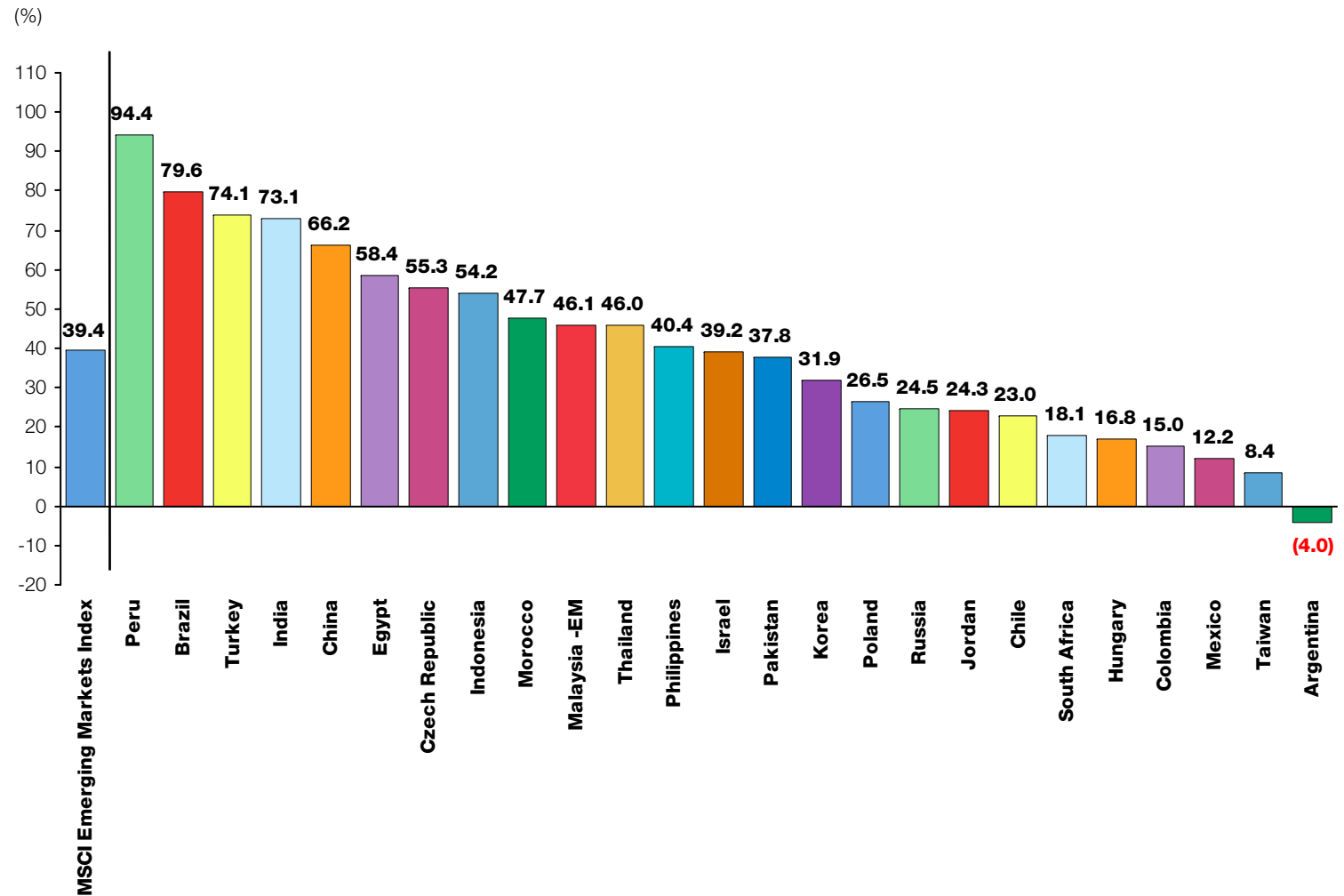


In U.S. dollar, net dividend reinvested returns as of December 31, 2007
 Source: FactSet, MSCI

2007 Broad Market Review

MSCI Emerging Markets Index

Very strong returns in emerging markets



In U.S. dollar, net dividend reinvested returns as of December 31, 2007
 Source: FactSet, MSCI

2007 Broad Market Review

Since Subprime Crisis

	<u>7/31/07- 12/31/07</u>
S&P 500 Index	1.8%
S&P 500 Financials	-11.0%
S&P 500 ex-Financials	4.5%
S&P 500 Consumer Discretionary	-10.5%
S&P 500 ex-Consumer Discretionary	2.7%
MSCI World Index	2.1%
MSCI EM Index	12.6%
MSCI China Index	23.8%
Lehman Aggregate Bond Index	5.1%
Lehman Treasury Index	6.2%

As of December 31, 2007
The performance quoted represents past performance.
Past performance does not guarantee future results.

Commodities, Gold and Oil

Since Subprime Crisis (8/11/07 to 1/11/08)

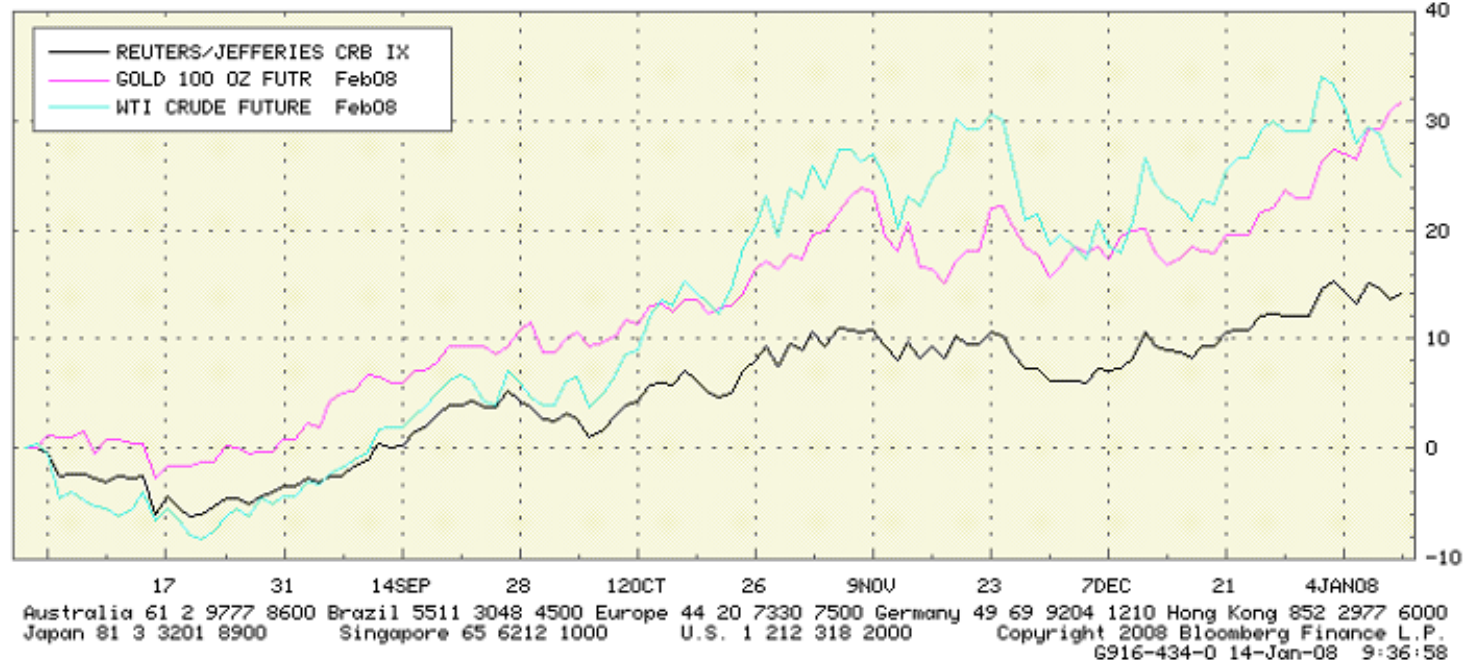
Anomaly or continued trend?

COMPARATIVE RETURNS

Page 1 / 9

Securities	Range	Crcny	Prc Appr	Period	Total Ret	Difference	Annual Eq
1 CRY Index	8/ 1/07 - 1/11/08	USD	14.16 %	Daily	14.16 %*	-17.49 %	34.51 %
2 GCG8 Comdty		USD	31.65 %	163 Day	31.65 %*		85.09 %
3 CLG8 Comdty		USD	24.57 %	Period	24.57 %*	-7.08 %	63.54 %

(* = No dividends or coupons)

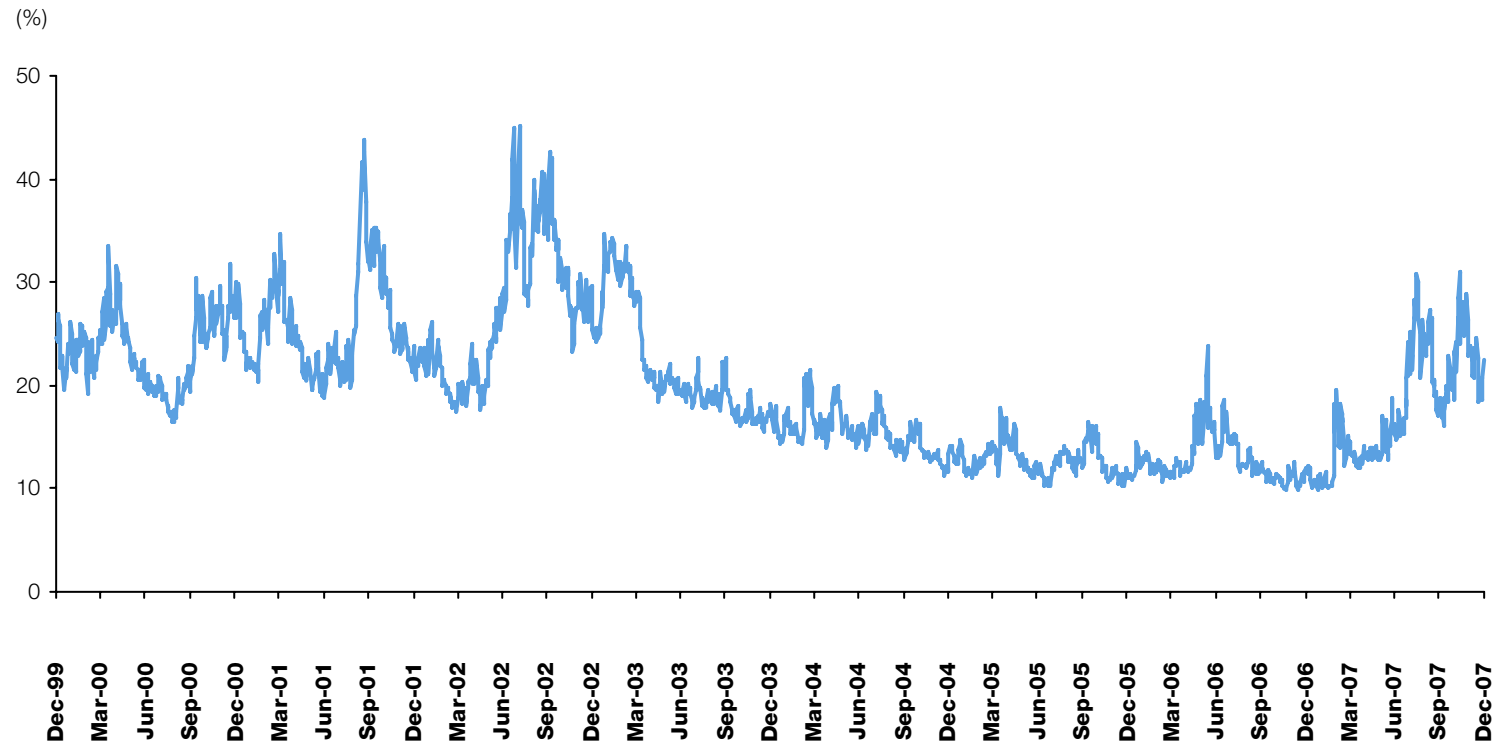


As of January 11, 2008
Source: Bloomberg

Volatility

VIX Index (12/31/99 to 12/31/07)

Higher volatility off
recent lows

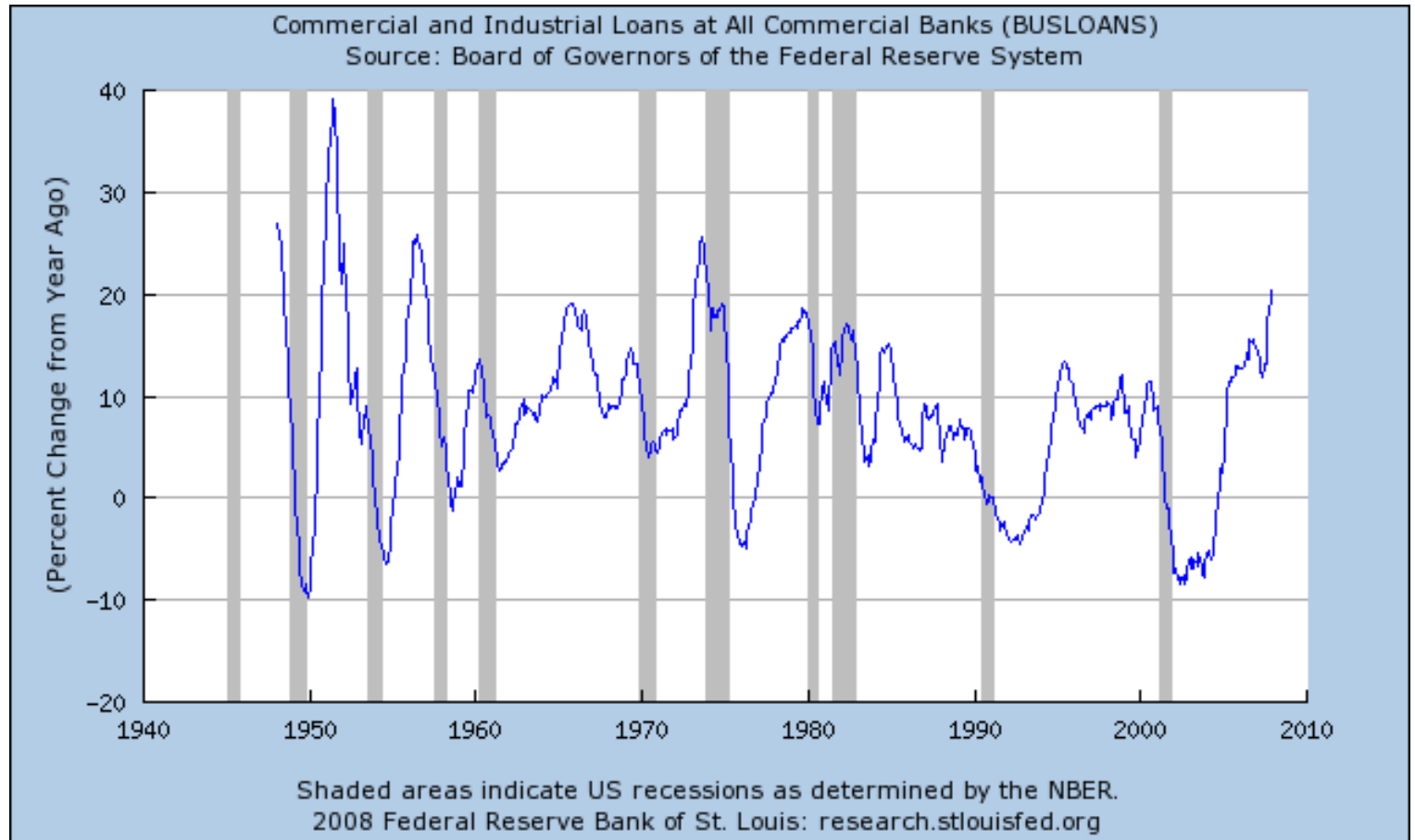


As of December 31, 2007
Source: Bloomberg

Commercial and Industrial Loans at All Commercial Banks

Overall lending activity has not slowed down

Percent Change Year Over Year



As of December 31, 2007
Source: Board of Governors of the Federal Reserve System

Macro Environment

January 2008

Positives

- Economic growth continues in most non-U.S. economies
- Pro-active central banks: Federal Reserve; Bank of England; ECB; and BOJ
- Ex-financials, earnings growth remains resilient
- Healthy corporate balance sheets
 - Cash near record levels
 - Stock dividends, dividend increases
 - Financial institutions have raised new capital from sovereign wealth funds

Negatives

- Slowing economic growth in the U.S.
- Consumer Credit/Housing concerns
- M & A and private equity activity slows
- Geopolitical risk
- Inflation worries

2008 Market Outlook

- Relative return prospects between stocks and bonds have narrowed
- Volatility to remain higher than recent historic range
- Emerging markets prospects and return opportunities remain attractive
- Infrastructure, resource and commodity sectors continue to be leveraged to global economic environment and remain attractive
- Increased opportunities in sector specific non-traditional fixed income

As of December 31, 2007

Investment Strategy

First Quarter 2008

Primary Investment Themes

- Roughly neutral weighting between equity and fixed income
- Overweight non-traditional investments relative to traditional investments
- Overweight to emerging markets
- Particular focus on global resource, commodity and infrastructure sectors

Secondary Investment Themes

- Fixed income investments focused on high quality sectors
- Overweight large cap relative to small and mid cap stocks
- Emphasize growth relative to value
- Initiate U.S. dollar strengthening position

Important Information

This presentation is for informational purposes only. It is not intended to, and does not constitute, an offer to enter into any contract or investment agreement in respect of any product offered by Lazard Asset Management and shall not be considered as an offer or solicitation with respect to any product, security or service in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or unauthorized or otherwise restricted or prohibited.

Past performance is not a reliable indicator of future results.

Australia: Issued by Lazard Asset Management Pacific Co., Level 39 Gateway, 1 Macquarie Place, Sydney NSW 2000. **Germany:** Issued by Lazard Asset Management (Deutschland) GmbH, Alte Mainzer Gasse 37, 60311 Frankfurt am Main. **Japan:** Issued by Lazard Japan Asset Management K.K., ATT Annex 7th Floor, 2-11-7 Akasaka, Minato-ku, Tokyo 107-0052. **Korea:** Issued by Lazard Korea Asset Management Co. Ltd., 10F Seoul Finance Center, Taepyeongno-1ga, Jung-gu, Seoul, 100-768. **United Kingdom:** For Professional Investors Only. Issued by Lazard Asset Management Ltd., 50 Stratton Street, London W1J 8LL. Registered in England Number 525667. Authorised and regulated by the Financial Services Authority (FSA). **United States:** Issued by Lazard Asset Management LLC, 30 Rockefeller Plaza, New York, NY 10112.