

Lazard Insights Conference Call Series

Halftime Report: Assessing the Market Outlook for the Balance of 2008 and Beyond

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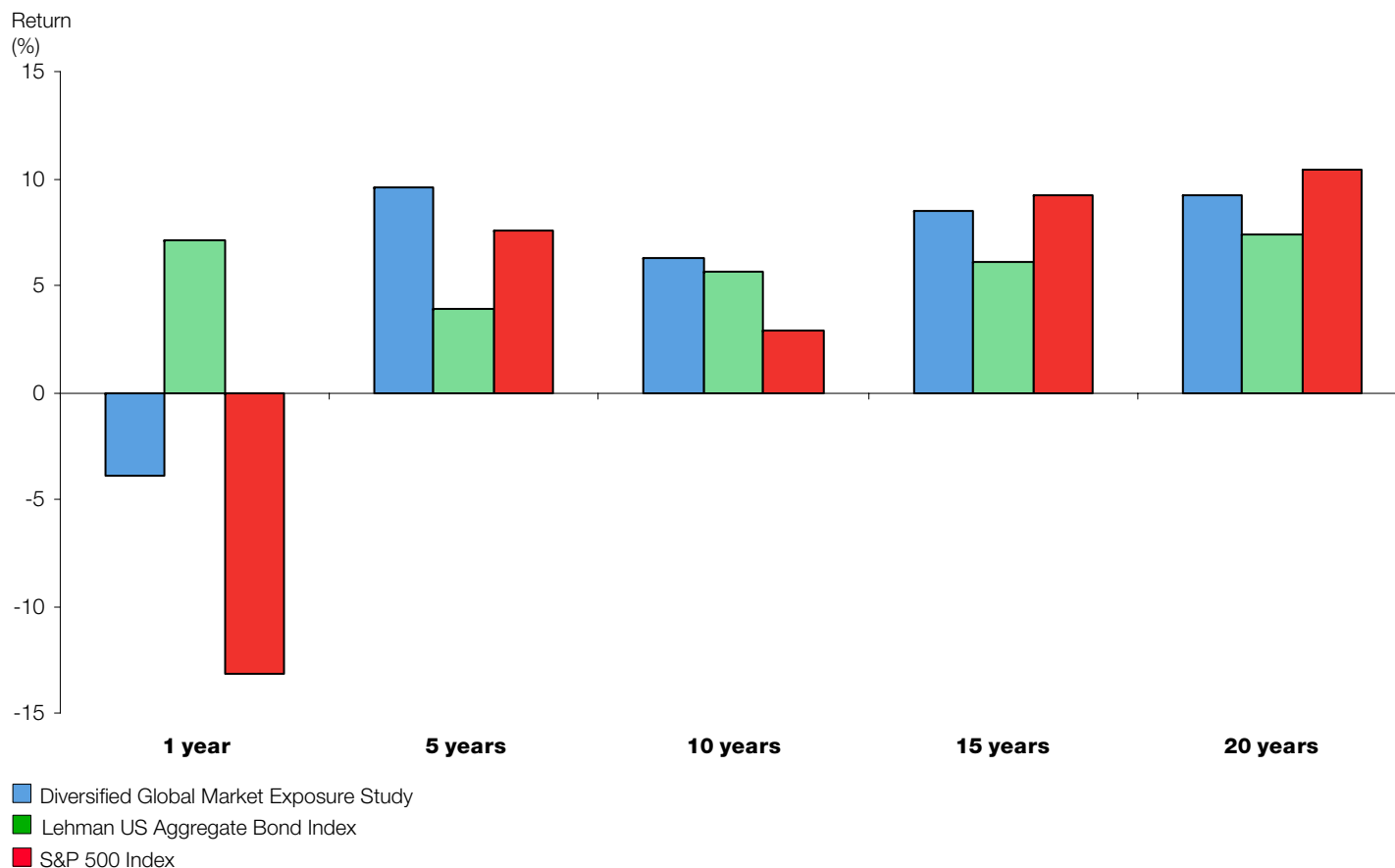
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Historical Returns of a Diversified Portfolio

Global Market Exposure (GME) Analysis

Historically, globally diversified portfolios have provided attractive returns over many market cycles.



Source: Lazard and Zephyr Associates, Inc.
Data is through 30 June 2008

The chart above is for illustrative purposes only. It does not show the performance of any product currently offered by Lazard Asset Management. The performance shown is hypothetical and there is no guarantee that any product offered by Lazard in the future will have similar performance. You cannot invest directly in the indices shown above. Indexes are not subject to investment management fees or other expenses, if they were, returns would have been lower. Global Market Exposure (GME) is benchmark constructed by Lazard that represents the market capitalization weighted distribution of the world's public equity and fixed income markets. It is 60% equity and 40% fixed income, as reflected by the actual market capitalization size. The equity is equally split between US and non-US markets as dictated by their actual market capitalization size.

Global Market Exposure Analysis

Importantly, the globally diversified portfolio has provided protection in down equity market environments.

Standard Deviation

Diversified GME Study

8.2%

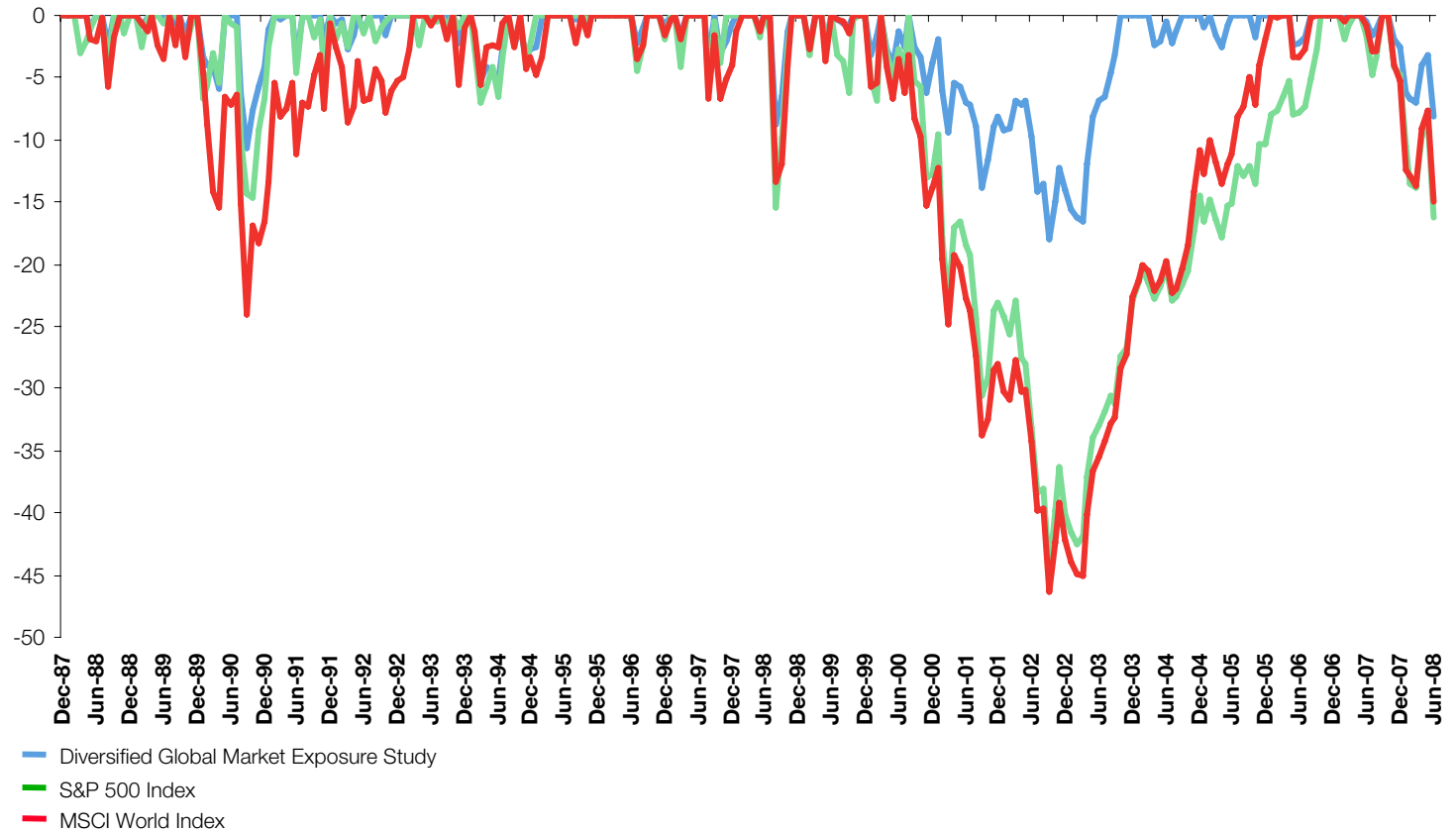
S&P 500

13.7%

MSCI World Index

13.8%

Drawdown Analysis - January 1988 – December 2007



Source: Lazard and Zephyr Associates, Inc.

Data is as of 30 June 2008

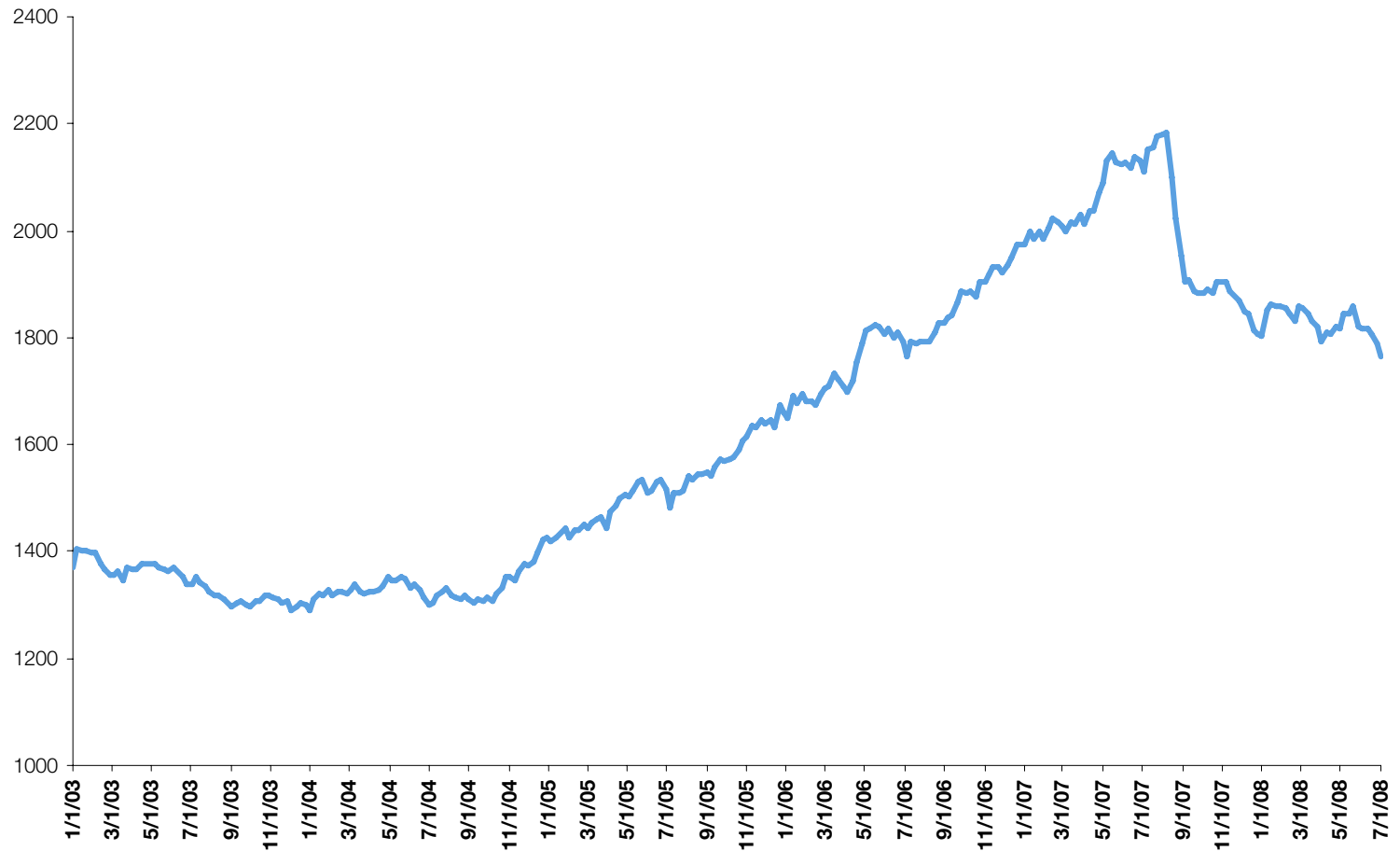
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Deleveraging?

What will be the impact on the real economy of the deleveraging of financial firms and consumers?

Commercial Paper Outstanding

U.S. Dollar (billions)



As of 2 July 2008
Source: U.S. Federal Reserve

Global GDP Growth vs. Equity Market Performance

Historically, equity markets have tracked overall economic activity

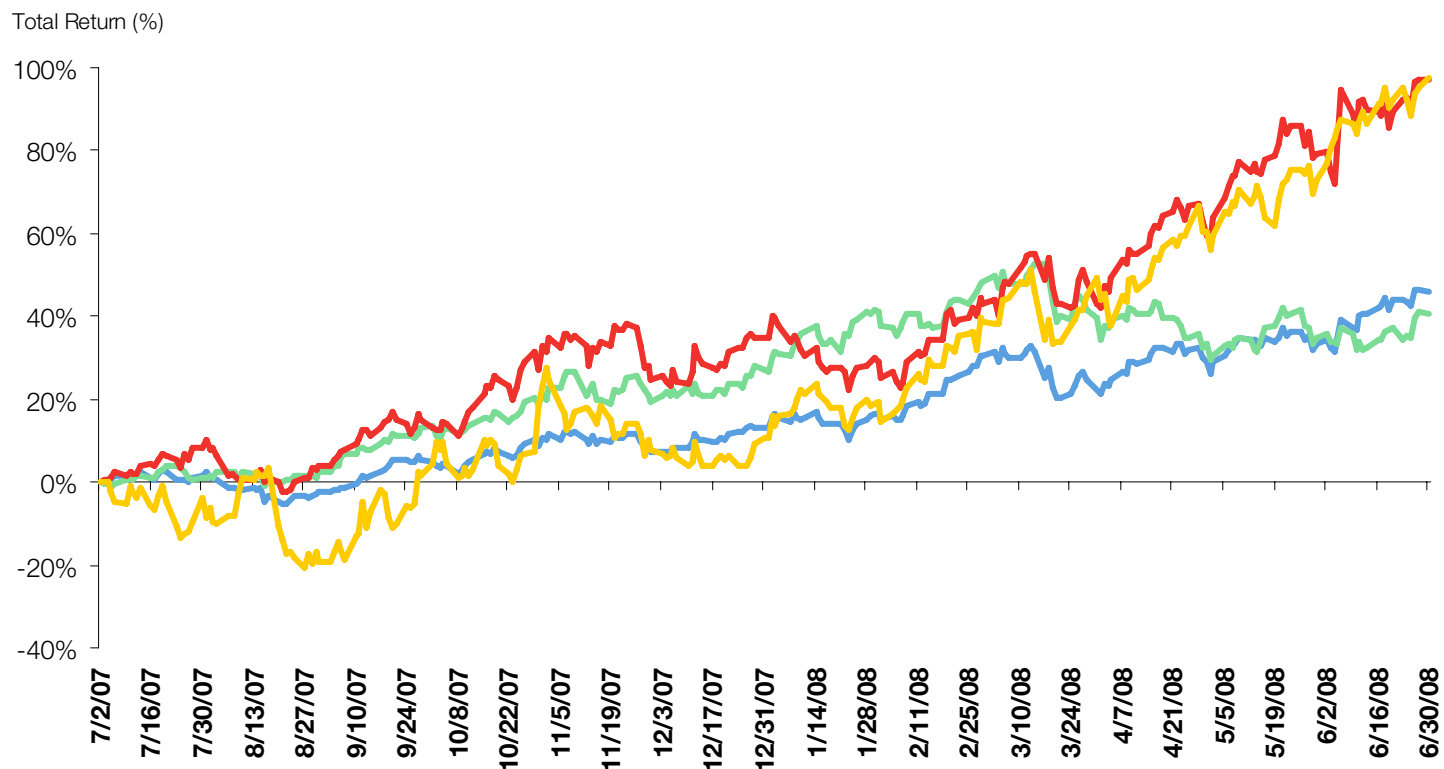


As of 30 June 2008

Commodities, Gold and Oil

6/30/07 to 6/30/08

Anomaly or continued trend?



Securities	Total Return (%)
— CRY Commodity Index	46.11
— Spot Gold	40.80
— Crude Oil	96.93
— Natural Gas	97.41

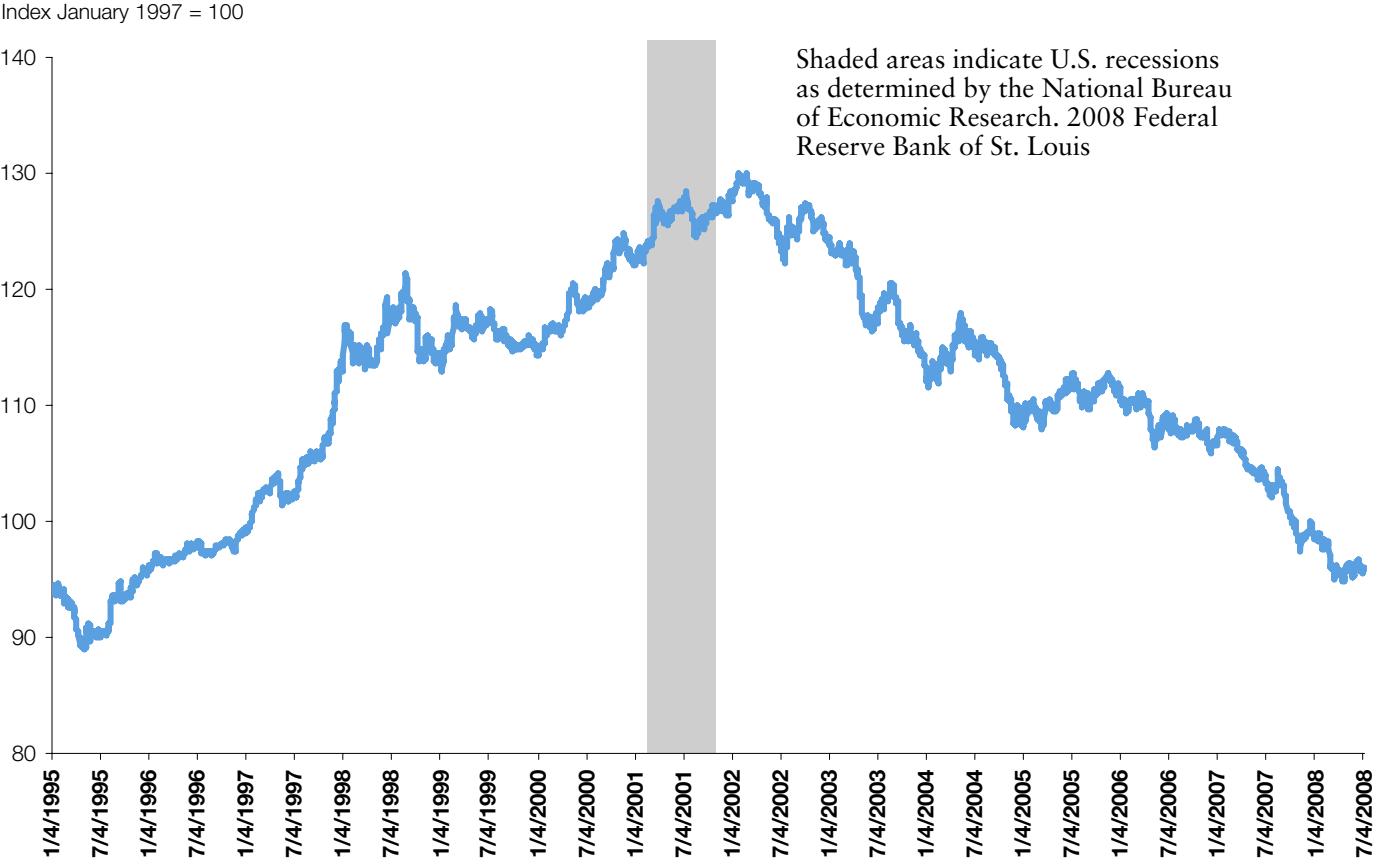
As of 30 June 2008

Source: Bloomberg

Securities referenced should not be considered a recommendation or solicitation to purchase or sell these securities. Past performance is not indicative of future results.

Trade Market Value of the U.S. Dollar

The substantial decline in the foreign exchange value of the U.S. dollar has benefited exports from the United States, but has driven dollar-based commodity prices higher.



As of 7 July 2008
 A weighted average of the foreign exchange value of the U.S. dollar against the currencies of a broad group of major U.S. trading partners.
 Source: Board of Governors of the Federal Reserve System

Headline Inflation vs. Core Inflation

Headline inflation is worrisome. Core inflation is not. History suggests that core is more relevant than headline.

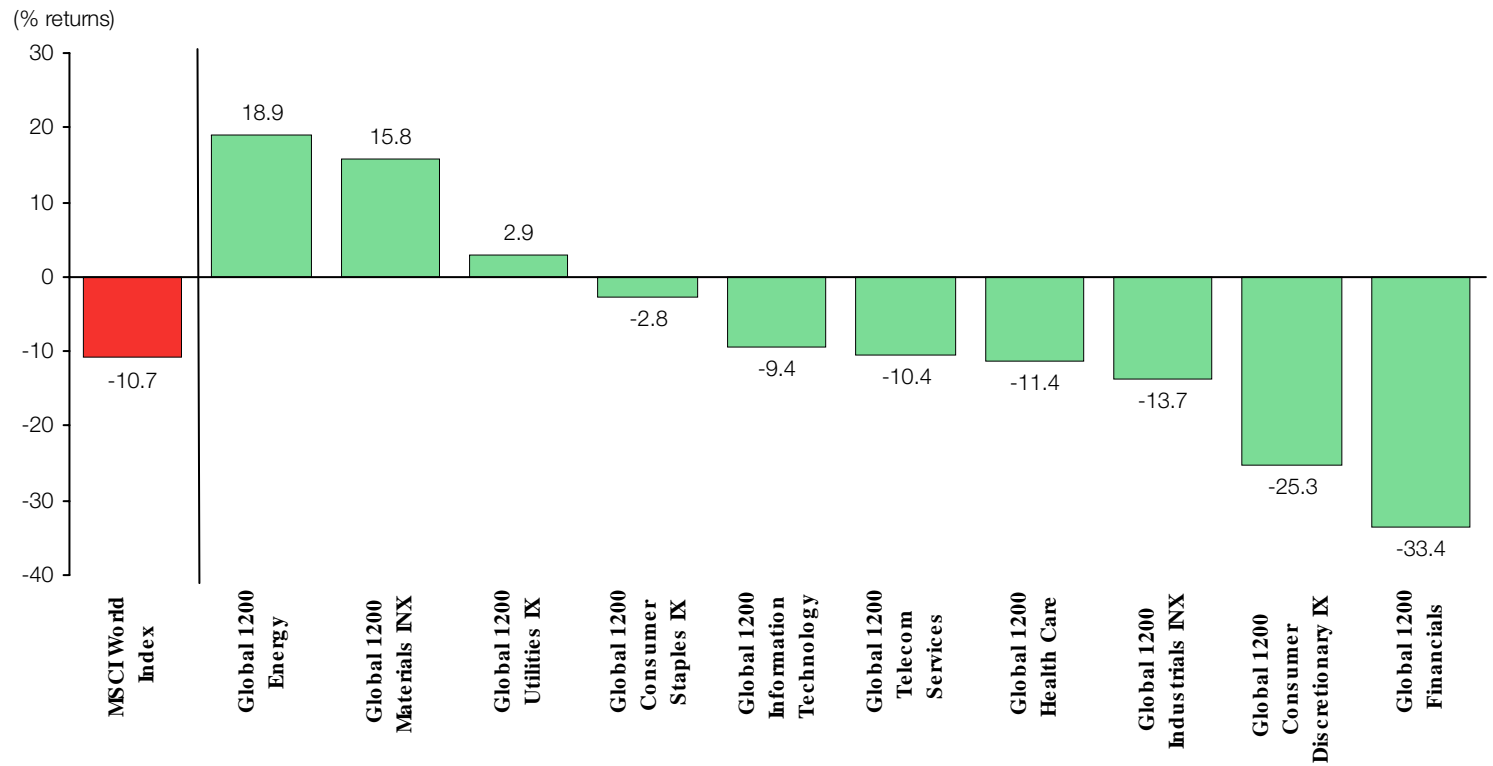


As of 31 May 2008
Source: Bloomberg Markets, LLC

Dispersion of Returns

Sector returns have had huge dispersion in the last year.

Global Returns (US\$)



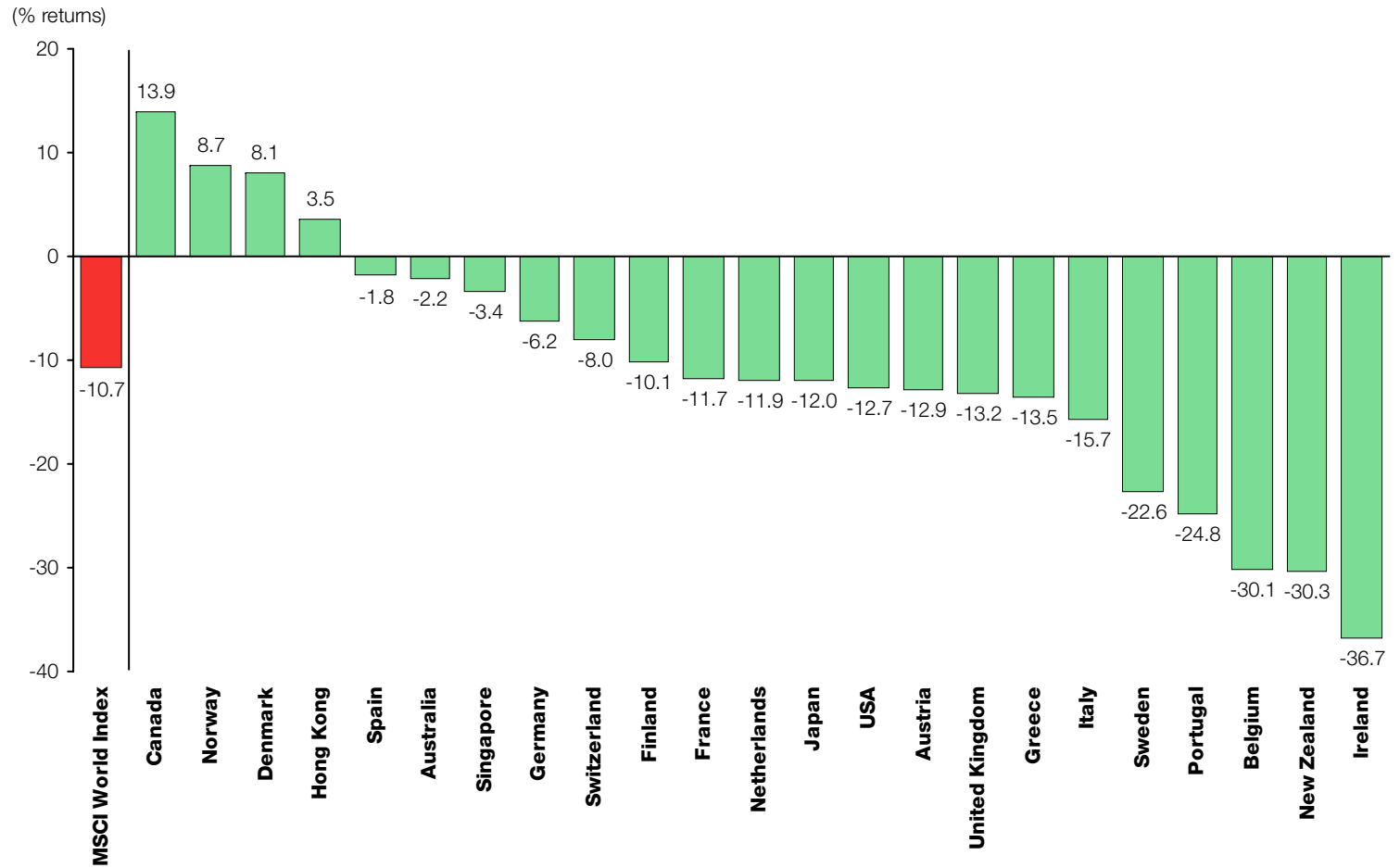
YTD as of 30 June 2008

Source: Bloomberg

The performance quoted represents past performance. Past performance does not guarantee future results.

Broad Market Review

MSCI World Index



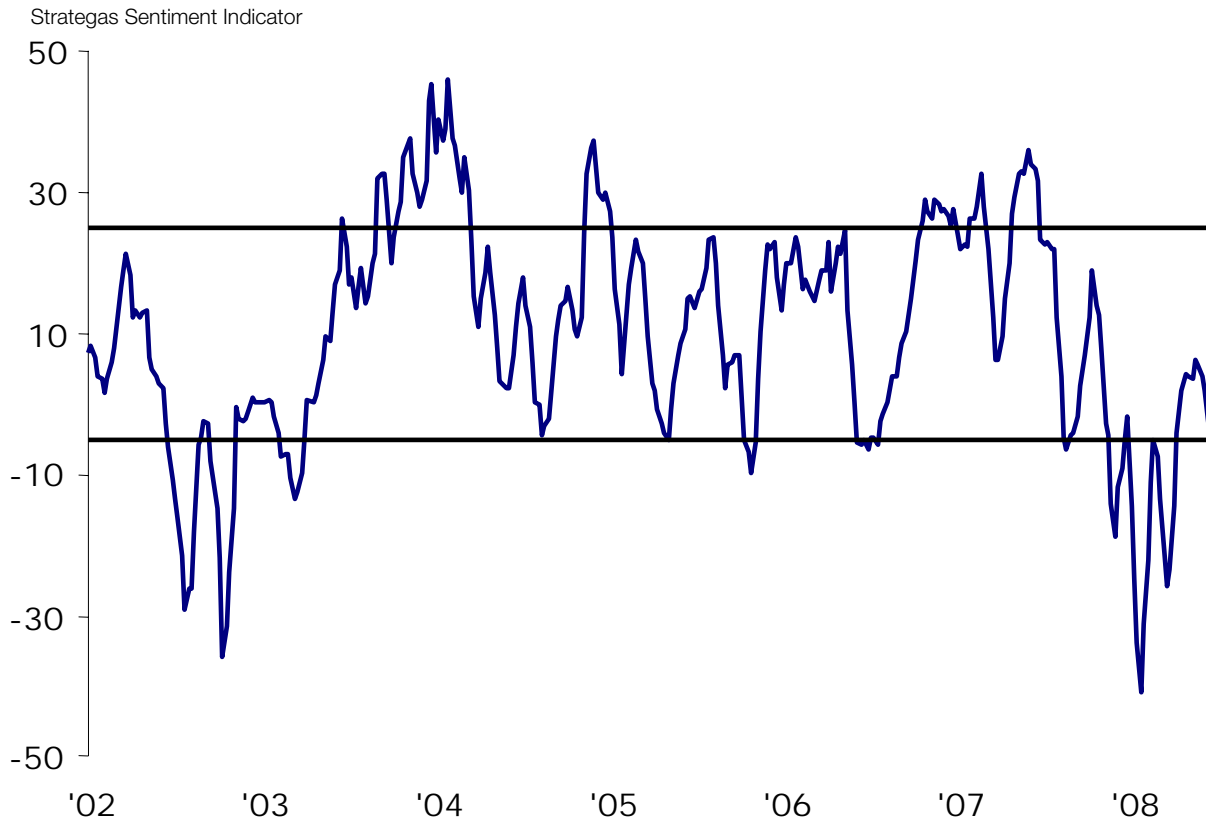
In U.S. dollar, net dividend reinvested 1 Year returns as of June 30, 2008

Source: MSCI

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Sentiment is Very Weak

Market sentiment is at levels not seen in the last 5 years. Have prices already factored in all of the negative news?



"The Strategas Sentiment Indicator is a proprietary composition of new highs/new lows analysis, put-call ratios, short interest, and other investor attitude surveys designed to help identify overbought & oversold market conditions"

Remaining 2008 Economic & Market Outlook

- Odds of a global recession have increased
- “Crowd out” effects of high energy and food prices are significant
- Weak dollar offers systemic risks and selective opportunities
- Absolute market returns are likely to be lower than historic norms
- Dispersion within sectors is likely to remain high
- Overall market volatility will remain higher than the recent range

As of 30 June 2008

Asset Class Viewpoints

Second Half 2008
Recommendations

	Attractive	Fair Valued	Unattractive
EQUITY			
Cap	Large Cap	Mid Cap	Small Cap
Region	Asia	Emerging Markets U.S.	Europe
Style	Growth Non-Traditional		Value
FIXED INCOME	High Grade Non-Traditional		Cash

The securities identified are not necessarily held by Lazard Asset Management for all client portfolios, and should not be considered a recommendation or solicitation to purchase or sell these securities. It should not be assumed that any investment in these securities was, or will be profitable. Allocations are subject to change.

Investment Strategy

Second Half 2008

Primary Investment Themes

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

Secondary Investment Themes

- Fixed-income investments focused on high-quality spread sectors
- Overweight large-cap relative to small- and mid-cap stocks
- Emphasize growth relative to value
- Initiate small U.S. financials sector positions

Important Information

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