

Morningstar category¹

High Yield Bond

Cusip

Institutional 52106N699
Open 52106N681

Symbol

Institutional LZHYX
Open LZHOX

Minimum initial investment

Institutional \$100,000
Open \$2,500

Inception date

Institutional 1998
Open 1998

Net assets

Institutional \$174.0 million
Open \$4.0 million
Total \$178.0 million

Total annual operating expense ratio

Institutional 0.80%
Open 1.13%

Net expense ratio*

Institutional 0.55%
Open 0.85%

* The net expenses reflect a contractual agreement by Lazard to waive its fee and, if necessary, to reimburse the Portfolio through April 30, 2012, to the extent the Total Annual Operating Expense Ratio exceeds 0.55% and 0.85% of the average daily net assets of the Portfolio's Institutional and Open Shares respectively, exclusive of taxes, brokerage, interest on borrowings, fees, and expenses of "Acquired Funds" and extraordinary expenses, and excluding shareholder redemption fees or other transaction fees. This agreement can only be amended by agreement of The Lazard Funds, Inc. and Lazard to lower the net amount shown and will terminate automatically in the event of termination of the Investment Management Agreement between Lazard and The Lazard Funds, Inc., on behalf of the Portfolio.

Fund Overview

Description

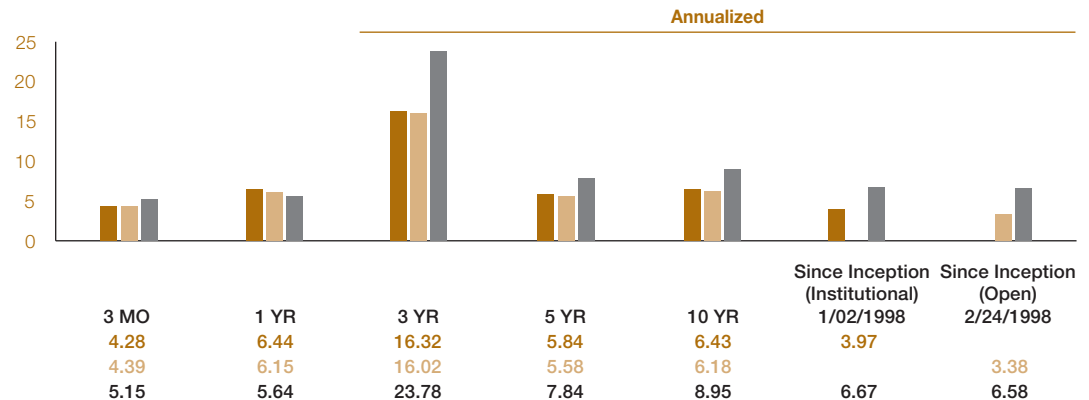
The Lazard U.S. High Yield Portfolio invests in U.S. corporate bonds generally rated below BBB, concentrating in BB and B rated issues. Securities rated B+ or better by Standard & Poor's are generally favored in the Portfolio. Securities are selected based on credit fundamentals and relative value. The maturity of securities in the Portfolio is generally 5 to 10 years.

Strategy

- Total return strategy focused on better-quality high yield.
- Seek to capture excess return available in better-quality high yield.
- Select diversified portfolio from securities having strong relative value and meeting our credit discipline.
- Bottom-up fundamental credit analysis drives security selection.
- Seek to reduce portfolio downside by employing risk control measures.

Performance Review

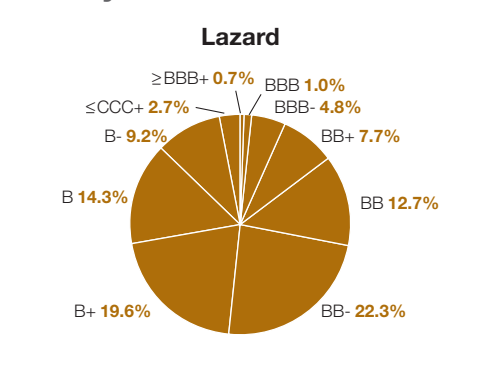
(%; net of fees. As of March 31, 2012.)



■ Lazard U.S. High Yield Portfolio (Institutional)
■ Lazard U.S. High Yield Portfolio (Open)

■ BofA Merrill Lynch U.S. High Yield Master II Index

Quality Distribution^{2,3,4}



The performance quoted represents past performance. Past performance does not guarantee future results. The current performance may be lower or higher than the performance data quoted. An investor may obtain performance data current to the most recent month-end online at www.LazardNet.com. The investment return and principal value of the Portfolio will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. Returns reflect reimbursement of expenses as described in the prospectus. Had expenses not been reimbursed, returns would have been lower and the expense ratio would have been higher.

Portfolio management team

J. William Charlton
Thomas M. Dzwil

Characteristics

	Lazard	BofA Merrill Lynch U.S. High Yield Master II Index
Number of holdings	168	2,091
Effective duration (years)	3.4	4.3
Effective maturity (years)	4.1	5.6
30-day SEC yield (%) ⁵	Institutional	6.05
	Open	5.73
Dividend distribution	Monthly	N/A

Source: Lazard, Bloomberg

Largest Holdings⁴

	Lazard (%)
Sealed Air 8.125% 15 Sep 2019	1.1
FMG Resources 7% 01 Nov 2015	1.1
HCA 8% 01 Oct 2018	1.0
Gannett 7.125% 01 Sep 2018	1.0
Post Holdings 7.375% 15 Feb 2022	1.0

For a complete list of holdings, please visit www.LazardNet.com.

Understanding Investment Risk

Effective duration is a measure of the sensitivity of a fund's value to changes in interest rates and accounts for any option features embedded in the fund's holdings.

Effective maturity is a measure of the average expected maturity of a fund's holdings and accounts for actual maturities as well as expected early redemptions.

An investment in bonds carries risk. If interest rates rise, bond prices usually decline. The longer a bond's maturity, the greater the impact a change in interest rates can have on its price. If you do not hold a bond until maturity, you may experience a gain or loss when you sell. Bonds also carry the risk of default, which is the risk that the issuer is unable to make further income and principal payments. Other risks, including inflation risk, call risk, and pre-payment risk, also apply. High yield securities (also referred to as "junk bonds") inherently have a higher degree of market risk, default risk, and credit risk.

The BofA Merrill Lynch U.S. High Yield Master II Index is a broad-based index consisting of all U.S.-dollar-denominated high-yield corporate bonds with a minimum outstanding amount of \$100 million and maturity of no less than one year. The index is unmanaged and has no fees. One cannot invest directly in an index.

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² Percentages do not total 100%, as Cash, 4.8% of the Portfolio at March 31, 2012, is not shown.

³ Credit ratings as assigned by Standard & Poor's. Bonds rated BBB are investment grade and are defined as having adequate capacity to meet financial commitments, but more subject to adverse economic conditions than bonds rated higher. Bonds rated below BBB are generally referred to as speculative grade securities. Bonds rated BB, B, or CCC are regarded as possessing a speculative capacity to pay debt service because of the existence of negative factors or uncertainties for which there are no compensating positive factors. Ratings from BBB to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within each of the major rating categories.

⁴ Allocations and security selection are subject to change. The information provided in this list should not be considered a recommendation or solicitation to purchase or sell any particular security. It should not be assumed that any investment in these securities was, or will prove to be, profitable, or that the investment decisions we make in the future will be profitable or equal to the investment performance of securities referenced herein. There is no assurance that any securities referenced herein are currently held in the Portfolio or that securities sold have not been repurchased.

⁵ The Portfolio's 30-day SEC yield is based on the yield to maturity of the Portfolio's investments over a 30-day period and not on the dividends paid by the Portfolio, which may differ.

Not a deposit. May lose value. Not guaranteed by any bank. Not FDIC insured. Not insured by any government agency.

Please consider a fund's investment objectives, risks, charges, and expenses carefully before investing. For more complete information about The Lazard Funds, Inc. and current performance, you may obtain a prospectus or summary prospectus by calling 800-823-6300 or going to www.LazardNet.com. Read the prospectus or summary prospectus carefully before you invest. The prospectus and summary prospectus contain investment objectives, risks, charges, expenses, and other information about the Portfolio and The Lazard Funds that may not be detailed in this document. The Lazard Funds are distributed by Lazard Asset Management Securities LLC.

Lazard Asset Management LLC
30 Rockefeller Plaza
New York, NY 10112-6300

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