

Lazard

U.S. Core 4Q11

Investment Objective and Strategy

Lazard U.S. Core seeks to achieve two key objectives, which are to outperform the returns of the investment-grade bond market, as represented by the Barclays Capital U.S. Aggregate Bond Index, and to preserve capital. The strategy relies on fundamental security selection and disciplined portfolio construction as it seeks to generate excess returns within a volatility framework that is representative of investment-grade active management.

Investment Characteristics^{1,2}

	Lazard	BofA Merrill Lynch Domestic Master Index
Effective Duration (Years)	4.05	4.81
Effective Yield (%)	2.91	2.06

Yield Curve Exposure (%)^{1,2}

Curve	Lazard	BofA Merrill Lynch Domestic Master Index	Difference
0	3	0	3
1	0	6	-6
2	27	15	12
3	21	21	0
4	6	11	-5
5	16	19	-3
7	9	6	3
10	8	11	-3
15	5	2	3
20	0	3	-3
30	5	8	-3

Performance Data

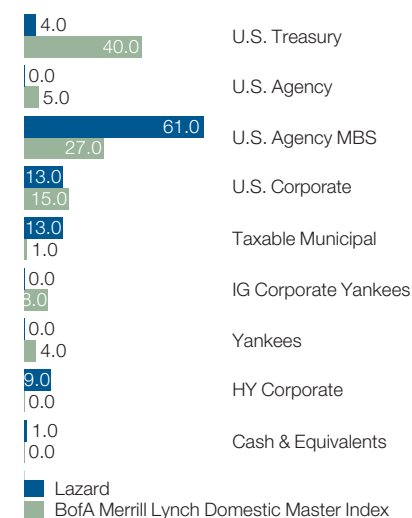
(%; gross of fees; through December 31, 2011)

	3 Months	1 Year	Annualized		
			3 Years	5 Years	10 Years
Lazard U.S. Core	1.32	7.26	6.69	7.76	6.32
Barclays Capital U.S. Aggregate Bond Index	1.12	7.84	6.77	6.50	5.78

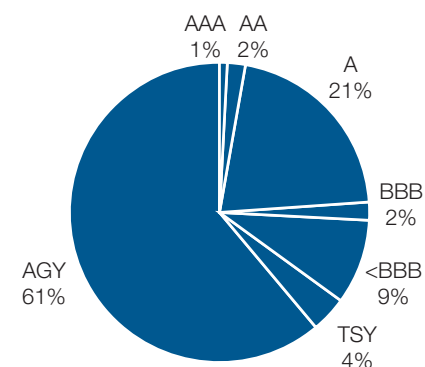
Performance is preliminary and presented gross of fees. Please refer to "GIPS® Composite Information" for the most recent final performance and additional information, including net-of-fees results. The performance quoted represents past performance. Past performance is not a reliable indicator of future results.

Allocation (%)^{1,2}

by Sector



Credit Quality Distribution³



Notes

- The allocations, investment characteristics, and specific securities mentioned are based upon a portfolio that represents the proposed investment for a fully discretionary account. Allocations and security selection are subject to change. The securities mentioned are not necessarily held by Lazard for all client portfolios, and their mention 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 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. The securities mentioned may not represent the entire portfolio.
- Source: Lazard, BofA Merrill Lynch
- Credit quality ratings on the underlying securities of the portfolio are obtained from three major reporting agencies – Standard & Poor's (S&P), Moody's, and Fitch. For U.S. government securities, the terms "Tsy" and "Agy" are utilized to differentiate the special standing of these securities. For nongovernment securities, the lower of Moody's or S&P is used when both are available. In the event the security is not rated by Moody's and S&P, Lazard uses Fitch. If a security is not explicitly rated, Lazard will use the underlying ratings assigned to the security's obligor. Lazard converts all ratings to the equivalent S&P major rating category for purposes of the categories shown. Ratings and the portfolio's credit quality distribution may change over time. The portfolio itself has not been rated by an independent rating agency.

Important Information

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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. Securities in certain non-domestic countries may be less liquid, more volatile, and less subject to governmental supervision than in one's home market. The values of these securities may be affected by changes in currency rates, application of a country's specific tax laws, changes in government administration, and economic and monetary policy.

GIPS Composite Information

Composite Name	Lazard U.S. Core
Benchmark	Barclays Capital U.S. Aggregate Bond Index
Reporting Date	September 30, 2011
Composite Inception Date	January 1, 1986
Reporting Currency	U.S. Dollar

Composite Description

The composite returns represent the total returns of all fully discretionary, fee-paying portfolios with a U.S. Core fixed income investment mandate and a minimum of \$10 million from January 1, 1996 through June 30, 2001, \$5 million from July 1, 2001 through December 31, 2007, and \$50 million in assets from January 1, 2008, to the present. As of March 1, 2010, inclusion criteria has expanded to include accounts using Mutual Funds with smaller minimums and the same level of diversification. The primary objective of the U.S. Core fixed income strategy is to outperform the returns of the investment grade bond market as represented by the Barclays Capital U.S. Aggregate Bond Index. The U.S. Core fixed income strategy relies on fundamental security selection and disciplined portfolio construction as it seeks to generate excess returns within a volatility framework that is representative of investment grade active management. This composite has been constructed by combining the U.S. Core and U.S. Core Plus Fixed Income Composites from inception through December 31, 2007.

Calculation of Performance Returns

Lazard's account inclusion policy was a minimum of three months from inception through June 30, 2001, and then the first full month or the end of the month in which the account is fully invested from July 1, 2001, to the present. The returns of the individual portfolios within the composite are time-weighted, use trade date accounting, use monthly portfolio valuations and include the reinvestment of all earnings as of the payment date. The composite returns are asset-weighted based upon beginning period market values. Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Composite returns are shown before taxes and the deduction of custody fees (except for mutual funds which includes all fees). As of January 1, 2005, this composite includes the U.S. Core segment of Lazard's balanced

portfolios that are managed to Lazard's U.S. Core strategy. Each carve-out segment has its own actual separate cash accounting. For the calendar year ends, between 2006 and 2010, the following are the respective carve-out percentages of the composite, 30.1%, 27.3%, 0.0%, 0.0%, and 0.0%. Net of fee carve out performance has been calculated using the standard fee schedule for the U.S. Core strategy. The composite returns presented represent past performance and is not a reliable indicator of future results, which may vary. As of September 30, 2009, this composite has changed its name from U.S. Enhanced Core to U.S. Core.

Fee Schedule

Lazard's standard fee schedule for U.S. Core fixed income accounts is 0.35% on the first \$100 million of assets and 0.25% of the balance. (This fee schedule may be presented in non-U.S. local currency equivalents based on prevailing exchange rates.) Actual account fees, inclusive of performance-based fees (if applicable) are used in the construction of composite net of fee performance unless otherwise noted. A complete list and description of all Lazard composites is available upon request.

Benchmark Information

The Barclays Capital U.S. Aggregate Bond Index is composed of government securities, mortgage-backed securities, asset-backed securities and corporate securities to simulate the universe of bonds in the market.

GIPS Compliance and Verification Status

Lazard Asset Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Lazard Asset Management has been independently verified for the period of January 1, 1993 through December 31, 2010. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Lazard Asset Management is the "Firm" to which the GIPS Standards apply (Frankfurt office included in Firm definition as of January 1, 2003). GIPS is a registered trademark of CFA Institute. CFA Institute has not been involved in the preparation or review of this presentation. The composite creation date is November 2007.

	Calendar											Annualized					
	QTD	YTD	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	1 YR	3 YR	5 YR	10 YR	Since Inception
Lazard Rate of Return (%; Gross of Fees)	2.11	5.87	7.45	5.36	10.97	7.86	4.58	2.32	4.57	4.96	8.17	7.91	4.66	8.70	7.74	6.14	7.71
Lazard Rate of Return (%; Net of Fees)	2.07	5.77	7.32	5.21	10.83	7.62	4.31	2.05	4.35	4.71	7.97	7.68	4.53	8.56	7.57	5.94	7.31
Benchmark (%; Rate of Return)	3.82	6.65	6.54	5.93	5.24	6.97	4.33	2.43	4.34	4.10	10.25	8.44	5.26	7.97	6.53	5.66	7.51
Composite Standard Deviation (3-yr. Ann.)		4.28	4.40	4.37	4.17	2.81	2.99	3.81	3.93	3.93	3.26	3.41					
Benchmark Standard Deviation (3-yr. Ann.)		3.99	4.17	4.11	3.97	2.77	3.21	4.07	4.28	4.20	3.35	3.34					
# of Portfolios		1	1	1	1	6	7	8	5	8	10	15					
Composite Dispersion (Asset Wtd. Std. Dev.)		N/A	N/A	N/A	N/A	0.18	0.11	0.06	0.21	1.72	1.44	1.01					
Composite Assets (USD Millions)		126.4	119.4	91.4	111.0	196.5	187.8	234.3	197.6	278.7	1115.1	786.1					
Total Firm Assets (USD Billions)		121.9	140.6	116.5	79.8	126.9	97.7	77.6	76.5	69.1	51.6	62.5					

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