

Fourth Quarter 2011

Lazard Quantitative Equity Managed Equity Risk

Performance Summary as of 31 December 2011

| | 2011 | 2010 | 2009 | Annualized | |
|--|-------|-------|-------|-------------------------------------|---------------------------------|
| | | | | Since Inception (1 January 2009) | Standard Deviation (3 Years) |
| Managed Volatility | | | | | |
| LQE – Global Managed Volatility (USD Hedge) Composite ¹ | 2.83 | 8.28 | 7.66 | 6.23 | 8.38 |
| MSCI World Index (Hedged USD) | -5.46 | 10.46 | 26.31 | 9.67 | 16.79 |
| LQE – Global Managed Volatility (Unhedged) ² | 4.85 | 12.82 | 10.66 | 11.17 | 12.34 |
| LQE – Global Managed Volatility (Unhedged) Composite ^{1, 3} | 4.86 | 12.84 | N/A | N/A | N/A |
| MSCI World Index | -5.54 | 11.76 | 29.99 | 11.95 | 19.91 |
| Controlled Volatility | | | | | |
| | | | | Since Inception (1 October 2009) | |
| LQE – Global Controlled Volatility (USD Hedge) ⁴ | 2.09 | 9.05 | N/A | 7.21 | N/A |
| MSCI World Index (Hedged USD) | -5.46 | 10.46 | N/A | 3.90 | N/A |
| LQE – Global Controlled Volatility (Unhedged) ⁵ | 1.84 | 11.94 | N/A | 8.59 | N/A |
| MSCI World Index | -5.54 | 11.76 | N/A | 5.84 | N/A |

1 Represents the performance of the GIPS-compliant composite for the periods shown. Performance is preliminary and presented gross of fees. Please refer to the Important Information section for a brief description of the composite and its inception date.

2 Represents the performance of only the equity holdings of a representative account in the LQE – Global Managed Volatility (USD Hedge) Composite for 2009 and performance of a representative account in the LQE – Global Managed Volatility (USD Hedge) Composite from January 1, 2010. Representative account performance is supplemental to the full composite performance shown above, is preliminary, and is presented gross of fees.

3 Annualized since inception performance for the composite is 8.78% vs. 2.75% for the Index from 1 January 2010.

4 Represents the performance of a paper portfolio from 1 October 2009 through 31 May 2011 and performance of a representative account in the LQE – Global Controlled Volatility (USD Hedge) Composite from 1 June 2011. Please refer to the Paper Portfolio Disclosure for more detail on the Paper Portfolio. Representative account performance is supplemental to the full composite performance shown above, is preliminary, and is presented gross of fees.

5 Represents the performance of a paper portfolio from 1 October 2009 through 31 May 2011 and the performance of only the equity holdings of a representative account in the LQE – Global Controlled Volatility (USD Hedge) Composite from 1 June 2011. Please refer to the Paper Portfolio Disclosure for more detail on the Paper Portfolio. Representative account performance is preliminary and presented gross of fees.

The performance quoted represents past performance. Past performance is not a reliable indicator of future results.

Market Commentary

Global equity markets continued to be preoccupied by the European financial crisis. The impact of the numerous austerity measures appeared to portend a likely recession across Europe, despite extraordinary monetary stimulus on the part of the European Central Bank (ECB). When mixed with slowing emerging market growth, notably in China, and a political stalemate in the US, investors were largely left in a state of apathy with most markets experiencing modest losses in December.

The fourth quarter mirrored most of 2011 with large disparity in returns reflecting investors' aversion to risk. With the exception of October's rally, "safer" markets (US, UK) and sectors (consumer staples, health care) were rewarded. Currency movements also mirrored the risk theme as the US dollar and Yen proved to be the strongest currencies for the year.

LQE – Global Managed Volatility

- Seeks to produce stable, above-market equity returns with total risk below MSCI World Index levels
- Stocks are evaluated according to a multi-dimensional ranking system
- Portfolio risk is controlled to levels well below the market while favoring what the team believes are the most attractive stocks
- Strategy has operated with 25% lower risk than the market since inception

Performance Commentary

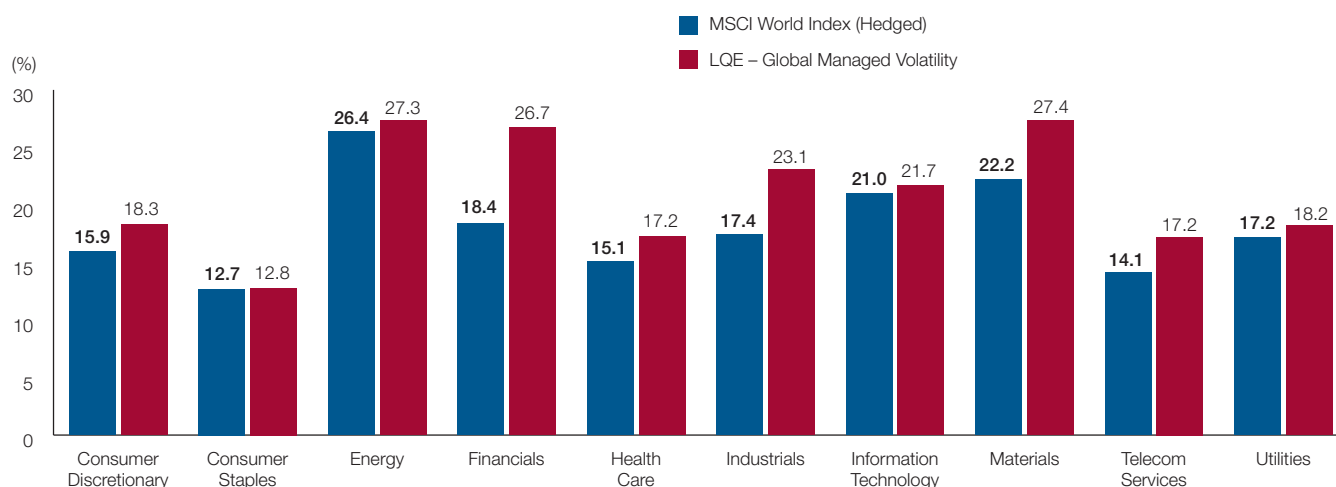
The LQE Managed Volatility strategy performed strongly in 2011, defending well in a difficult environment for equity investors. While lagging the market by 2.7% in the strong fourth quarter, the strategy delivered an excess return of 10% over the MSCI World Index for the year. The portfolio trailed the MSCI Minimum Variance index for the quarter (-0.8%) and the year (-2.7%). This underperformance was due to the significant differences in geographic orientation between the index and the portfolio. By constraining the differences in geographic concentration to the cap-weighted benchmark, the MSCI maintains a much larger exposure to North America than would be possible in a “lower” risk portfolio. The disparity in geographic returns between North America and Europe in 2011 accounted for all of our relative underperformance.

Stock selection was the major cause of underperformance in the fourth quarter, notably in the October rally. However, we did add value in the consumer discretionary and information technology sectors. Health care and utility stocks lagged their cap-weighted benchmark. The largest contributors to portfolio returns were Statoil, Canadian National Railway and Total. Total and Statoil are both highly ranked and benefitted from

the major discovery of oil at the Aldous-Avaldsnes project in the North Sea. Canadian National appreciated through a pick-up in traffic and strong operating results, coupled with an ongoing share buyback program. Our weakest performers included DiaSorin, an Italian health technology company involved with in vitro diagnostics, which reported a 3% decline in profits, and Capita PLC, a UK business outsourcing provider. Baxter International also fell, as pending acquisition of Synovis was viewed as expensive and surrounded by ongoing litigation.

Our stock ranking models enjoyed a successful year in 2011. Rotation across the factor families was significant with sentiment and quality factors enjoying the most consistent discriminatory power through the year. Both worked exceptionally well in the latter half of the year, as investors became increasingly risk averse and quality oriented. Value and growth factors exhibited higher variability driven by the changing appetite towards risk and global economic outlook. Our stock ranking process, which maintains a consistent exposure to individual factors, was able to weather the rotation in investor preferences and provided value to our strategy throughout the year.

Realized Risk By Sector¹ Trailing 12 Months



As of 31 December 2011

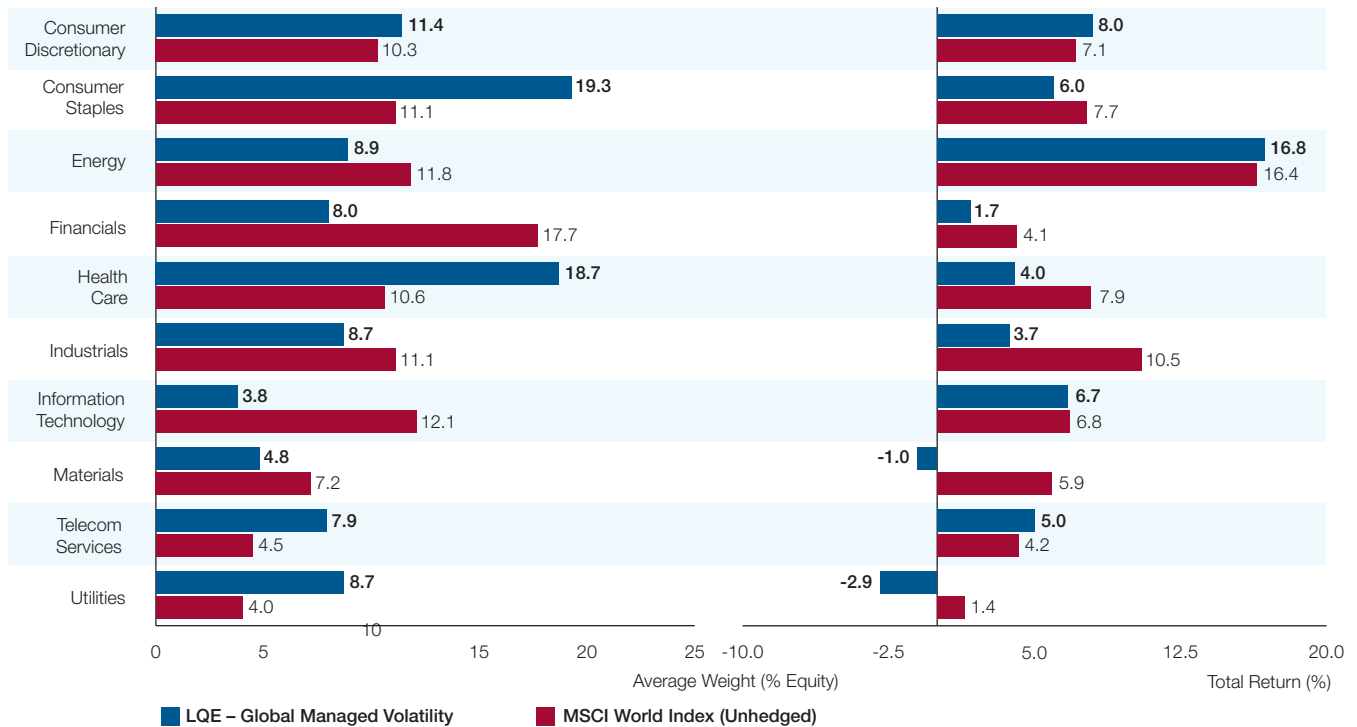
¹ Represents the daily sector volatility experienced by the portfolio.

Source: Lazard, MSCI

LQE – Global Managed Volatility

Sector Exposure

Sector Returns



Investment Characteristics

| | Lazard | MSCI World Index |
|----------------------------------|--------|------------------|
| Wtd. Average Market Cap (\$B) | 54.5 | 69.4 |
| P/E | 13.3 | 13.0 |
| ROE (%) | 16.4 | 12.4 |
| Price/Cash Flow | 7.4 | 7.9 |
| Historical 3-year EPS Growth (%) | 4.3 | 0.9 |
| Operating Margin | 19.4 | 18.8 |

Statistics¹

| | Lazard | MSCI World Index |
|--------------------------|--------|------------------|
| Predicted Beta | 0.45 | N/A |
| Predicted Tracking Error | 11.30 | N/A |

Top 10 Holdings

| Company | % Portfolio | Country | Sector | Market Cap (Millions USD) |
|---------------------------------|-------------|----------------|------------------------|---------------------------|
| Exxon Mobil | 1.68 | United States | Energy | 406,255 |
| McDonald's | 1.67 | United States | Consumer Discretionary | 102,658 |
| International Business Machines | 1.53 | United States | Information Technology | 216,724 |
| GlaxoSmithKline | 1.52 | United Kingdom | Healthcare | 115,464 |
| General Mills | 1.51 | United States | Consumer Staples | 26,060 |
| Kimberly-Clark | 1.51 | United States | Consumer Staples | 28,931 |
| Verizon Communications | 1.50 | United States | Telecoms | 113,583 |
| Roche Holding | 1.50 | Switzerland | Health Care | 119,611 |
| Coloplast | 1.50 | Denmark | Health Care | 5,973 |
| Wal-Mart | 1.49 | United States | Consumer Staples | 205,395 |

As of 31 December 2011

¹ Relative to the MSCI World Index (Hedged USD)

Source: Lazard, MSCI

LQE – Global Controlled Volatility

- A diversified, global equity portfolio that seeks stable, market-like equity returns with total risk below MSCI World
- Proprietary risk management tools are used to control portfolio risk to levels well below market
- Strategy has operated with xx% lower risk than the market since inception

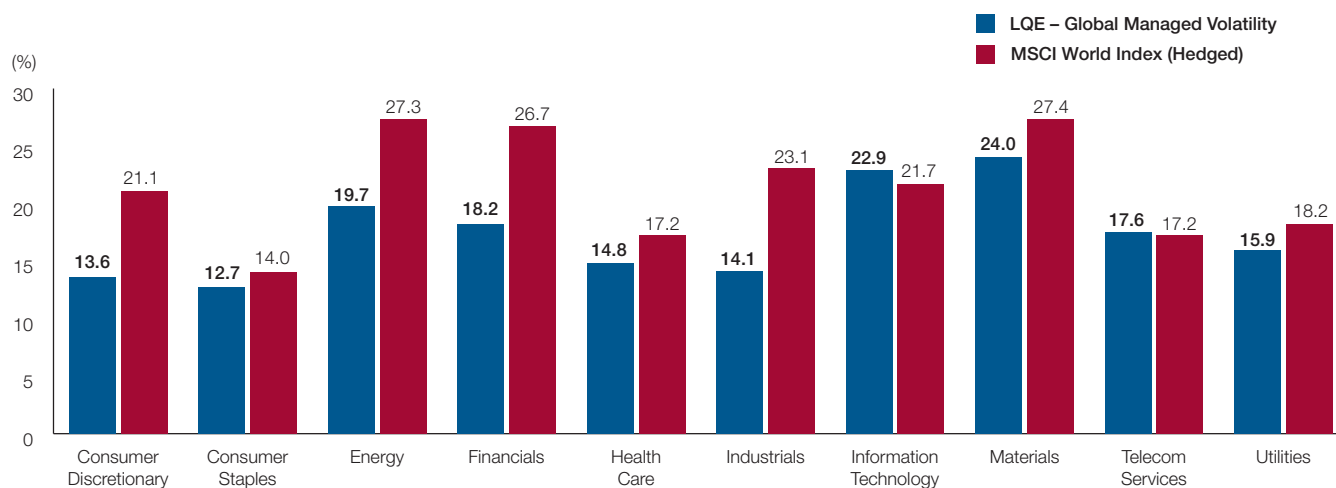
Performance Commentary

The LQE Controlled Volatility strategy defended well in a difficult environment for equity investors. While lagging the market by 4.5% in the strong fourth quarter, the strategy delivered an excess return of 11% over the MSCI World for the year. The investor preference for lower risk, higher quality stocks rewarded the low volatility strategy.

This focus on lower risk stocks was the major cause of underperformance in the fourth quarter, notably during the October rally. We underperformed in every sector with the exception of financials. This is consistent with expectations, as financial stocks were among the weakest areas of the market and the strategy

defended against this weakness. Our preference for lower risk segments of the market led to a large overweight in utilities and a meaningful underweight in energy stocks. Geographic orientation also accounted for a significant component of performance differential. Our investment process favors a broader, more equally weighted geographic exposure than the market capitalization benchmark. It is an important element of controlling risk within the portfolio. The significant underweight to the United States and overweights to Asia and Europe relative to the MSCI index accounted for over half of the strategy's underperformance during the quarter.

Realized Risk By Sector¹ Trailing 12 Months



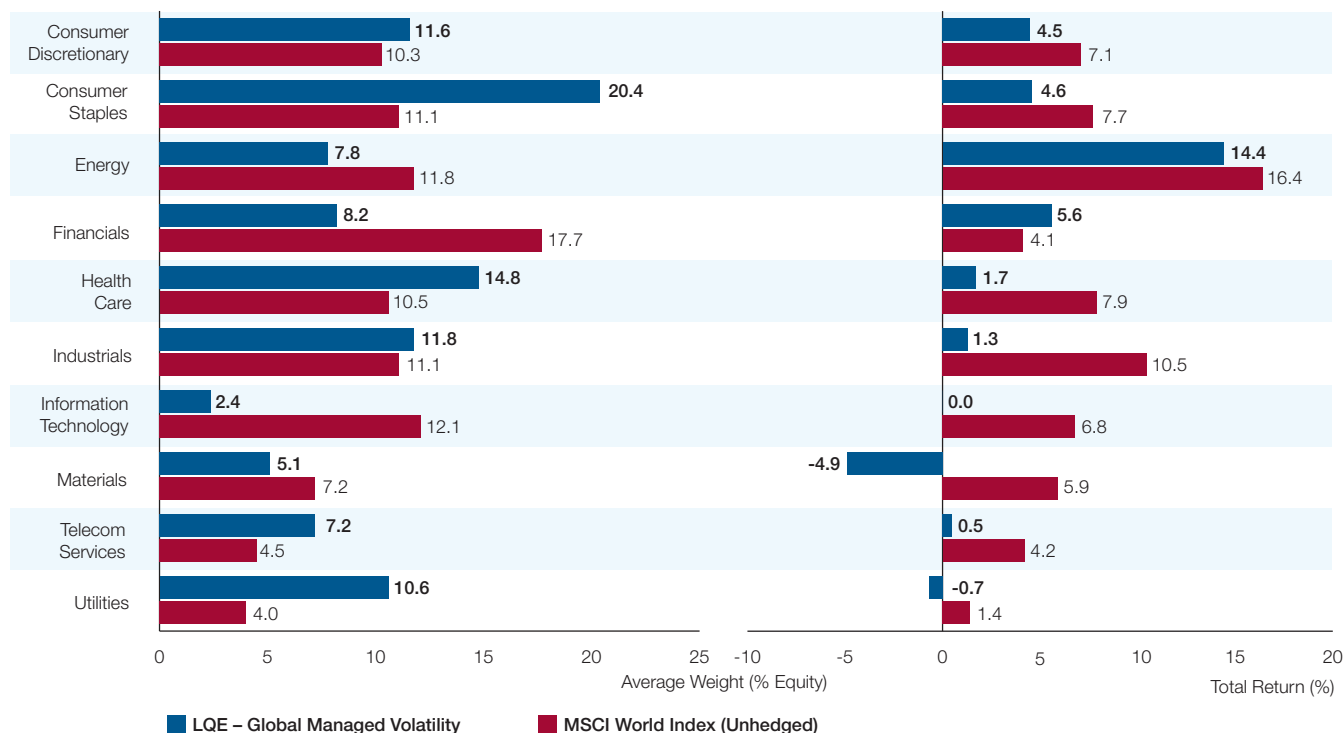
As of 31 December 2011

¹ Represents the daily sector volatility experienced by the portfolio.

Source: Lazard, MSCI

LQE – Global Controlled Volatility

Sector Exposure



Investment Characteristics¹

| | Lazard | MSCI World Index |
|----------------------------------|--------|------------------|
| Wtd. Average Market Cap (\$B) | 39.8 | 69.4 |
| P/E | 15.5 | 13.0 |
| ROE (%) | 13.3 | 12.4 |
| Price/Cash Flow | 8.2 | 7.9 |
| Historical 3-year EPS Growth (%) | 2.3 | 0.9 |
| Operating Margin | 19.6 | 18.4 |

Statistics¹

| | Lazard | MSCI World Index |
|--------------------------|--------|------------------|
| Predicted Beta | 0.54 | N/A |
| Predicted Tracking Error | 9.57 | N/A |

Top 10 Holdings

| Company | % Portfolio | Country | Sector | Market Cap (Millions USD) |
|--------------------------------|-------------|---------------|------------------------|---------------------------|
| Enbridge | 1.32 | Canada | Energy | 29,148 |
| Exxon Mobil | 1.31 | United states | Energy | 406,255 |
| Nestle | 1.15 | Switzerland | Consumer Staples | 190,568 |
| Teva Pharmaceutical Industries | 1.13 | Israel | Health Care | 37,790 |
| TransCanada | 1.10 | Canada | Energy | 30,744 |
| Oriental Land Company | 1.07 | Japan | Consumer Discretionary | 9,607 |
| Abbott Laboratories | 1.04 | United States | Health Care | 87,595 |
| McDonald's | 1.02 | United States | Consumer Discretionary | 102,658 |
| Wal-Mart | 1.00 | United States | Consumer Staples | 205,395 |
| Kintetsu | 0.99 | Japan | Industrials | 6,694 |

As of 31 December 2011

¹ Relative to the MSCI World Index (Hedged USD)

Source: Lazard, MSCI

Paper Portfolio Disclosure

Performance identified as that of a “paper portfolio” represents the performance of a portfolio constructed and maintained by LAM on its portfolio accounting system. Performance for these time periods reflects contemporaneous investment decisions. Performance for all periods reflects transaction costs, dividends reinvested and income received from the underlying securities. The returns are time-weighted, are based upon monthly portfolio valuations, and include the reinvestment of all earnings as of the payment date. Net of fee performance has been calculated using the standard fee schedule for the LQE – Global Controlled Volatility strategy. Returns are shown before the deduction of U.S. tax and custody fees and net of foreign withholding taxes on dividends, interest and capital gains. Performance represents past performance and is not a reliable indicator of future results.

Important Information

Published on 7 February 2012.

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Lazard Quantitative Equity – Global Managed Volatility (USD Hedge) is a diversified equity strategy that seeks to produce stable, equity-like returns with total risk well below market levels. Stocks are selected for the portfolio using a proprietary, multi-factor investment process that seeks stocks with fundamental attractiveness and below average risk characteristics. This strategy includes currency hedging.

Lazard Quantitative Equity – Global Managed Volatility (Unhedged) is a diversified equity strategy that seeks to produce stable, equity-like returns with total risk well below market levels. Stocks are selected for the portfolio using a proprietary, multi-factor investment process that seeks stocks with fundamental attractiveness and below average risk characteristics. The composite does not include currency hedging.

Lazard Quantitative Equity - Global Controlled Volatility (USD Hedge) is a diversified equity strategy that seeks to produce stable, equity-like returns with total risk well below market levels. Stocks are selected for the portfolio using a proprietary, multi-dimensional risk measurement framework that seeks to build the lowest risk portfolio subject to certain constraints. This strategy includes currency hedging.

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