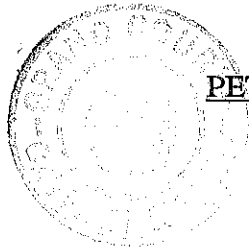


IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO 315 OF 1996

In the Matter of Lazard International Income Fund Limited (In Voluntary Liquidation)

And In the Matter of the Companies Law (1995 Revision)



PETITION



To the Grand Court

The Petition of Clive Norman Simon and William John Perchard of Coopers & Lybrand, P.O. Box 626, Le Truchot, St Peter Port, Guernsey, Channel Islands, Joint Voluntary Liquidators of Lazard International Income Fund Limited (hereinafter referred to as "the Liquidators" and "the Company" respectively) shows that:-

- (1) The Company was incorporated with limited liability and registered (No. 10690) as an exempted company under the Companies Law Cap. 22 on the 13th November, 1980.
- (2) The Company carries on business as an open ended mutual fund within the meaning of Section 3 of the Mutual Funds Law 1993. It has Class B status in Guernsey under the Protection of Investors (Bailiwick of Guernsey) Law 1987. It is not a recognised scheme pursuant to Section 87 of the Financial Services Act 1986 of the United Kingdom.
- (3) At an extraordinary general meeting of the Company held on the 14th June, 1996 it was resolved, inter alia, that the Company be wound up in accordance with the provisions of the Companies Law (1995 Revision) and that the Liquidators be appointed liquidators of the Company with power to act jointly and severally. Notice of the Liquidators appointment was filed with the Registrar of Companies immediately preceding the presentation of this Petition.
- (4) It was further resolved at the said extraordinary general meeting that the Liquidators implement, subject to obtaining approval of this Court pursuant to Section 164 of the Companies Law (1995 Revision), a scheme of liquidation in the form of that filed herewith, whereby the whole of the Company's business and property shall be acquired by the Lazard Brothers Global Equity Fund Plc ("the Dublin Fund") in consideration for the Dublin Fund issuing to the participating shareholders of the Company participating shares in the High Yield Bond Class and the US Dollar Bond Class of the Dublin Fund.
- (5) The Liquidators have resolved to implement the said Scheme of Liquidation.

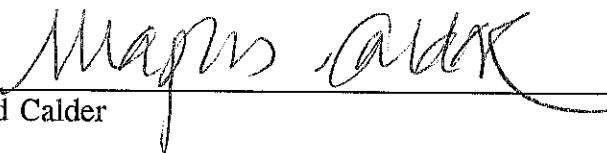
- (6) The Scheme of Liquidation is in the interests of the Company's shareholders generally and will not prejudice the interests of its creditors.

Your Petitioners therefore humbly pray that:-

3. The Scheme of Liquidation be sanctioned.
4. That such other orders and directions be given as the Court thinks fit.

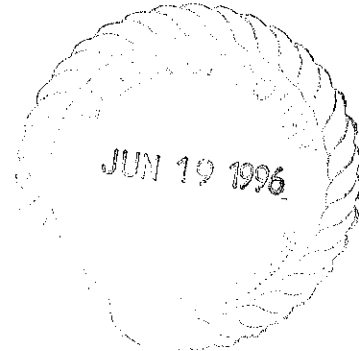
AND your Petitioners will ever pray etc.

DATED the 19th day of June, 1996



Maples and Calder

NOTE: This Petition is not intended to be served.



This Petition is presented by Maples and Calder, Attorneys for the Petitioners, whose address for service is Ugland House, P.O. Box 309, George Town, Grand Cayman.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this document, you should consult your independent financial adviser immediately.

If you sell or have sold all your participating redeemable preference shares ("Participating Shares") in Lazard International Income Fund Limited ("International Income Fund") you should at once hand this document and the documents accompanying it to the purchaser or the bank, stockbroker or other agent through whom a sale was or is effected for onward transmission to the purchaser.

Lazard International Income Fund Limited

(Registered in the Cayman Islands)

Proposed Merger Arrangements with Lazard Brothers Global Bond Fund public limited company

This Circular has been issued by Lazard Brothers Asset Management Limited, a member of the Investment Management Regulatory Organisation Limited and the Board of Directors of International Income Fund. Lazard Brothers Asset Management Limited is an associate of Lazard Fund Managers (Channel Islands) Limited, the manager of International Income Fund and Lazard Brothers Investment Funds Limited, the manager of Lazard Brothers Global Bond Fund public limited company ("the Dublin Fund").

You should note that, if the Special Resolution set out in the accompanying Notice of Extraordinary General Meeting is duly passed, this will result in the cancellation of your Participating Shares in International Income Fund and the issue and allotment to you of participating shares ("Shares") in the Dublin Fund without any further notice to you or any action on your part and irrespective of whether you vote in favour of or against, or do not vote in relation to, that Special Resolution.

Notice of the Extraordinary General Meeting to be held at 12.30 p.m. on Friday, 14th June 1996 is set out in Appendix III. You are requested to complete and return the enclosed Form of Proxy in accordance with the instructions printed thereon.

Holders of accumulation Participating Shares in International Income Fund should note that the Dublin Fund does not issue accumulation Shares. Holders of accumulation Participating Shares in International Income Fund will receive Shares in the Dublin Fund with an automatic reinvestment facility.

2. The Dublin Fund

The Dublin Fund is an open-ended investment company with variable capital incorporated in Ireland on 3rd April 1996, qualifying as a UCITS and is authorised by the Central Bank of Ireland under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 1989 (S.I. No. 78 of 1989) ("the Regulations"). This improves its marketability within the European Union (including the United Kingdom), which we believe to be of advantage to investors as it enables the Dublin Fund to market to a wider potential investor base, thereby assisting the expansion of monies under management. It is managed in Dublin by Lazard Brothers Investment Funds Limited ("the Dublin Manager"). Investment advice and investment management are provided by Lazard Brothers Asset Management Limited, which also provides investment advice to International Income Fund. The Custodian is BT Trustee Company (Ireland) Limited.

The Dublin Fund has been incorporated with four sub-funds, each of which is linked to a separate class of Share in the Dublin Fund, Lazard High Yield Bond Fund, Lazard US Dollar Bond Fund, Lazard International Bond Fund and Lazard Diversified Bond Fund, and with the power to create additional sub-funds. Application has been made for the Shares in the Dublin Fund to be listed on The Irish Stock Exchange. The classes of Share in the Dublin Fund of interest to Participating Shareholders are (a) the High Yield Bond Fund class of Share in the Dublin Fund ("the High Yield Bond Class") which has a similar investment objective to the Sterling class of Participating Share in International Income Fund and (b) the US Dollar Bond Fund class of Share in the Dublin Fund ("the US Dollar Bond Class") which has a similar investment objective to the US Dollar class of Participating Share in International Income Fund. In the event that the proposed Scheme takes effect, Participating Shareholders in the Sterling class of Participating Share in International Income Fund will be issued with Shares in the High Yield Bond Class. Participating Shareholders in the US Dollar class of International Income Fund will be issued with Shares in the US Dollar Bond Class. Full details of the investment objectives of the High Yield Bond Class and the US Dollar Fund Class respectively are set out in Appendix II. **Participating Shareholders should note that the Dublin Fund does not issue accumulation Shares and holders of accumulation Participating Shares in International Income Fund will receive Shares in the Dublin Fund with a reinvestment facility.**

3. Taxation

International Income Fund

International Income Fund is incorporated in the Cayman Islands but resident in Guernsey. The transfer of its assets to the Dublin Fund will not be a taxable disposal by International Income Fund for the purposes of United Kingdom capital gains tax. Taxes and duties (if any) payable on the transfer of investments from International Income Fund to the relevant Class of Share in the Dublin Fund will be borne by Lazard Fund Managers (Channel Islands) Limited ("the Guernsey Manager").

International Income Fund has been accepted by the Guernsey Income Tax Authority as resident in Guernsey but exempt from Guernsey income tax pursuant to the provisions of the Income Tax (Guernsey) Law 1975 as amended by the Income Tax (Amendment) (Guernsey) Law 1989 and the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989. The liability of International Income Fund to Guernsey taxation is limited to an annual fee payable to the Tax Authority and currently fixed at £500.

Currently, no taxes are imposed in the Cayman Islands on the income or capital profits of International Income Fund. An undertaking has been received from the Governor-in-Council of the Cayman Islands agreeing that International Income Fund will not be chargeable to tax in the Cayman Islands on its income or its capital gains arising in the Cayman Islands or elsewhere for a period of twenty years from 29th January 1985.

Dividends of International Income Fund are payable to Participating Shareholders without deduction of Cayman Islands tax. No stamp duty is levied in the Cayman Islands on the issue, transfer or redemption of Participating Shares in International Income Fund. The only tax currently chargeable on International

Income Fund in the Cayman Islands is an annual charge calculated on the nominal amount of the authorised share capital of International Income Fund. At present rates this charge will not exceed approximately US\$700 in any year.

The Dublin Fund

The Dublin Fund presently qualifies as a specified collective investment undertaking within the meaning of the Irish Finance Act 1989. On this basis the Dublin Fund is exempt from liability to Irish tax on its income and capital gains and distributions made by the Dublin Fund to holders of Shares in the Dublin Fund ("Shareholders") not resident in Ireland for tax purposes will not be liable to any Irish withholding tax.

Participating Shareholders

The effect of the Scheme on Participating Shareholders will depend upon their own circumstances. International Income Fund has not been certified as a distributing fund for the purposes of United Kingdom taxation for any of its accounting periods up to 31st July 1995 and the Directors have no intention of applying for certification for any subsequent accounting period. Accordingly, the provisions relating to non-qualifying offshore funds in sections 757-764 of the Income and Corporation Taxes Act 1988 apply to Participating Shares. The investment and distribution policies of the Dublin Fund are designed so as to enable it to qualify as a distributing fund, and it is intended to apply for certification each year. The Directors have been advised that under current law and practice:

- (a) the implementation of the Scheme will result in those Participating Shareholders subject to United Kingdom taxation disposing of their Participating Shares (including the accrued income element (if any) held under equalisation arrangements) for the market value of those Participating Shares at the date of the Scheme under section 757 of that Act. Any gain triggered by this disposal will be taxed in accordance with sections 761 and 762 of the Act. They provide that, except in some cases where the Participating Shareholder is the trustee of a non-United Kingdom resident trust, such gains (known as offshore income gains) are taxed as income. Where the holder of Participating Shares is a non-resident trustee, any gain which arises on the disposal will be taxable on the settlor or the beneficiaries of the trust, in circumstances where they are taxable on income and gains;
- (b) any Participating Shareholder resident in the United Kingdom for United Kingdom tax purposes who, with any persons connected with him for taxation purposes, holds not more than 5 per cent. of the outstanding Participating Shares in International Income Fund will not be treated as having disposed of Participating Shares in International Income Fund for United Kingdom capital gains tax purposes by reason of the Scheme.

For holders of more than 5 per cent. of the outstanding Participating Shares in International Income Fund, application has been made to the Inland Revenue of the United Kingdom for clearance under section 138 of the Taxation of Chargeable Gains Act 1992 and the Inland Revenue of the United Kingdom has confirmed in writing its satisfaction that the provisions of section 137(1) of that Act should not have effect in respect of the Scheme, with the result that section 136 of that Act will not be prevented from applying. This means that the Scheme should not constitute a disposal of Participating Shares in International Income Fund by Participating Shareholders so as to give rise to any liability to United Kingdom tax on capital gains.

Participating Shareholders who realise offshore income gains (as described in (a) above) should note that the avoidance of a disposal for the purposes of tax on capital gains described in (b) above will generally have no tax consequences for them when the Scheme is implemented. Participating Shareholders who would realise a loss on the implementation of the Scheme will not do so as a result of this provision.

When a Participating Shareholder who is liable to tax on capital gains disposes of his Shares in the Dublin Fund, he should compute the gain (or loss) by reference to his initial investment in International Income Fund increased by the amount of the offshore income gain described in (a) above.

It is not anticipated that any cash distribution will be made. If, however, a cash distribution should be payable to holders of Participating Shares in International Income Fund by the liquidators of International Income Fund ("the Liquidators") in the event that the Scheme is implemented and after discharging the liabilities of International Income Fund, it will constitute a part disposal of those Participating Shares in International Income Fund. Provided that it represents not more than 5 per cent. of the value of each

Participating Shareholder's Participating Shareholding in International Income Fund on the Effective Date, it will, under published United Kingdom Inland Revenue practice, be treated as a reduction in base cost of each Participating Shareholder's Participating Shares in International Income Fund for the purpose of United Kingdom taxation on capital gains in accordance with section 122(2) of the Taxation of Chargeable Gains Act 1992, unless the Participating Shareholder opts for it to be treated as a part disposal.

Application for clearance has also been made under section 707 of the Income and Corporation Taxes Act 1988 to confirm that no notice under section 703(3) of that Act ought to be given in respect of the Scheme which would mean that the Inland Revenue of the United Kingdom will not seek to cancel any resulting tax advantage under those provisions. The Directors have been advised that such clearance should be received before the Effective Date.

The attention of individuals ordinarily resident in the United Kingdom is drawn to sections 739 and 740 of the Income and Corporation Taxes Act 1988 which contain provisions for preventing avoidance of income tax by transactions resulting in the transfer of income to persons (including companies) abroad.

The Directors have been advised that under current law and practice, there will not be any Cayman Islands or Guernsey tax payable by Participating Shareholders as a result of the Scheme.

Any Participating Shareholders who choose to redeem their Participating Shares in International Income Fund when it is in liquidation, instead of receiving Shares in the Dublin Fund, will be treated for tax purposes as disposing of their Participating Shares in return for the cash or assets which they receive.

The Dublin Fund

Tax considerations relating to the Dublin Fund and to holders of Shares in the Dublin Fund are set out in the enclosed Prospectus.

The Dublin Fund presently qualifies as a specified collective investment undertaking. On this basis Shareholders not resident in Ireland for tax purposes will not be liable to Irish tax on income received or on gains made on the disposal of Shares in the Dublin Fund. In order to retain this status, no Shareholders may (apart from certain exceptions specified in the enclosed Prospectus) be persons resident for tax purposes in Ireland. It is the policy of the Dublin Fund to require applicants for Shares in the Dublin Fund to confirm at the time of application that they are not Irish residents and are not acquiring the Shares in the Dublin Fund as a nominee for an Irish resident. If the Dublin Fund ceased to qualify as a specified collective investment scheme the tax exemption referred to in this section "Taxation" would cease to apply and both the income and capital gains of the Dublin Fund would be liable to Irish tax.

If you are an Irish resident investing in International Income Fund you should contact the Guernsey Manager for details of steps to take.

General

The effect of the Scheme will vary depending on the individual circumstances of the investor and this section "Taxation" can in any event only constitute a general guide. The position of special types of Participating Shareholders such as trustees and non-residents trading in the United Kingdom has not been covered. All references to taxation relate to current law and practice which is subject to change. Participating Shareholders who are in doubt as to their individual tax position should consult their professional adviser as to the taxation implications of the Scheme under the laws of the countries of their nationality, residence and domicile and in relation to their individual circumstances.

4. Procedure

The Directors propose that International Income Fund should be put into liquidation. This requires the passing of a Special Resolution by Participating Shareholders as set out in the Notice of Meeting in Appendix III.

The Liquidators will be authorised to transfer to the Dublin Fund the undertaking and net assets of International Income Fund (after providing for its outstanding claims and liabilities including the rights of holders of the Management Shares in International Income Fund and holders of the Nominal Shares in International Income Fund as defined in the Articles of Association of International Income Fund). This will be in exchange for the issue by the Dublin Fund to each Participating Shareholder on the Register of Members at the Effective Date of the number of Shares in the High Yield Bond Class or Shares in the

US Dollar Bond Class, as appropriate, which is of equivalent aggregate value to that of Participating Shares in the Sterling class of Participating Share in International Income Fund or the US Dollar class of Participating Share in International Income Fund, as appropriate, registered in the name of that Participating Shareholder at the Effective Date. Each such value shall be determined in the same way, namely on an Offer Price basis, being the Offer Price calculation for Participating Shares in the relevant class, and of the relevant type, of Participating Share in International Income Fund (excluding dealing costs and any initial charge) and the initial Offer Price of Shares in the High Yield Bond Class and the US Dollar Bond Class, as appropriate, in each case excluding any preliminary charge. The value of the underlying assets of the relevant class, and of the relevant type, of Participating Share in International Income Fund for the above purpose will be calculated as at 9.00 a.m. Guernsey time on the Effective Date. The value of each Share in the High Yield Bond Class to be acquired will be the initial Offer Price of Stg\$1, excluding any preliminary charge. The value of each Share in the US Dollar Bond Class to be acquired will be the initial Offer Price of US\$1, excluding any preliminary charge. The number of income Participating Shares and accumulation Participating Shares in the Sterling class of Participating Share in International Income Fund and the US Dollar class of International Income Fund in issue and deemed to be in issue at the Effective Date will be determined at 9.00 a.m. Guernsey time on the Effective Date. Full details of the calculation are contained in the Scheme, which is available for inspection.

The Guernsey Manager will bear all the costs of implementing the Scheme, including the costs of sending this Circular and other documentation to Participating Shareholders, the Liquidators' fees, legal costs, the cost of transfer (including taxes and duties, if any) and changing custody of securities pursuant to the Scheme and the cost of convening and holding the Extraordinary General Meeting and any adjournment thereof. The Scheme will become effective and binding on Participating Shareholders only if it is approved by the Grand Court of the Cayman Islands at a hearing intended to take place on 26th June 1996.

The Scheme, if approved, will take place on the Effective Date. Shortly thereafter, a confirmation will be sent to each Participating Shareholder setting out the valuation of the assets in International Income Fund transferred to the Dublin Fund on the Effective Date and the number of Shares in the High Yield Bond Class or US Dollar Bond Class, as appropriate, allotted to him pursuant to the Scheme. Shares in the High Yield Bond Class and the US Dollar Bond Class are usually issued as registered shares in non-certificated form. Share certificates must be specifically requested from the Dublin Manager. If the Special Resolution is passed, the Scheme will be binding on all Participating Shareholders.

Please note that if the Scheme is implemented, you will become a Shareholder in an Irish UCITS investment company as opposed to a Cayman Islands incorporated, Guernsey managed, Class B investment company (as explained in Appendix II). The Dublin Fund will be required to comply with the requirements applicable to it under the relevant laws in Ireland. The Dublin Fund is authorised as a UCITS under the Regulations and qualifies as a UCITS for the purposes of the EC Directive on Undertakings for Collective Investment in Transferable Securities. Application has been made to the Securities and Investments Board of the United Kingdom for recognition of the Dublin Fund pursuant to section 86 of the Financial Services Act 1986 of the United Kingdom which is expected to be granted prior to the Effective Date. Participating Shareholders should note that the Financial Services (Cancellation Rules) 1989 as amended of the United Kingdom, which in certain circumstances give persons the right to cancel the contract to purchase shares, will not apply to Shares in the Dublin Fund to be issued under the Scheme.

Existing share certificates of Participating Shares in International Income Fund will cease to be of any value from the Effective Date.

Any Participating Shareholder who has not voted in favour of the Special Resolution and does not wish to exchange his Participating Shares for Shares in the Dublin Fund may redeem his Participating Shares in the usual way until 9.00 a.m. in Guernsey on Monday, 24th June 1996. In the period following the Extraordinary General Meeting and until 9.00 a.m. on Monday, 24th June 1996 dealing may take place on a daily basis.

The Guernsey Manager's obligation to repurchase Participating Shares in International Income Fund will remain until 9.00 a.m. in Guernsey on Monday, 24th June 1996. Applications for redemption at this point must be received and accepted by the Guernsey Manager by 3.30 p.m. on Friday, 21st June 1996. Dealings in Participating Shares in International Income Fund by the Guernsey Manager will be suspended from Monday, 24th June 1996.

Dealing in Shares in the High Yield Bond Class and the US Dollar Bond Class will commence on the first Business Day (being any dealing day normally treated as a business day in Dublin and London) after the Effective Date. The procedure for buying and selling Shares in the High Yield Bond Class and the US Dollar Bond Class is set out in the enclosed Prospectus. Prior to receipt of a confirmation of the number of Shares in the Dublin Fund allotted and issued, Participating Shareholders may redeem or transfer their Shares in the High Yield Bond Class or the US Dollar Bond Class, as appropriate, on completion of a redemption request and delivery of their share certificates or other documents evidencing title to their existing Participating Shares in the Sterling class of Participating Share in the International Income Fund or the US Dollar class of Participating Share in the International Income Fund, as appropriate.

5. Distributions

In order to facilitate the implementation of the Scheme, the Directors have resolved to make an interim dividend payment of all International Income Fund's estimated income (if any) to 11th June 1996 to holders of Participating Shares in International Income Fund on the Register of Members on that date. This dividend will be declared on 11th June 1996. Distributions of income to holders of income Participating Shares in International Income Fund will be paid as soon thereafter as is practicable and, in any event, no later than 13th June 1996. If such distribution is reinvested in subscribing for additional income Participating Shares in International Income Fund, the additional income Participating Shares in International Income Fund so issued will participate in the Scheme arrangements. The income to be allocated to accumulation Participating Shares will be allocated to accumulation Participating Shares by becoming capital and being retained as part of the property of the relevant class of accumulation Participating Shares in International Income Fund no later than 13th June 1996 and will therefore form part of the property of the relevant class of Participating Share in International Income Fund for the purposes of the Scheme.

Dividend mandates in force for any purpose in relation to Participating Shares in International Income Fund will, unless and until revoked, be treated as effective mandates to the Dublin Manager in relation to Shares in the Dublin Fund issued in consequence of the Scheme contained in this Circular. Dividends of less than Stg.£50 or its foreign currency equivalent will not be distributed to Shareholders but will be reinvested in the purchase of further Shares in the relevant class of Share in the Dublin Fund at the prevailing Offer Price, excluding any preliminary charge.

Unclaimed distributions on income Participating Shares in International Income Fund will be held on trust by Lazard Brothers & Co., (Guernsey) Limited, the custodian of International Income Fund ("the Guernsey Custodian"), for the persons on the Register of Members at the relevant time for a period of two years and thereafter will be paid to the Financial Secretary of the Cayman Islands who will hold the money for a further period of twenty years. If, following advertisements, at that time it remains unclaimed, it will become part of the general revenues of the Cayman Islands Government.

6. Extraordinary General Meeting

The passing of a Special Resolution by Participating Shareholders at the Extraordinary General Meeting of International Income Fund, convened for 12.30 p.m. on 14th June 1996, is required before the Scheme can be implemented.

Appendix III contains a Notice convening for 12.30 p.m. on 14th June 1996 an Extraordinary General Meeting of International Income Fund at which the Special Resolution will be proposed. To be passed at the Extraordinary General Meeting, the Special Resolution must be carried by a majority of not less than seventy-five per cent. of the votes cast at that Meeting.

The quorum for the Extraordinary General Meeting is at least two members of International Income Fund present in person or by proxy. Neither the Guernsey Manager nor a connected person is entitled to vote nor are Participating Shares held by them deemed to be in issue for the purposes of the quorum requirements. **If within half an hour from the time appointed for the Meeting a quorum is not present, the Meeting will be adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Directors may determine.**

7. Action to be taken

You will find enclosed a Form of Proxy coloured Buff. Whether or not you intend to be present at the Meeting or any adjourned Meeting, you are strongly urged to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible and in any event so that it is received at Lazard House, 1 St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands no later than 12.30 p.m. on 12th June 1996. Completion and return of the Form of Proxy will not preclude you from attending the Meeting and/or any adjourned Meeting and voting in person should you so wish.

8. Confirmations

Coopers & Lybrand, Guernsey, Chartered Accountants and Coopers & Lybrand, Dublin, Chartered Accountants, auditors to International Income Fund and the Dublin Fund respectively, whilst not otherwise expressing any view on the merits of the Scheme, have informed the Directors of International Income Fund and the Dublin Fund, as appropriate, by letter that, in their opinion, the basis on which the number of Shares in the High Yield Bond Class and the US Dollar Bond Class, as appropriate, to be issued to Participating Shareholders is to be calculated is fair and reasonable so far as Participating Shareholders and Shareholders of the High Yield Bond Class and the US Dollar Bond Class are concerned.

The Inland Revenue of the United Kingdom has confirmed by letter that section 137 of the Taxation of Chargeable Gains Act 1992 should not apply to the Scheme and consequently section 136 of that Act may apply. Accordingly, the Scheme should not involve a disposal of Participating Shares in International Income Fund for the purpose of tax on capital gains. The Shares in the High Yield Bond Class and the US Dollar Bond Class will have the same acquisition cost and acquisition date for capital gains tax purposes as Participating Shareholders' existing Participating Shares in International Income Fund.

Application has been made to the Inland Revenue of the United Kingdom for clearance under section 707 of the Income and Corporation Taxes Act 1988 that the Scheme does not create a tax advantage which should be cancelled. The Directors have been advised that such clearance should be received before the Effective Date.

9. Responsibility

The Directors recommend the Scheme.

The Directors of International Income Fund whose names are set out on page (2) of this Circular are the persons responsible for the information contained in this Circular (other than that relating to the Dublin Fund). To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Circular for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors of International Income Fund accept responsibility accordingly.

The Directors of the Dublin Fund whose names are set out in the enclosed Prospectus are the persons responsible for the information contained in this Circular relating to the Dublin Fund. To the best of the knowledge and belief of these Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Circular for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors of the Dublin Fund accept responsibility accordingly.

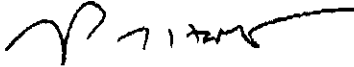
10. Documents available for Inspection

A copy of the following documents will be available for inspection at the Extraordinary General Meeting and at any adjourned Meeting and at the registered office of International Income Fund, The Aall Building, North Church Street, Grand Cayman, Cayman Islands, British West Indies; the offices of Lazard Fund Managers (Channel Islands) Limited, Lazard House, 1 St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands; the offices of Lazard Brothers Asset Management Limited, 21 Moorfields, London EC2P 2HT, England; and at the registered office of the Dublin Fund, 20/22 Lower Hatch Street, Dublin 2, Ireland, up to the date of the Extraordinary General Meeting and any adjourned Meeting during normal business hours on any weekday (Saturdays and public holidays excepted):

- (1) the Memorandum and Articles of Association of International Income Fund;
- (2) the Memorandum and Articles of Association of the Dublin Fund;
- (3) the draft Scheme;
- (4) the current Prospectus of the Dublin Fund;
- (5) the letters from Coopers & Lybrand referred to under "Confirmations" in (8) above.

If you have any queries concerning this Circular, please consult your independent financial adviser. You may also contact the undersigned in Guernsey on (44) 1481-710461.

Yours faithfully



Peter Hart
Director

Appendix II

Outline of Principal Details of, and Differences Between, International Income Fund and the Dublin Fund

1. Constitution

International Income Fund is an open-ended investment company incorporated in the Cayman Islands as an umbrella fund with power to create a number of classes of Participating Share. It is managed in Guernsey. It has Class B status in Guernsey under the Protection of Investors (Balliwick of Guernsey) Law 1987. It is not a recognised scheme pursuant to section 87 of the Financial Services Act 1986 of the United Kingdom. Participating Shares of one class in International Income Fund may be converted into Participating Shares of any other class in International Income Fund. Participating Shares are issued either as income Participating Shares or accumulation Participating Shares. The two types of Participating Share in International Income Fund carry the same rights except as to dividends. The income Participating Shares in International Income Fund each carry a right to final dividends declared by International Income Fund in general meeting or interim dividend if resolved by the Directors to be paid. The accumulation Participating Shares in International Income Fund carry no rights to dividends. Instead they have a right to an increased share in the assets of each investment fund attributable to a particular class of Participating Share.

The Dublin Fund is an open-ended investment company with variable capital, qualifying as an undertaking for collective investment in transferable securities and is authorised by the Central Bank under the Regulations. Application has been made for the Shares in the Dublin Fund to be listed on The Irish Stock Exchange. Application has been made to the Securities and Investments Board in the United Kingdom for recognition of the Dublin Fund pursuant to section 86 of the Financial Services Act 1986 of the United Kingdom which is expected to be granted prior to the Effective Date.

The Dublin Fund is an umbrella fund with power to create a number of classes of Share. Shares relating to one class may be converted into Shares relating to any other class on any day which is a dealing day in all relevant classes. The Dublin Fund issues only income Shares.

Although each class of Share in the Dublin Fund will be treated as bearing its own liabilities, the Dublin Fund as a whole will remain liable to third parties. Assets may be transferred to and from classes of Share if it is necessary to do so to satisfy any creditor proceeding against certain of the assets of the Dublin Fund or otherwise. **The same applies in International Income Fund.** In the event that any assets are so transferred the Directors of the Dublin Fund shall advise Shareholders of any such transfer in the next succeeding annual or half-yearly report to Shareholders.

2. Investment Objective

International Income Fund is designed for both individuals and corporations and it is intended to provide for the needs of investors requiring either an income return on their investment or capital growth. International Income Fund provides investors with a choice of classes of Participating Share (each such class being referred to as an "Investment Class") and the opportunity to switch from one Investment Class to another. Each Investment Class has a separate portfolio of investments attributable to it comprised in a separate investment fund (each such fund being referred to as an "Investment Fund"). There are presently two Investment Classes of Participating Share in International Income Fund, the Dollar Investment Class and the Sterling Investment Class.

A separate Investment Fund has been established for each class of Participating Share in International Income Fund and each Investment Fund is managed separately and independently.

Each Investment Fund invests largely in Eurocurrency instruments together with bonds issued in those countries where no tax is withheld at source from interest paid on domestic bonds. Their portfolios are concentrated in prime quality issues in order to retain a high degree of marketability.

Assets not committed to the longer term markets may be held in shorter term instruments or in cash on deposit. The Directors may seek to protect the capital value of International Income Fund by shortening the average maturity of the investments in periods of rising interest rates. Therefore, the proportion of the assets of International Income Fund held in cash and short term instruments may be considerable and may vary from time to time according to the Directors' view of the likely movements in interest rates.

The anticipated movement of foreign exchange values is an important part of investment decisions both in selecting long term securities and in choosing currencies in which to hold funds. However, active dealings in the foreign exchange markets are not undertaken or contemplated.

The investment objective of the **High Yield Bond Class** is to achieve a high level of income with modest prospects for capital growth from an actively managed portfolio of gilt edged and prime quality fixed and floating rate bonds, denominated in Stg£. Investments will be made on Regulated Markets (designated for High Yield Bond Class as set out in Appendix I of the enclosed Prospectus).

The High Yield Bond Class will be actively managed to produce an above average regular flow of income in Stg£. Particular importance is attached to diversification and active management and control of risk, encompassing credit rating and maturity profile. The majority of the assets of the High Yield Bond Class will be invested in UK government bonds (gilts). However, the High Yield Bond Class has the ability to invest across a wide range of securities including debentures of UK companies and Eurosterling bonds issued by international organisations and companies, rated AA or better as determined by Standard & Pooors.

The investment objective of the **US Dollar Bond Class** is to achieve an attractive level of US\$ income whilst also aiming to maximise capital appreciation from an actively managed portfolio of government and prime quality fixed interest securities denominated in US\$. Investments will be made on Regulated Markets (designated for US Dollar Bond Class as set out in Appendix 1 of the enclosed Prospectus).

The US Dollar Bond Class has the aim of achieving a greater total return i.e. capital gain and income combined, than the Salomon US World Government Bond Index as measured in US\$. The Salomon World Government Bond Index tracks the performance of issues of US Government bonds rated AA or better as determined by Standard & Pooors. The US Dollar Bond Class will invest predominantly in US Government bonds rated AA or better by Standard & Pooors. However, it may also from time to time invest in treasury bills and other prime quality US\$ denominated issues of corporations and supranational agencies having such ratings.

There is no assurance that the investment objective of either the High Yield Bond Class or the US Dollar Bond Class will actually be achieved.

It should be remembered that the prices of Shares in the Dublin Fund and the income from them may fall as well as rise. Changes in the exchange rates between currencies may cause the value of the investment to fluctuate.

High yielding assets such as certain fixed interest securities may carry a greater risk of capital values falling and of limited prospects of capital growth or recovery.

3. Compensation

International Income Fund is not eligible to participate in the Guernsey Compensation Scheme which is constituted by The Collective Investment Schemes (Compensation of Investors) Rules 1988 made pursuant to the Protection of Investors (Balliwick of Guernsey) Law 1987.

There is no equivalent scheme in Dublin.

Neither International Income Fund nor the Dublin Fund qualifies under the UK Investors Compensation Scheme.

4. Currency of Denomination

The currency of denomination of the Sterling class of Participating Share in International Income Fund is Stg£. The currency of denomination of the US Dollar class of Participating Share in International Income Fund is US\$. The currency of denomination of the High Yield Bond Class is Stg£ and the currency of denomination of US Dollar Bond Class is US\$.

Both Participating Shareholders and Shareholders may normally subscribe, redeem, or receive dividends in any of the freely convertible major currencies at their own risk and expense.

Changes in exchange rates between an investor's base currency and the currency of denomination of the relevant fund may cause fluctuations in the value of the investor's investment as against their base currency.

5. Form of Shares

International Income Fund offers registered shares in either certificated form or non-certificated form. Participating Shares are issued in certificated form unless otherwise requested from the Guernsey Manager.

Shares in the High Yield Bond Class and the US Dollar Bond Class issued under the Scheme will be registered shares in non-certificated form, unless share certificates are specifically requested from the Dublin Manager.

6. Minimum Investment

The minimum initial investment in the Sterling class of Participating Share in International Income Fund is normally the sterling equivalent of US\$1,000. The minimum initial investment in the US Dollar Class of Participating Share in International Income Fund is normally US\$1,000. The minimum initial investment in the High Yield Bond Class is normally £1,000 and in the US Dollar Bond Class is US\$2,000. There is no minimum additional investment in either class of Participating Share in International Income Fund provided that the minimum value of Participating Shares held by a Participating Shareholder is US\$1,000 or its sterling equivalent, as appropriate. The minimum additional investment in the High Yield Bond Class is £500. The minimum additional investment in the US Dollar Bond Class is US\$1,000.

The minimum initial investment requirements do not apply to Shares in the High Yield Bond Class and the US Dollar Bond Class issued to Participating Shareholders under the Scheme.

7. Dealing

Participating Shares in International Income Fund may normally be purchased, sold or converted on any Dealing Day. Dealing Days are normally every Monday, or if that day is not a business day, the next following business day.

Shares in the High Yield Bond Class and the US Dollar Bond Class may be purchased, sold or converted on any Dealing Day (being each Business Day in both Dublin and London).

8. Prices

(a) *Purchases*

The Offer Price of Participating Shares in each class of Participating Share in International Income Fund is calculated in accordance with its Articles of Association on a forward pricing basis. In summary, this is determined by assessing the value of the net assets on a mid-market basis of the relevant class of Participating Share in International Income Fund on the relevant Subscription Day, deducting the paid up capital in the Management Shares in International Income Fund and the Nominal Shares in International Income Fund in issue, adding a provision for duties and charges payable on a deemed acquisition of the whole of the portfolio relating to that class of Participating Share in International Income Fund, and dividing the amount so ascertained by the number of Participating Shares in issue and deemed to be in issue in that class of Participating Share in International Income Fund ("the Subscription Price"). To the Subscription Price is added an amount of up to 5 per cent. in respect of the Guernsey Manager's initial charge. The resulting figure is adjusted upwards to the nearest whole penny or cent, as appropriate, (the amount necessary to effect such adjustment being payable to the Guernsey Manager for its absolute use and benefit) to calculate the Offer Price. The price is calculated to four significant figures. As at 7th May 1996, the Net Asset Value of the Sterling class of Participating Share in International Income Fund was £3,383,185 and of the US Dollar class of Participating Share in International Income Fund was US\$3,068,286. There were 337,556 income Participating Shares in the Sterling class of Participating Share in International Income Fund in issue and the Net Asset Value per income Participating Share

in the Sterling class of Participating Share in International Income Fund on that date was Stg£10.03. There were no accumulation Participating Shares in issue in the Sterling class of Participating Share in International Income Fund on that date. There were 680 income Participating Shares in the US Dollar class of Participating Share in International Income Fund in issue and the Net Asset Value per income Participating Share in the US Dollar class of Participating Share in International Income Fund in issue on that date was US\$1,026.69. There were 403 accumulation Participating Shares in the US Dollar Class of Participating Share in International Income Fund in issue and the Net Asset Value per accumulation Participating Share in the US Dollar Class of Participating Share in International Income Fund in issue on that date was US\$3,333.64.

The Offer Price of Shares in the Dublin Fund is calculated in accordance with its Articles of Association on a forward pricing basis. Shares in the High Yield Bond Class and the US Dollar Bond Class may be issued on Dealing Days at a price determined by assessing the value of the net assets of the portfolio of the relevant Class on a mid-market basis at the relevant Valuation Point normally being 12 noon (Dublin time) on the relevant Dealing Day and adding thereto such sum as the Directors of the Dublin Fund may consider represents an appropriate figure for Duties and Charges (as defined in the enclosed Prospectus). The amount so calculated is divided by the number of Shares of the relevant Class in the Dublin Fund in issue and deemed to be in issue and to that figure may be added such amount as may be necessary to round the resulting amount to the nearest £0.01 or nearest US\$0.01, as appropriate. The Dublin Manager may charge a preliminary charge, currently set at 5 per cent. of the Subscription Price so calculated, to arrive at the Offer Price. This may be increased up to 7 per cent. of the Subscription Price. The current preliminary charge is 5 per cent. of the Subscription Price.

As the Offer Price includes a preliminary charge, charges and expenses of the investment are not borne uniformly throughout the life of the investment.

Where Participating Shares in the International Income Fund or Shares in the Dublin Fund are sold by the Guernsey Manager or the Dublin Manager respectively, the price is not greater than the relevant Offer Price.

Neither International Income Fund nor the Dublin Fund presently operates an equalisation account.

(b) *Sales*

The Redemption Price of Participating Shares in each class of Participating Share in International Income Fund is calculated in accordance with its Articles of Association on a forward pricing basis. In summary, this is determined by assessing the value of the net assets of the relevant class of Participating Share in International Income Fund on a mid-market basis on the relevant Subscription Day, deducting paid up capital on the Management Shares in International Income Fund and the Nominal Shares in International Income Fund in issue, deducting a provision for duties and charges payable on a deemed realisation of the whole of the portfolio relating to that class, and dividing the amount so ascertained by the number of Participating Shares in issue and deemed to be in issue in that class. The resulting figure is adjusted downwards to the nearest penny or whole cent, as appropriate, (the amount necessary to effect such adjustment being payable to the Guernsey Manager for its absolute use and benefit). The Redemption Price is calculated to four significant figures.

The Redemption Price of Shares in each of the High Yield Bond Class and US Dollar Bond Class is a price calculated in accordance with the Articles of Association of the Dublin Fund on a forward pricing basis. It is calculated by assessing the value of the net assets of the portfolio of the relevant Class on a mid-market basis at the relevant Valuation Point normally being 12 noon (Dublin time) on the relevant Dealing Day and deducting therefrom an appropriate provision for Duties and Charges (as defined in the enclosed Prospectus). The amount so calculated is divided by the number of Shares in the relevant Class in issue and deemed to be in issue and from that figure may be deducted such amount as may be necessary to round the resulting sum down to the nearest £0.01 or nearest US\$0.01, as appropriate. The Directors of the Dublin Fund have the right to levy a redemption charge which would be deducted from the Redemption Price but at present there is no intention to do so.

(c) *Basis*

For the purpose of calculating the Offer Price and Redemption Price of Participating Shares in International Income Fund, the assets of International Income Fund are valued on a mid-market basis.

For the purpose of calculating the Offer Price and Redemption Price of Shares in the Dublin Fund, the assets of the High Yield Bond Class and US Dollar Bond Class are valued on a mid-market basis.

The Net Asset Value of the High Yield Bond Class and US Dollar Bond Class may vary in value within a short period of time because of variations in value of the underlying assets of the High Yield Bond Class and the US Dollar Bond Class and the income derived therefrom.

(d) *Spreads*

The bid to offer spread in the price of Participating Shares in International Income Fund and Shares in the Dublin Fund reflects the charges and expenses incurred by the relevant Fund which would be incurred if all the assets held were acquired or disposed of, and rounding.

In International Income Fund the maximum permitted initial charge is 5 per cent. of the Subscription Price and it is currently at this level. As at 7th May 1996 the actual Redemption Price to Offer Price spread in the Sterling class of income Participating Share in International Income Fund and in the Sterling class of accumulation Participating Share in International Income Fund was 5 per cent. and in the US Dollar class of income Participating Share in the International Income Fund and in the US Dollar class of Participating Share in International Income Fund was 5 per cent.

In the High Yield Bond Class and the US Dollar Bond Class the maximum permitted initial charge is 7 per cent. of the Subscription Price, although it is currently 5 per cent. As at the first Dealing Day after the Effective Date the actual Redemption Price to Offer Price spread in the High Yield Bond Class will be 5 per cent. and in the US Dollar Bond Class will be 5 per cent.

Given the differences in the Offer Prices and Redemption Prices investment in High Yield Bond Class and US Dollar Bond Class should be viewed as a long term investment.

9. Dividends

The Directors have recommended, and the Directors of the Dublin Fund expect to recommend, distribution of substantially the whole of the net investment income of each of the Sterling class of Participating Share in the International Income Fund and the US Dollar class of Participating Share in the International Income Fund and the High Yield Bond Class and US Dollar Bond Class in each financial year. Dividends in International Income Fund are paid quarterly in February, May, August and November. The income to be allocated to accumulation Participating Shares is allocated to accumulation Participating Shares by becoming capital and being retained as part of the property of the relevant class of accumulation Participating Share in International Income Fund. Dividends in the High Yield Bond Class are paid on a quarterly calendar basis and in the US Dollar Bond Class are paid on a semi-annual calendar basis. The estimated gross yield for the High Yield Bond Class as at the launch date is 8.06 per cent. and for the US Dollar Bond Class is 6.48 per cent. Dividends will be reinvested in further Shares in the Dublin Fund, unless a contrary instruction is given to the Dublin Manager, whether the Participating Shareholder formerly held were income Participating Shares in International Income Fund or accumulation Participating Shares in International Income Fund. The instruction given to the Guernsey Manager in relation to income Participating Shares in International Income Fund will remain in force in the event that the Scheme is effected, unless the Dublin Manager is otherwise instructed. Dividends in the High Yield Bond Class will normally be paid in Stg£ and in the US Dollar Bond Class in US\$, but may be paid in any of the freely convertible major currencies at the risk and expense of the investor. Dividends of less than Stg£50 or its foreign currency equivalent will not be distributed to Shareholders but will be reinvested in the purchase of further Shares in the relevant class of the Dublin Fund at the prevailing Offer Price, excluding any preliminary charge.

10. Management

The Manager of International Income Fund is Lazard Fund Managers (Channel Islands) Limited. The Manager of the Dublin Fund is Lazard Brothers Investment Funds Limited. The Manager of each of International Income Fund and the Dublin Fund is responsible for managing investments in their respective Fund, subject to the overall supervision of the relevant board of directors. The Manager of

International Income Fund is also Secretary to International Income Fund. The Secretary of the Dublin Fund is William Fry Limited, the secretarial company of the Irish lawyers to the Dublin Fund. The Administrator and Registrar of the Dublin Fund is Lazard Brothers Investment Funds Limited. The Investment Adviser to Lazard Fund Managers (Channel Islands) Limited is Lazard Brothers Asset Management Limited. Lazard Brothers Asset Management Limited is also the Investment Manager to the Dublin Fund. Lazard Brothers Asset Management Limited is also an associate of Lazard Brothers & Co., (Guernsey) Limited. The Custodian of International Income Fund is Lazard Brothers & Co., (Guernsey) Limited. The Custodian of the Dublin Fund is BT Trustee Company (Ireland) Limited, a subsidiary of Bankers Trust New York Corporation.

11. Costs, Charges and Expenses

The initial charge payable on the issue of Participating Shares in International Income Fund is up to 5 per cent. of the relevant Subscription Price. The preliminary charge payable on the issue of Shares in each of the High Yield Bond Class and the US Dollar Bond Class is up to 7 per cent. of the relevant Subscription Price. The preliminary charges on the issue of Participating Shares in each class of Participating Share in International Income Fund is 5 per cent. of the Subscription Price. The preliminary charge on the issue of Shares in the High Yield Bond Class and Shares in the US Dollar Bond Class is 5 per cent. of the Subscription Price. However, there will be no preliminary charge on the issue of Shares in either the High Yield Bond Class or the US Dollar Bond Class issued under the Scheme.

The Guernsey Manager is entitled to a management fee of up to 2 per cent. per annum of the Net Asset Value of International Income Fund calculated on a mid-market basis, payable monthly. At present the Guernsey Manager's management fee is 0.875 per cent. of the Net Asset Value of International Income Fund calculated on a mid-market basis. This management fee may be increased within the maximum at the Manager's discretion after giving 90 days' written notice to Participating Shareholders. The Dublin Manager is entitled to a management fee of up to 2 per cent. per annum of the Net Asset Value of the Dublin Fund calculated on a mid-market basis payable monthly. At present the Dublin Manager's management fee is 1.0 per cent. of the Net Asset Value of the Dublin Fund calculated on a mid-market basis. This fee may be increased up to 2 per cent. on one month's notice to Shareholders.

The Guernsey Custodian receives a fee of 0.125 per cent. per annum of the Net Asset Value of International Income Fund calculated on a mid-market basis, payable monthly. Where securities are held by sub-custodians, nominees and agents outside Guernsey, any fees or expenses incurred on behalf of International Income Fund are charged to International Income Fund. The Dublin Custodian will receive a fee of 0.03 per cent. per annum of the Net Asset Value of the Dublin Fund calculated on a mid-market basis, payable monthly. This fee may be increased to up to 0.1 per cent. per annum of the Net Asset Value of the Dublin Fund calculated on a mid-market basis on one month's notice to Shareholders. The Dublin Custodian is also entitled to reasonable, properly vouched, out-of-pocket expenses, including the costs of any sub-custodian appointed.

There are a number of other costs, charges and expenses payable out of each of International Income Fund and the Dublin Fund and those for the Dublin Fund are set out in the enclosed Prospectus.

12. Investment and Borrowing Powers and Investment Safeguards

The Articles of Association of International Income Fund provide that each Investment Fund of International Income Fund:

- (a) may not have more than 15 per cent. of its portfolio in securities issued by one issuer; and
- (b) may not hold more than 10 per cent. of the total nominal value of the issued shares or bonds of any one class of a single issuer, subject to certain exceptions.

These limits will not apply in respect of securities issued by any government or any government agency.

Not more than 5 per cent. by value of each Investment Fund of International Income Fund's portfolio of securities may consist of unlisted securities.

International Income Fund may not invest in real property or commodities.

International Income Fund is permitted to enter into short sales of currency or acquire traded options or financial futures or grant options in relation to investments, provided that the value of the currency to which short sales relate, the cost of acquisition of options and financial futures (together with any further

amount which the International Income Fund may be liable to pay in relation to them) and the value of investments over which International Income Fund has granted options do not at any time exceed in aggregate 25 per cent. of the value of the International Income Fund's total portfolio.

International Income Fund may enter into hedging transactions without limitation. Where such transactions are effected, it is the Guernsey Manager's intention that the total value of all such transactions should not exceed 25 per cent. of the total value of investments held by International Income Fund.

The Dublin Fund is a UCITS fund and is restricted generally to investing in transferable securities. Details of the investment restrictions of the Dublin Fund are set out in the enclosed Prospectus.

13. Winding up

International Income Fund

International Income Fund may be wound up *inter alia* on the passing of a Special Resolution by Participating Shareholders to determine that International Income Fund should be wound up.

On a winding up, the assets available for distribution will be applied:

- (a) first in payment to Participating Shareholders of each Investment Class of a sum equal to the nominal amount of the Participating Shares held by such Participating Shareholders provided that there are sufficient assets available in the relevant Investment Fund to enable such payment to be made. If, as regards any Investment Class, there are insufficient assets in an Investment Fund to enable such payment to be made then recourse shall be had to first the assets of International Income Fund not comprised within any Investment Fund and secondly, the assets remaining in the Investment Funds attributable to the other classes of Participating Share (after payment to holders of the Participating Shares to which such Investment Funds relate of the amount to which they are entitled under this sub-paragraph (a)) pro rata to the total value of such net assets remaining within any such Investment Fund;
- (b) secondly, in payment to holders of the Nominal Shares of the nominal amount paid up thereon provided that no recourse shall be had to the assets comprised within any of the Investment Funds;
- (c) thirdly, in payment to holders of the Management Shares of the nominal amount paid up thereon provided that no recourse shall be had to the assets comprised within any of the Investment Funds;
- (d) fourthly, to the holders of each class of Participating Share of any balance then remaining in the relevant Investment Fund, such payment being made in proportion to the number of Participating Shares held.

Dublin Fund

Shareholders may resolve in general meeting by a simple majority to wind up the Dublin Fund if by reason of its liabilities it cannot continue in business. Otherwise, Shareholders may resolve in general meeting by Special Resolution to wind up the Dublin Fund, when a majority of not less than seventy-five per cent. of the votes cast is required.

In the event of a winding up of the Dublin Fund and the appointment of a liquidator, the liquidator shall first apply the assets of the Dublin Fund in satisfaction of creditors claims in such manner and order as he thinks fit.

The assets then remaining available for distribution shall be applied first in the payment to the holders of Shares in the Dublin Fund relating to the relevant portfolio of assets attributable to each class in proportion to the number of Shares in the Dublin Fund relating to each such class in issue; secondly, in the payment to the holders of Subscriber Shares of the nominal amount paid thereon; thirdly, in the payment to holders of Shares in the Dublin Fund of any balance then remaining in the relevant class; and fourthly, the payment to the holders of Shares in the Dublin Fund of any balance then remaining and not comprised in any of the other classes, such balance being apportioned as between the classes pro rata to the Net Asset Value of the portfolio of the assets of each class immediately prior to any distribution to Shareholders and of the amounts so apportioned to the holders of Shares in the Dublin Fund relating to each class pro rata to the number of Shares in the Dublin Fund in that class held by them.

Note: Definitions contained in the letter to Participating Shareholders and in the enclosed Prospectus apply to this Appendix II.

Appendix III

Lazard International Income Fund Limited
("the Company")

NOTICE OF EXTRAORDINARY GENERAL MEETING

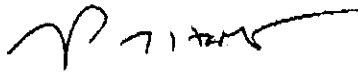
Notice is hereby given that an Extraordinary General Meeting of the Company will be held on Friday, 14th June 1996, at 12.30 p.m. at Lazard House, 1 St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands to consider and, if thought fit, pass the following resolution as a Special Resolution of the Company:

Special Resolution

"THAT:

1. the Company shall be wound up in accordance with the provisions of the Companies Law (1995 Revision) of the Cayman Islands;
2. Clive Norman Simon and William John Perchard of Coopers & Lybrand, c/o National Westminster House, P.O. Box 626, Le Truchot, St. Peter Port, Guernsey, Channel Islands be appointed liquidators of the Company with power to act jointly and severally ("the Liquidators");
3. the Liquidators be and are hereby instructed to implement, subject to obtaining approval of the Grand Court of the Cayman Islands pursuant to section 164 of the Companies Law (1995 Revision) of the Cayman Islands, a Scheme of Liquidation substantially in the form of the annexed draft, whereby the whole of the Company's business and property shall be acquired by Lazard Brothers Global Bond Fund public limited company ("the Dublin Fund") in consideration for the Dublin Fund issuing to Participating Shareholders of the Company, participating shares in the High Yield Bond Class of the Dublin Fund and the US Dollar Bond Class of Dublin Fund (as appropriate);
4. notwithstanding the appointment of the Liquidators, the directors of the Company be and are hereby authorised to exercise all their powers until the Effective Date (as defined in the Scheme of Liquidation)."

By Order of the Board



Peter Hart
Lazard Fund Managers (Channel Islands) Limited
Secretary

Dated the 20th day of May 1996

NOTES:

1. Any Member entitled to attend and vote at the Meeting may appoint a proxy or proxies who may vote on a show of hands or on a poll instead of him or her. A proxy need not be a Member of the Company.
2. The instrument appointing a proxy must be completed and delivered together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of such power of authority) to Lazard Fund Managers (Channel Islands) Limited, Lazard House, 1 St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands not less than 48 hours before the time appointed for the Meeting.

SCHEME OF LIQUIDATION

IN THE GRAND COURT OF THE CAYMAN ISLANDS
CAUSE NUMBER (• •) OF 1996

IN THE MATTER OF THE COMPANIES LAW (1995 REVISION)
(Under Section 164 of the Companies Law (1995 Revision))

BETWEEN

Lazard International Income Fund Limited

*(in voluntary liquidation), an Exempted Company
incorporated with Limited Liability and Registered under the laws of
the Cayman Islands, Registration Number 10690*

AND

THE HOLDERS OF

The Issued Management Shares of US\$1.00 each and
The Nominal Shares of US\$0.01 each and
The Participating Shares of US\$0.01 each in

Lazard International Income Fund Limited

(in Voluntary Liquidation)

FRERE CHOLMELEY BISCHOFF
4 John Carpenter Street
London EC4Y 0NH
Tel: 0171 615 8000
Fax: 0171 615 8080

(A) In this Scheme unless the context otherwise requires, the following words and expressions shall have the following meanings:

"Asset Fund" means for each class of participating redeemable preference share in International Income Fund the undertaking and net assets of International Income Fund not appropriated to the Liquidation Fund which are appropriated to such class details of which are to be annexed hereto as at the Effective Date in a Schedule to be initialled by the Liquidators and such annexure shall be deemed to be part of this Scheme;

"Asset Funds" means the aggregate of each of the Asset Funds;

"Dublin Custodian" means BT Trustee Company (Ireland) Limited, whose registered office is at 80 Harcourt Street, Dublin 2, Ireland;

"Dublin Fund" means Lazard Brothers Global Bond Fund public limited company, whose registered office is at 20/22 Lower Hatch Street, Dublin 2, Ireland;

"Dublin Fund Shares" means participating shares in each of the High Yield Bond Class or the US Dollar Bond Class, or both such classes, as appropriate;

"Dublin Manager" means Lazard Brothers Investment Funds Limited, whose registered office is at 20/22 Lower Hatch Street, Dublin 2, Ireland;

"Effective Date" means 28th June 1996 or such other date as the Directors of the International Income Fund shall determine;

"Guernsey Custodian" means Lazard Brothers & Co., (Guernsey) Limited, whose registered office is at Lazard House, 1 St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands;

"Guernsey Manager" means Lazard Fund Managers (Channel Islands) Limited, whose registered office is at Lazard House, 1 St. Julian's Avenue, St. Peter Port, Guernsey, Channel Islands;

"High Yield Bond Class" means the participating shares in the Dublin Fund allocated to the Lazard High Yield Bond Fund class thereof;

"International Income Fund" or **"Company"** means Lazard International Income Fund Limited (in voluntary liquidation), whose registered office is at The Aall Building, North Church Street, Grand Cayman, Cayman Islands, British West Indies;

"International Income Fund Accumulation Shares" means accumulation participating redeemable preference shares in International Income Fund in each of the Sterling class of participating redeemable preference share in International Income Fund and the US Dollar class of participating redeemable preference share in International Income Fund, or both, as appropriate;

"International Income Fund Income Shares" means income participating redeemable preference shares in International Income Fund in each of the Sterling class of participating redeemable preference share in International Income Fund and the US Dollar class of participating redeemable preference share in International Income Fund, or both, as appropriate;

"International Income Fund Shares" or **"Participating Shares"** means participating redeemable preference shares in International Income Fund in each of the Sterling class of participating redeemable preference share in International Income Fund and the US Dollar class of participating redeemable preference share in International Income Fund, or both, as appropriate, whether International Income Fund Accumulation Shares or International Income Fund Income Shares;

"International Income Fund Shareholders" or **"Participating Shareholders"** means holders of International Income Fund Shares on the Register of Members of International Income Fund at 9.00 a.m. Guernsey time on the Effective Date;

"Liquidation Fund" means cash and other assets of International Income Fund which the Liquidators may retain as they consider necessary, of a value estimated by the Liquidators to be sufficient to meet the outstanding claims and liabilities of each class of International Income Fund Shares in International Income Fund including (without prejudice to the generality of the foregoing) the satisfaction of the rights of the holders of the Management Shares in International Income Fund and the Nominal Shares in International Income Fund on a winding up;

"Liquidators" means Clive Norman Simon and William John Perchard of Coopers & Lybrand, c/o National Westminster House, P.O. Box 626, Le Truchot, St. Peter Port, Guernsey, Channel Islands;

"US Dollar Bond Class" means the participating shares in the Dublin Fund allocated to the Lazard US Dollar Bond Fund class thereof.

- (B) International Income Fund is an open-ended investment company incorporated in the Cayman Islands as an umbrella fund. It has Class B status in Guernsey. It is managed in Guernsey by the Guernsey Manager which is the manager of its assets.
- (C) By a Special Resolution of International Income Fund passed at an Extraordinary General Meeting held on 14th June 1996 it was resolved that:
1. the Company shall be wound up in accordance with the provisions of the Companies Law (1995 Revision) of the Cayman Islands;
 2. Clive Norman Simon and William John Perchard of Coopers & Lybrand, c/o National Westminster House, P.O. Box 626, Le Truchot, St. Peter Port, Guernsey, Channel Islands be appointed liquidators of the Company with power to act jointly and severally ("the Liquidators");
 3. the Liquidators be and are hereby instructed to implement, subject to obtaining approval of the Grand Court of the Cayman Islands pursuant to section 164 of the Companies Law (1995 Revision) of the Cayman Islands, a Scheme of Liquidation substantially in the form of the annexed draft, whereby the whole of the Company's business and property shall be acquired by Lazard Brothers Global Bond Fund public limited company ("the Dublin Fund") in consideration for the Dublin Fund issuing to Participating Shareholders of the Company participating shares in the High Yield Bond Class of the Dublin Fund or the US Dollar Bond Class of the Dublin Fund (as appropriate);
 4. notwithstanding the appointment of the Liquidators, the directors of the Company be and are hereby authorised to exercise all their powers until the Effective Date (as defined in the Scheme of Liquidation).
- (D) The Dublin Fund is an open-ended investment company with variable capital incorporated as an umbrella fund in Ireland qualifying as an undertaking for collective investment in transferable securities and is authorised under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 1989 (S.I. No. 78 of 1989) by the Central Bank of Ireland and the Dublin Custodian is custodian of its assets and the Dublin Manager is the manager of its assets.
- (E) The Liquidators shall appropriate certain of the undertaking and assets of International Income Fund to the relevant Asset Fund.
- (F) By paragraph 3 of the Special Resolution the Liquidators were instructed to make application to the Grand Court of the Cayman Islands to approve this Scheme of Liquidation.
- (G) The authorised share capital of the Company as at the date of this Scheme of Liquidation is US\$310,000 divided into 10,000 Management Shares of US\$1.00 each of which • have been issued and are fully paid and 300,000 Unclassified Shares of US\$0.01 each of which • have been issued as Nominal Shares and • have been issued as Participating Shares as of the commencement of the liquidation and are fully paid.
- (H) The purpose of this Scheme of Liquidation is to provide for the whole of the Company's business and property to be acquired by the Dublin Fund in consideration for the issue to International Income Fund Shareholders of Shares in the High Yield Bond Class in the Dublin Fund or the US Dollar Bond Class in the Dublin Fund, as appropriate.
- (I) The Dublin Fund has agreed to appear by Counsel on the hearing of the petition to approve this Scheme of Liquidation and to undertake to the Grand Court of the Cayman Islands to be bound thereby and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done for the purpose of giving effect to the Scheme of Liquidation.
- (J) The Guernsey Manager has agreed to appear by Counsel on the hearing of the petition to approve this Scheme of Liquidation and to undertake to the Grand Court of the Cayman Islands to be bound thereby and to pay the costs and expenses of the liquidation.

The Scheme

1. On the Effective Date the Liquidators shall instruct the Guernsey Custodian to, and the Guernsey Custodian shall, deliver to the Dublin Custodian and the Dublin Manager particulars of the assets comprised in each of the Asset Funds and shall instruct the Guernsey Manager to, and the Guernsey Manager shall, deliver to the Dublin Custodian and the Dublin Manager a list of the names and addresses of, and the number of, International Income Fund Shares held in each class of International Income Fund Shares by each International Income Fund Shareholder together with details of any relevant instructions relating to International Income Fund Shares in force at that time.
2. The Asset Funds shall vest in the Dublin Fund to be held as the assets in which the holders of the High Yield Bond Class or US Dollar Bond Class, as appropriate, are interested on the Effective Date and from and after the Effective Date the Asset Funds and any accretions thereto (in so far as they or any part thereof shall not have been transferred to the Dublin Custodian on the Effective Date), shall be held to the order of the Dublin Fund and the Dublin Custodian.
3. On the Effective Date, the Liquidators shall instruct the Guernsey Custodian to, and the Guernsey Custodian shall, transfer the Asset Funds to the Dublin Custodian (or its nominee) free from any encumbrance, lien, mortgage, charge or other security and together with all rights and privileges at the Effective Date or thereafter attaching thereto in consideration for the issue of the appropriate class of Dublin Fund Shares to International Income Fund Shareholders on the basis set out in this Scheme.
4. Subject to the Articles of Association of the Dublin Fund and the investment objectives of the High Yield Bond Class and the US Dollar Bond Class, the Dublin Custodian shall appropriate each of the Asset Funds as between the High Yield Bond Class and the US Dollar Bond Class in accordance with directions to be provided by the Dublin Manager. The said directions of the Dublin Manager shall be such as to enable the issue of the appropriate class of Dublin Fund Shares to International Income Fund Shareholders.
5. The aggregate allocation of Dublin Fund Shares in each of the High Yield Bond Class and the US Dollar Bond Class to International Income Fund Shareholders shall be made in accordance with the following formula:

$$\frac{(A \times D)}{B} \times C = \text{number of Dublin Fund Shares of the relevant class}$$

where:

- A is the value of an International Income Fund Accumulation Share or an International Income Fund Income Share, as appropriate, in either the Sterling class of International Income Fund Share or the US Dollar class of International Income Fund Share, as appropriate, for this purpose calculated by dividing the value of the relevant proportion of the relevant Asset Fund ascertained attributable to International Income Fund Accumulation Shares or International Income Fund Income Shares, as appropriate, by the number of those International Income Fund Accumulation Shares or International Income Shares, as appropriate, in the relevant class of International Income Fund Shares in issue and deemed to be in issue at 9.00 a.m. Guernsey time on the Effective Date ("the aggregate number of International Income Fund Accumulation Shares or International Income Fund Shares, as appropriate");
- B is the value of a Dublin Fund Share in either the High Yield Class or US Dollar Bond Class, as appropriate, which for this purpose shall be the initial Offer Price of £1 for the High Yield Class, and US\$1 for the US Dollar Bond Class, in each case excluding any preliminary charge;
- C is the aggregate number of International Income Fund Accumulation Shares or International Income Fund Income Shares, as appropriate, in the appropriate class of International Income Fund Shares; and
- D is the currency conversion factor representing the effective rate of exchange applicable as between the currency of denomination of the relevant classes of International Income Fund and the Dublin Fund at 9.00 a.m. Guernsey time on the Effective Date and shall be the same rate of exchange as that used by each of International Income Fund and the Dublin Fund in the calculation of value referred to in Clause 9 below. Where the currencies of denomination are the same, D = 1.

6. Each International Income Fund Shareholder shall be issued with Dublin Fund Shares in the relevant class of Dublin Fund Shares. Joint holders shall be treated as single holders. The number of Dublin Fund Shares in the relevant class of Dublin Fund Shares which an International Income Fund Shareholder shall receive shall be that proportion of the aggregate allocation to holders of International Income Fund Accumulation Shares or holders of International Income Fund Income Shares, as appropriate, of Dublin Fund Shares in that class (ascertained for the relevant class of Dublin Fund Share in accordance with the formula in Clause 5 above) which the number of International Income Fund Accumulation Shares or International Income Fund Income Shares, as appropriate, held by him in the relevant class of International Income Fund Shares bears to the aggregate number of International Income Fund Income Shares, or International Income Fund Accumulation Shares, as appropriate, in that class.
7. The allocation of Dublin Fund Shares in the respective class of Dublin Fund Shares to each International Income Fund Shareholder shall be made by the Dublin Manager in consultation with the Liquidators and the auditors of the Dublin Fund on the Effective Date and so as to comply with the provisions of Clauses 5 and 6 above.
8. The Dublin Fund Shares shall be issued to the persons entitled thereto as soon as practicable after the said allocation and the Dublin Manager shall arrange for the despatch of deal confirmations for the said Dublin Fund Shares within 7 days of the Effective Date to the persons entitled thereto at their respective addresses appearing in the Register of Members (in the case of joint holders, to the address of the first named) or to such other person and address as may be nominated by such person at the risk of the persons entitled thereto.
9. For the purposes of the calculations of value required to be made:
 - (a) the Asset Funds of International Income Fund shall be valued in accordance with the Articles of Association of International Income Fund on the basis of calculating the Offer Prices for International Income Fund Shares (excluding any initial charge and any dealing costs) as at 9.00 a.m. Guernsey time on the Effective Date and subject to compliance with the conditions set out in Article 11(C) of the Articles of Association of the Dublin Fund;
 - (b) the value of a Dublin Fund Share for this purpose shall be the initial Offer Price of £1 in the High Yield Bond Class, excluding any preliminary charge, and the initial Offer Price of US\$1 in the US Dollar Bond Class, excluding any preliminary charge;
 - (c) the rate of exchange (if any) used in carrying out the calculation in Clause 5 above shall be as agreed between the International Income Fund and the Dublin Fund but unless agreement to the contrary is made shall be the rate supplied by Datastream International Limited at 9.00 a.m. Guernsey time on the Effective Date; and
 - (d) International Income Fund and the Dublin Fund shall each be entitled to require the other to permit their auditors to carry out such investigations and matters as are necessary to confirm that the valuations for the purposes of Clause 5 above are being carried out on a consistent basis.
10. Any instructions for the payment of dividends on International Income Fund Shares in force on the Effective Date shall, unless and until revoked by notice in writing to the Dublin Manager, apply to the payment of dividends on Dublin Fund Shares issued pursuant to this Scheme and shall be deemed to be addressed to the Dublin Manager. Holders of International Income Fund Accumulation Shares shall have dividends in Dublin Fund Shares automatically reinvested unless the Dublin Manager receives contrary instructions.
11. Any unclaimed dividends on International Income Fund Shares shall be transferred to the Guernsey Custodian and held on trust for the persons on the Register of Members of International Income Fund at the relevant time for a period of two years and thereafter will be paid to the Financial Secretary of the Cayman Islands who will hold the money for a further period of twenty years. If, following advertisements, at that time it remains unclaimed, it will become part of the general revenues of the Cayman Islands Government.

12. The Liquidation Fund shall be applied by the Liquidators, in discharging the outstanding claims and liabilities of International Income Fund excluding the costs to be borne by the Guernsey Manager referred to in Clause 14 below. The apportionment of the Liquidation Fund between the classes of International Income Fund Shares shall be at the discretion of the Liquidators. Any surplus cash and assets in the Liquidation Fund shall be paid or transferred to the Dublin Fund to be held as assets in which the holders of the High Yield Bond Class or the US Dollar Bond Class are interested. Any such surplus cash or assets shall be apportioned between the two classes at the Liquidators' discretion.
13. The Liquidators shall be entitled to act and rely upon any certificate, opinion, evidence or information furnished by the Guernsey Manager, the Guernsey Custodian, the Registrar of International Income Fund, the Dublin Manager, the auditors of both International Income Fund and the Dublin Fund, and the stockbrokers and other professional advisers of International Income Fund and shall not be liable or responsible for any loss suffered as a result thereof.
14. All the costs of the Scheme, including the costs of sending the Circular and other documentation to International Income Fund Shareholders, the Liquidators' fees, legal costs, and the cost of transfer (including taxes and duties, if any) and changing custody of securities pursuant to the arrangement and the cost of convening the Extraordinary General Meeting referred to in recital (C) above, shall be borne by the Guernsey Manager.
15. The outstanding claims and liabilities of International Income Fund including (without prejudice to the generality of the foregoing) the satisfaction of the rights of the holders of the Management Shares in International Income Fund and the Nominal Shares in International Income Fund on a winding up shall be paid out of the Liquidation Fund.
16. International Income Fund shall procure and deliver to the Dublin Fund any consents, licences and approvals required by it in order to effect the transfer of any of the Asset Funds.
17. This Scheme shall become effective upon the date on which the order approving it is drawn up and filed with the Registrar of Companies.
18. On completion of the liquidation of International Income Fund the Liquidators shall forward all books and records of International Income Fund to the Guernsey Custodian, which may dispose of them as it thinks fit.