



“2023 marked an inflection point for our firm, as we commemorated our 175th anniversary and embarked on our vision for the future of Lazard: To build on our storied history, further increase our relevance for clients across the world, and double firmwide revenue by 2030. We believe that 2024 will be a better year for our business, and we are energized and united around our unwavering mission: To provide the most sophisticated and differentiated advice and investment solutions for our clients, advancing our legacy as *la haute banque d'affaires vis-à-vis the world.*”

Peter R. Orszag | Chief Executive Officer

2023 Annual Letter to Shareholders

Dear Fellow Shareholders,

2023 marked an inflection point for Lazard in a number of ways, as we celebrated our past while embracing our future. During the year, we commemorated our 175th anniversary, honored Ken Jacobs, who transitioned to Executive Chairman on October 1, and shared our vision for Lazard 2030. As we embark on our next phase, let me share my appreciation for Ken, who is one of the world’s premier bankers and continues to focus on advising clients in his new role, and my thanks to our board of directors. It is my privilege to serve as Lazard’s CEO, and I am honored to lead this distinguished firm during our next chapter.

In September, we shared our future vision of Lazard 2030: To build on our storied history, aim higher together, and further increase our relevance for clients across the world. Our goals are to double firmwide revenue by 2030 and deliver an average annual shareholder return of between 10 and 15 percent, by achieving high-productivity growth in Financial Advisory while diversifying and strengthening our Asset Management business. Our people are motivated to aim high, focused on delivering unique, innovative solutions for our clients while performing strongly as markets recover.

In addition to our continued evolution as a firm, we also view 2023 as a broader turning point. Firmwide operating revenue for the full year 2023 declined 12 percent to total \$2.4 billion, primarily reflecting the overall slowdown in M&A activity. However, operating revenue for the fourth quarter of 2023 was up 13 percent compared to the fourth quarter one year ago, demonstrating an inflection in client activity and early successes as we execute on our longer-term growth plans.

Looking ahead, we believe 2024 will be a better year for our business based on several positive indicators. Meetings with corporate, government, and investment leaders across the world reflect general optimism on the macroeconomic outlook, including in the U.S. in particular. Fundamentally, in the U.S. it appears that the disinflationary process is occurring with minimal increases in unemployment—as we anticipated—so the consumer remains relatively strong, and monetary policy now has room to loosen. While interest rates may be higher for longer, shifting the debate away from if rates will go up to when they will go down is a key change in perspective for corporate leaders and investors alike.

At the same time, it is abundantly clear that geopolitical issues are increasingly important considerations for decision-makers. In addition to armed conflicts in the Middle East and Ukraine, interdependence in energy transitions, advancements in artificial intelligence, and U.S./China relations remain top-of-mind. On this last topic there is relatively good news, since relations now appear somewhat stable despite the heightened tension. Another geopolitical factor is that elections are taking place in over 70 countries in 2024, with approximately 2 billion voters heading to polls across the world. While the majority of elections will be determined by domestic dynamics, many will have implications beyond their borders.

It is when risks and opportunities are most complex that business, government, and investment leaders reach out to Lazard. Our global network, intellectual capital, and two centuries of collective experience and knowledge continue to further our unwavering mission: To provide the most sophisticated and differentiated advice and investment solutions for our clients, advancing our legacy as *la haute banque d'affaires vis-à-vis the world*.

GROWING OUR BUSINESS

We continue to see increasingly favorable conditions for M&A activity. Tailwinds are solid as leaders look for opportunities to capture technological innovation, shift global supply chains—partly for resilience and partly in response to government incentives—and drive evolutions in life sciences and the energy sector. At the same time, headwinds are increasingly subdued, with financing markets re-opening and risk spreads tightening, private equity growing active again, and more directors and executives pursuing transactions in the wake of some favorable anti-trust decisions in the U.S. As a result, our client conversations are very active, and our outlook is positive for the year ahead.

Beyond M&A, we see significant further revenue opportunities in our Capital Solutions, Restructuring, and Liability Management businesses. It is possible we could see M&A and restructuring activity both increase in 2024, which would be an unusual pattern and a constructive environment for the solutions we provide. As leaders and markets expect higher interest rates for longer, and waves of debt maturities approach, clients increasingly benefit from the innovative and customized options our integrated, collaborative teams provide.

To deliver our longer-term goals, in Financial Advisory we are focused on high-productivity growth. This includes targeting an increase in average revenue per Managing Director to \$8.5 million by 2025 and \$10 million by 2028, and a net addition of ten Managing Directors each year through lateral hires and internal promotions. At the start of 2024, we hired four and promoted ten Managing Directors, demonstrating our ability to attract world class professionals and our strength in developing internal talent.

In Asset Management, we began 2024 with \$247 billion in assets under management, approximately 14 percent higher than at the start of 2023. Our emphasis on stabilizing and optimizing the business is starting to produce improved results, with significant outperformance across our Emerging Markets, Global, Quantitative, and select local strategies, and enhancements to our sales and distribution platform resulting in new, substantial client mandates during the past year. In addition, positive market sentiment and a widening dispersion of returns across asset classes is leading to increased interest and activity in our actively managed investment products.

With increased interest and activity, we continue to strengthen our traditional asset management business while focusing on adding capabilities in less liquid products. To achieve our longer-term objectives, we are targeting approximately 30 percent of asset management revenues from alternatives or private markets and wealth management by 2030, through the programmatic and disciplined pursuit of acquisitions, with an emphasis on creating enhanced value for our shareholders.

As we deliver high productivity growth in Financial Advisory, and strengthen while diversifying our Asset Management business, we also aim to return to our long-term margin targets over time. While continuing to make investments in growth, and as revenues return to a more normalized environment, we anticipate returning to compensation and non-compensation ranges more aligned with historical results.

ELEVATING OUR CULTURE

The success of Lazard is the result of our exceptional people, who hold one another accountable for achieving the highest level of excellence. We foster excellence through intellectual curiosity, which includes learning from one another as well as leveraging technology. We are living in a particularly dynamic age, and we are focused on implementing and adopting AI tools to better serve our clients going forward.

At Lazard, we create an environment for colleagues to work at the top of their license, which demands an increasingly commercial and collegial culture. Developing new business opportunities and providing best-in-class solutions for our clients requires intense effort and collaboration. Over the past few months, our emphasis on elevating our culture has informed changes in everything from our performance management and compensation programs to our organizational structure and communications efforts.

Lazard is an intellectual capital business focused on delivering the best advice and solutions to clients. As a global firm that has grown organically from local roots in different countries, we celebrate diverse perspectives and have a deep tradition of respect for individual differences, which has been core to our success for 175 years. We continue to prioritize supporting an environment where our colleagues can thrive.

Beyond our business, we continue to invest substantially in support of our communities outside of the firm. These efforts include social impact, volunteerism, and philanthropic activities across our global footprint. To learn more, you can explore our Community Engagement activities and read our Corporate Sustainability Report on [Lazard.com](https://www.lazard.com).

Along with growing our business and elevating our culture, we continually look to deliver shareholder value and strengthen our firm.

To that end, we are pleased to have completed our conversion to a U.S. C-Corporation effective January 1, 2024. We believe this conversion will expand our shareholder base by simplifying tax reporting and enhancing trading liquidity, and that it underscores our commitment to deliver long-term value for our shareholders. Positive analyst and shareholder feedback, as well as more robust trading volumes following the conversion, indicate strong support early into the year.

Furthermore, the appointment of Dan Schulman, former PayPal CEO, and Stephen R. Howe Jr., former Ernst & Young U.S. Chairman and Managing Partner of the Americas, to our Board of Directors demonstrates our focus on building and strengthening Lazard for our elevated ambitions and future growth. It also exhibits our ability to attract world-class talent at all levels of the firm.

Since transitioning to the role of CEO, I've spent the past several months meeting with our clients, shareholders, and colleagues, and my conviction on our path forward has only grown stronger. Across the globe, the number of unsolicited comments about the exceptional quality of Lazard's work has been impressive, and the energy and enthusiasm of our colleagues palpable.

We embark on 2024 with gratitude for our 175-year legacy, and as an organization unified in our desire to aim higher and own our future together.

Thank you for your continued support.



Peter R. Orszag
Chief Executive Officer, Lazard