

# Lazard 2030

To the Lazard community,

As we approach the official CEO transition date of October 1, I wanted to provide some thoughts on our objectives, culture, and leadership.

The past few months have been full of meetings with our clients, shareholders, and our exceptional teams. I have seen talented and smart people in many organizations across my career and would put our people up against any of them. It is also clear from these discussions that we share an aspiration and opportunity to bring Lazard to new heights. We are building upon a strong foundation with outstanding people and a remarkable brand cultivated over 175 years.

In my mind, Lazard stands for sophisticated and differentiated advice for our clients, custom-tailored to solving problems and creating opportunities, delivered globally, through extraordinarily talented people working together and representing the highest standards of integrity and collegiality. There is simply no place like our firm, and we have a responsibility to build on our storied history by aiming higher together.

We will measure our success in creating “Lazard 2030” along three dimensions:

- **Relevance:** Our goal is for our *relevance* to grow even stronger by 2030. Relevance means having a substantial positive impact on outcomes for our clients, winning significant brand-enhancing mandates, and more broadly being in the “room where it happens.”
- **Revenue:** Our goal is for *revenue* to double by 2030. That would mean double-digit revenue growth annually on average, more in line with how similarly sized peers have grown through the cycle.
- **Returns:** Our goal is for our total shareholder *return* (TSR) to average 10 to 15 percent per year through 2030. Achieving that objective would be more in line with how our peers have delivered value for internal and external shareholders.

While 2030 is years away, having these longer-term objectives in mind will direct our strategies and actions. In the right venues and at the appropriate times, we will share our intermediate milestone goals to ensure we are aligned on next steps.

## Elevating our Culture

Achieving our Lazard 2030 goals will only be possible with a cultural foundation devoted to being both commercial and collegial. And we all – you, the firm, and the senior leadership team and I – have a role to play.

What do *you* need to do?

- Be commercial and play to win. Put in the effort necessary for success.
- Be collegial. Work together and be of service not only to our clients but also to one another, treating one another with respect. The future belongs to well-functioning teams, not individuals acting solo.

What does *the firm* need to do? In return for your efforts, the firm should:

- Provide upward opportunity for career growth and wealth creation, supported by honest and timely feedback, and the ability to learn and assume increased responsibility over time.
- Expand external connectivity. We should not confuse discretion with invisibility, and we will be even more active in promoting our firm and people where it builds upon our heritage, enhances our already-powerful brand, and helps us win business.
- Embrace the future, including through a modern workplace. Team diversity provides better solutions to complex problems; new technologies, including artificial intelligence, can help us deliver more to clients; and our ongoing work-from-home flexibility will differentiate us from many competitors.

What do *I* need to do?

- I approach the CEO job as being not about me but about us, and my core responsibility is to support you as we serve our clients and shareholders and aim higher to deliver our vision for 2030. Our new leadership team and I are in this to win it with you, so don't hesitate to ask for assistance or resources in winning mandates and serving our clients.
- I also owe you an inclusive and decisive decision-making process.
- My role also includes expanding our networks in the private and public sectors, to increase our influence and relevance, and elevate our brand to create new business opportunities.

As we tackle the future together, we will remain deeply committed to our clients, and to each other, and become ever more commercial and collegial.

## Business Objectives

I briefly mentioned some of our business objectives and I want to delve into these a bit more to be crystal clear on what we're trying to accomplish.

### Relevance

Throughout Lazard's history, we have always succeeded best when we have punched above our weight individually and collectively, using exceptional talent, intellect and commercial instincts to do so. Lazard's unique character and charisma comes from curious, connected, globally oriented, and intellectually rigorous people.

Our aim is to uphold and expand upon the vision of Lazard as "la haute banque d'affaires vis-à-vis the world." We want to be known within the most important boardrooms, among the savviest institutional investors, and at gatherings of global leaders as the best choice for smart and valuable advice that connects the dots and sees around corners in ways that others can't.

The need for such an institution to advise executives, boards, investment funds, top government officials, and other decisionmakers has never been greater. Yet the difficulty of achieving this venerated position has increased relative to the halcyon days of our past. In our Advisory business, the growth of independent advisory firms has heightened competition, and long-term client loyalties have arguably diminished. In the Asset Management business, the broad shifts to passive investing and alternatives have created new challenges. Despite these headwinds, we possess the focus and talent needed to succeed.

### Revenue

Our goal is to double firm-wide revenue by 2030, with the increases split roughly evenly between Asset Management and Advisory.

In Asset Management, growth will come not only from improving our global distribution and our investment performance but also from moving into adjacencies. In our existing business, Evan Russo has been implementing a strategic plan to accelerate our investment performance and maximize the value of our global distribution platform. Additionally, his leadership team is focused on supplementing this opportunity with expansion into new areas, which could involve some degree of inorganic growth.

In Advisory, we have ample room to double in size in both the United States and Europe, while exciting growth potential exists in other parts of the world, including the MENA region. To double simply means we would be as large in North America and Europe as the biggest independent firms in each continent are today. As I noted earlier, the demand for our uniquely intellectual and global insights has never been greater, so this goal is attainable with sufficient focus and effort.

The growth in Advisory will require a combination of higher productivity per MD and a larger number of MDs. Higher productivity is crucial, in that it is the key to delivering operating leverage in this part of the business. Expanding the number of MDs will come not only from our historical strength in developing our own high-quality bankers, but also from hiring productive bankers laterally – and then onboarding them effectively.

We will be discussing in other settings more detailed plans and priorities for gaining market share. The path ahead will require capturing untapped opportunities in many industry and product sectors, with existing strength in many areas and our largest future opportunities in technology, healthcare, industrials, and all aspects of energy. Our new Lazard Capital Solutions group and our Restructuring team, under new and strong leadership, will be important areas of growth, as will our Private Capital Advisory effort and capturing the full client potential of our Shareholder Advisory business and new Geopolitical offering.

## Returns

Our goal is to have our TSR average between 10 and 15 percent per year through the cycle.

With the doubling of topline revenue, along with the maintenance of our historical margin targets as the M&A cycle normalizes, earnings would more than double by 2030. The key point, given our relatively high return on invested capital, is that more shareholder value will be created by our revenue growth than by expanding our normalized margin.

We will have more to say on important corporate finance topics on our third-quarter earnings call.

## Leadership

An important step toward achieving these objectives is our new leadership team.

Evan Russo is off to a strong start in his position as CEO of Asset Management. In the past year, he has restructured his leadership team, amplified marketing, and focused on bolstering collegiality while striving to anticipate and respond to the needs of our clients. We can already see the benefits in improved performance and flows across the business. The new leadership structure within Asset Management has also allowed for more focused execution of initiatives and decision making. In addition, the executive team represents a new generation of leaders to drive our business forward in the years ahead. Evan is focused on a growth plan for the business that is consistent with our overall objective of doubling revenue for the firm by 2030.

Ray McGuire, Lazard's President, is a key advisor to me as I take on my new responsibilities as CEO. Since joining us in April, Ray has been an invaluable member of the leadership team and brings a breadth of valuable experiences to Lazard. He will continue to help establish and lead the strategic dialogue with many of our most important global clients across the firm. Additionally, as one of Wall Street's most respected voices, he will take a leading role in recruiting senior talent.

Alexandra Soto, who has been serving as Group Executive for Human Capital and Workplace Innovation, will become Chief Operating Officer of Lazard. Alexandra recently celebrated her 30<sup>th</sup> anniversary with the firm, and she shares a fierce ambition to make Lazard perform even better – and thus is a vivid example of respecting tradition while empowering the future. At its core, her new role will be to make Lazard function more effectively. In addition to this new role, Alexandra will continue to serve clients as one of our senior bankers.

Chris Weideman will be joining us as General Counsel, effective at the beginning of October. Chris joins us from Apollo Asset Management, where he served as global general counsel. From 2009 to 2016, Chris worked in government, serving in the White House Counsel's Office and then the Department of the Treasury, including as Chief of Staff. Chris is known to be a creative and commercial problem-solver, a collaborative partner, and a thoughtful leader who operates with the highest level of integrity – all traits that will make him a great fit here at Lazard. I look forward to working closely with him and our world-class legal, regulatory, and compliance team to help drive our goals and priorities forward. In addition to the new role for Chris, Naomi Wiesen will become our General Counsel for Financial Advisory; Jim Hein will become our General Counsel for Regulation, Compliance and Human Resources; and Mark Anderson will continue in his role as General Counsel for Asset Management.

Mary Ann Betsch is nearing her one-year anniversary as our CFO, and she will continue in that role. She has brought to bear her extensive experience in both finance and leadership to build efficiency and enhance communication and collaboration within our finance team, while interacting effectively with our investors.

Shannon Houston will join Lazard as our new Global Head of Communications and Marketing in mid-October. She joins us from First Republic, where she was Executive Vice President and Chief Marketing and Communications Officer of the company. I have seen Shannon in action under the most trying of circumstances and she is going to be an exceptional addition to our team as we work to further enhance our brand and our connectivity.

Judi Mackey will be retiring from Lazard at the end of the year. It is with the greatest admiration and appreciation that we thank her for her leadership in global communications. Throughout her tenure, she has exemplified our culture of integrity and professionalism while exhibiting the creativity and resourcefulness essential to preserving and promoting our global brand.

Steven Pearl will continue to serve as Global Head of HR. He embodies our “commercial and collegial” spirit and combines that with sound judgment and perspective. Steven also embraces the spirit of our modern and flexible workplace, while remaining focused on retaining and recruiting key talent.

In **Asset Management**, at the end of 2022, Evan created a new streamlined leadership structure, with dedicated management groups responsible for oversight of each key business area, as well as a new Executive Leadership Team. These changes were made with the goal of empowering our Asset Management leaders to bring the best of the firm to our

clients, while enhancing ownership and accountability across all areas of the business. New roles include Nathan Paul as Chief Operating Officer, Paul Cuddy as Head of Asia Pacific, Sophie de Nadaillac as LFG Chief Business Officer, Laura Nateri as Deputy Head of LFM, and Leon Chen as Head of Risk Management. In addition, Jennifer Ryan joined the firm to lead North America sales and distribution and Larry Cohen joined the firm as Head of Technology & Operations for Asset Management.

In **Financial Advisory**, as I noted this summer, we will not replace my role as CEO of the business. We will instead depend on a select group of experienced senior bankers to play key roles in driving our success:

- Mark McMaster will remain Global Head of M&A and will help to organize and step up our efforts to win significant mandates, particularly in the large fee pool in North America. Mark's expertise in advising public company leadership teams and boards is a key advantage for the firm. During his 35-year tenure at Lazard, Mark has led teams on many of the most important, complex and strategic transactions for our clients across industries around the globe. Mark has also been – and remains – an important advisor to me.
- Jean-Louis Girodolle and Cyrus Kapadia will become Co-Heads of European Investment Banking. Jean-Louis and Cyrus have each demonstrated exceptional leadership in France and the United Kingdom, respectively, and built a strong collaborative partnership. Under their combined leadership, along with the senior regional, sector, and product bankers across the continent helping them as they raise the bar in Europe, I am confident that we will discover untapped potential for our European Investment Banking, Sovereign Advisory and Restructuring businesses.
- Ray McGuire and Marcus Schenck, Co-Head of Lazard Investment Banking for the DACH region, will work closely with me and the rest of the leadership team in driving the strategic agenda globally for Financial Advisory. Both Ray and Marcus bring extensive expertise in running large and successful investment banking businesses, including in competing against the likes of us, which will make us sharper at our game. Importantly, each also understands what it takes for Lazard to succeed, having personal experience working as partners of independent financial advisory firms, and a sophisticated appreciation of talent in the market and what types of bankers – especially senior bankers – can be most effective at Lazard.
- Jason Bernhard will become the Chief Operating Officer of the global Financial Advisory business, succeeding Alexandra Soto in this role. Jason, who has been serving as COO of North America, is highly skilled at keeping our business running smoothly and has a keen understanding of what Lazard does best and where we need to improve from his more than 25 years of experience at the firm.

- In North America, our most senior and experienced leaders – including George Bilicic, David Gluckman, and Matt Lustig, as well as our other sector heads and leading bankers – will continue to play key roles as we shape a new future. It will take all of us rowing together to get where we want to go.
- Joseph Cassanelli will become the chair of the Opinion Committee in North America and will lead our Special Committee practice, while continuing to co-head our FIG practice with Hara Amdemariam. As Joe steps into his new role, we thank Al Garner for his decades of outstanding service to the firm.
- We are also deeply grateful to Ken Jacobs as he shifts to focusing on key clients across the globe. Ken is one of the world’s premier bankers, and we’re thrilled he will be a core part of our upgraded efforts to serve clients going forward. We once again thank Ken for his years of service to the firm as CEO and look forward with excitement to this new stage of Ken’s career.

This leadership team will help us to chart a new path of growth together, with a shared focus on relevance, revenue, and returns.

## The Pathway Forward

Our goals won’t be easy to achieve, but I am confident in our skills, experience, and commitment, and have complete faith in you, the people of Lazard, as we implement our strategy.

You will continue to hear from me in multiple different ways – including a monthly global update, beginning in October – and I look forward to hearing from you. This is our firm.

I also want to thank our Board for their support and trust, and I look forward to working with them along with you as we extend our illustrious 175-year legacy and create a new era of relevance, revenue, and returns.

I could not be more excited about our future. Let’s go own it!



## Cautionary Note Regarding Forward-Looking Statements

This letter contains forward-looking statements. In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “will,” “should,” “could,” “would,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “target,” “goal,” or “continue,” and the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance based on our growth strategies, business plans and initiatives and anticipated trends in our business. These forward-looking statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by these forward-looking statements.

These factors include, but are not limited to, those discussed in our Annual Report on Form 10-K under Item 1A “Risk Factors,” and also discussed from time to time in our reports on Forms 10-Q and 8-K, including the following:

- A decline in general economic conditions or the global or regional financial markets;
- A decline in our revenues, for example due to a decline in overall mergers and acquisitions (M&A) activity, our share of the M&A market or our assets under management (AUM);
- Losses caused by financial or other problems experienced by third parties;
- Losses due to unidentified or unanticipated risks;
- A lack of liquidity, i.e., ready access to funds, for use in our businesses; and
- Competitive pressure on our businesses and on our ability to retain and attract employees at current compensation levels.

These risks and uncertainties are not exhaustive. Other sections of our reports on Forms 10-K and 10-Q describe additional factors that could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for our management to predict all risks and uncertainties, nor can management assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. We are under no duty to update any of these forward-looking statements after the date of this release to conform our prior statements to actual results or revised expectations and we do not intend to do so.