

BAIRD

100  
YEARS

IMAGINE

WHERE WE CAN GO  
TOGETHER

2018 ANNUAL REPORT

PRIVATE WEALTH MANAGEMENT | ASSET MANAGEMENT | FIXED INCOME CAPITAL MARKETS | EQUITY CAPITAL MARKETS | PRINCIPAL INVESTMENTS



Looking back on 100 years of growth and success, we understand we owe it all to the trust our clients have placed in us – across generations and many market cycles.

1919 – 2019

1919

Founded in  
Milwaukee, Wisconsin

1934

Became employee-owned and independent for the first time after purchasing \$1 million in our common stock from our parent corporation

1948

Secured our seat on the New York Stock Exchange

1982

Northwestern Mutual Life Insurance Company acquired a majority interest in Baird – our associates retained a 20% ownership stake

1998

Associate ownership increased to 36%

1999

Expanded into Europe via London-based Granville

# 100

**2001**  
Associate ownership  
increased to  
approximately 45%

**2003**  
Opened our first office  
in the Asia market

**2004**  
Repurchased the  
majority of our outstanding  
company shares from  
Northwestern Mutual,  
becoming independent and  
employee-owned once again

**2004**  
Recognized among  
*Fortune's* 100 Best  
Companies to Work For®  
in the United States for  
the first time

**2014**  
Welcomed McAdams  
Wright Ragen to Baird

**2018**  
Welcomed Strategas  
and M. Griffith Investment  
Services to Baird

**2019**  
Welcomed Hilliard  
Lyons to Baird

And we know all we've accomplished or achieved for our clients over the last century positions us to serve them well in the years ahead, wherever their financial futures may take them.

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Steve Booth  
President & Chief Executive Officer



Paul Purcell  
Chairman

## A Message From Steve Booth and Paul Purcell

With extraordinary opportunity comes distinct responsibility. As a financial partner to individuals, families, companies and communities around the world, Baird has an opportunity to make a positive difference in their futures. We also have a responsibility to provide them with the thoughtful advice, deep expertise and true partnership they need to achieve the future they envision.

We don't take that responsibility lightly and deeply value our clients' trust. We work to earn that trust by continuing to build our capabilities for our clients. We are very pleased to share we welcomed Hilliard Lyons, one of the nation's oldest investment firms, to Baird in early 2019. Headquartered in Louisville, Kentucky, the firm offers an array of wealth management and financial services capabilities, including a trust company, and shares our values of honesty, integrity and putting clients first – always. We are honored and humbled Hilliard chose to

partner with Baird and together we will expand the number of families, businesses and communities we are able to serve.

The strength of our team contributed to other major developments across the firm. We were named among *Fortune*'s 100 Best Companies to Work For® in early 2019, ranking No. 16 in our 16th consecutive year on the list and 11th consecutive year among the top 25 companies.

### 2018 Results

Our focus on providing quality advice and service to our clients as well as managing our businesses for the long term drove a year of strong business outcomes and strategic progress at Baird. The firm's 2018 revenues were \$1.78 billion, our ninth consecutive year of record revenues and a 16% increase over 2017's strong results.<sup>1</sup>

<sup>1</sup> Financial results do not reflect the consolidation of certain private equity partnerships.



## Long-term client partnerships are the cornerstone of our business.

Operating income totaled \$244 million, our best result to date and up 22% from 2017. Our return on book value was 22.6%, a strong result we believe is among the highest in our industry. We attained these results without the significant leverage other firms rely on to enhance returns.

Our platform of five complementary businesses not only broadens our capabilities for clients – it diversifies and balances our sources of revenue across market cycles. Each of our core businesses performed well in 2018, even though some faced very difficult market conditions, and we continued to gain market share in competitive markets. Our Private Wealth Management, Asset Management, Equity Capital Markets and Principal Investments businesses generated record results in 2018, and there were numerous strategic highlights across each of our core businesses:

- Our Private Wealth Management business continued to grow and now oversees more than \$137 billion in client assets. Hilliard Lyons, which joined Baird in 2019, has more than \$50 billion in client assets.
- In Asset Management, Baird Advisors grew its assets under management to more than \$66 billion. Baird Equity Asset Management also posted a year of strong growth.

- Our Fixed Income Capital Markets team ranked as the No. 1 municipal underwriter in the United States for the 10th consecutive year, based on number of issues.<sup>2</sup>
- Equity Capital Markets achieved strong results despite market headwinds. We welcomed Strategas, a leading macroeconomic research firm, to Baird. Its insights complement our Equities group. Our Global Investment Banking business also achieved its sixth consecutive year of record revenues, fueled by exceptional growth in our M&A business.
- Our Principal Investments group generated significant gains across our Baird Capital, Baird Principal Group and Strategic Investments platforms. Baird Capital exited eight investments, realizing \$121.9 million. The business also invested more than \$136 million in five new and 25 follow-on investments.

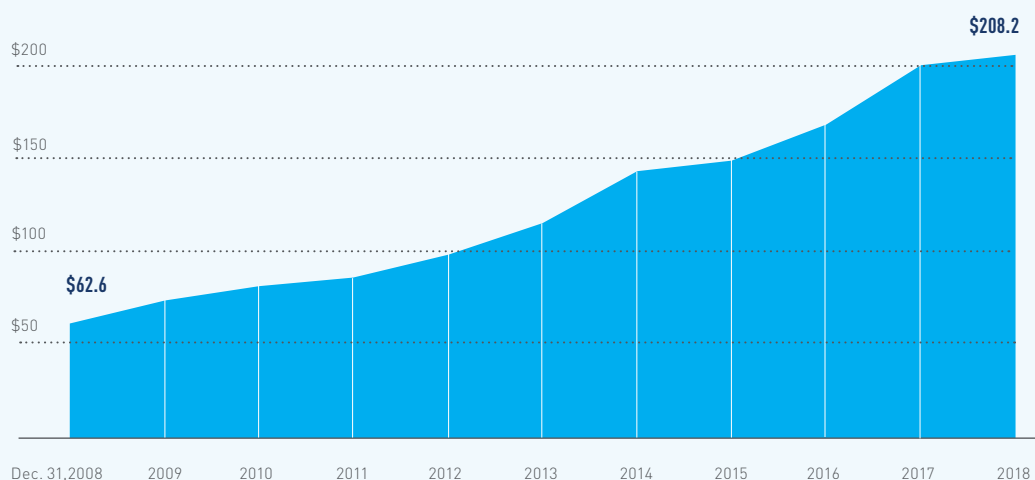
### Deepening Our Capabilities

These results demonstrate more than the strength of our balanced business platform – they speak to the strength of our team and our culture. As an employee-owned firm, we don't need to manage our business to align with the expectations of outside shareholders. We can take a long-term view when investing in our businesses, and we do exactly that with our clients' needs squarely in mind.

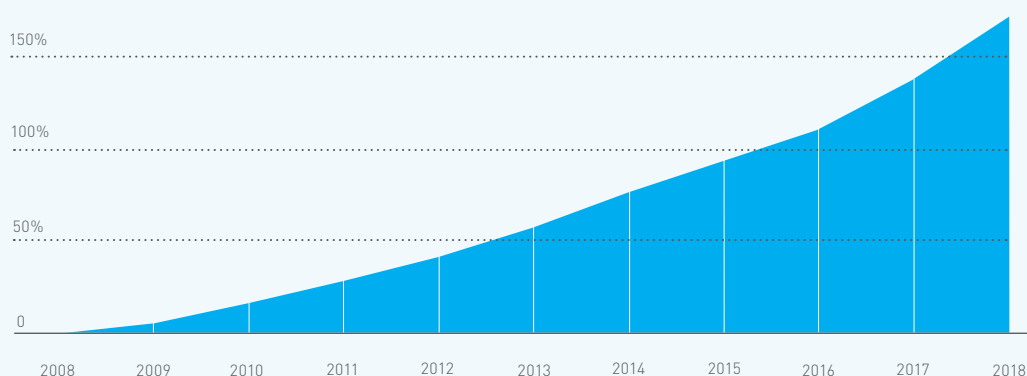
<sup>2</sup> Ipreo MuniAnalytics as of December 31, 2018, based on lead managers. Does not include private placements or notes.

Clients come first at Baird. We are strong and growing our capabilities with their needs in mind.

Clients entrust Baird with more than \$208 billion in assets – a 232% increase over the past decade.



Baird's stock value has increased 171% over the past 10 years.



Baird stock performance is based on the change in book value per share for Baird Financial Group common stock and includes cumulative cash dividends per share of \$7.50, \$1.60, \$1.65, \$1.85, \$2.00, \$7.50 and \$2.10 paid in December of 2011, 2012, 2013, 2014, 2015, 2016 and 2017, respectively. Baird is privately held and no public market exists for its shares. Baird can repurchase shares of Baird stock at book value when associates leave the firm. Past performance does not guarantee future results.

## For 16 consecutive years, Baird has been honored among *Fortune's* 100 Best Companies to Work For®.

These qualities are why we were able to continue to grow our businesses in 2018, strengthening our presence in areas where clients seek our expertise.

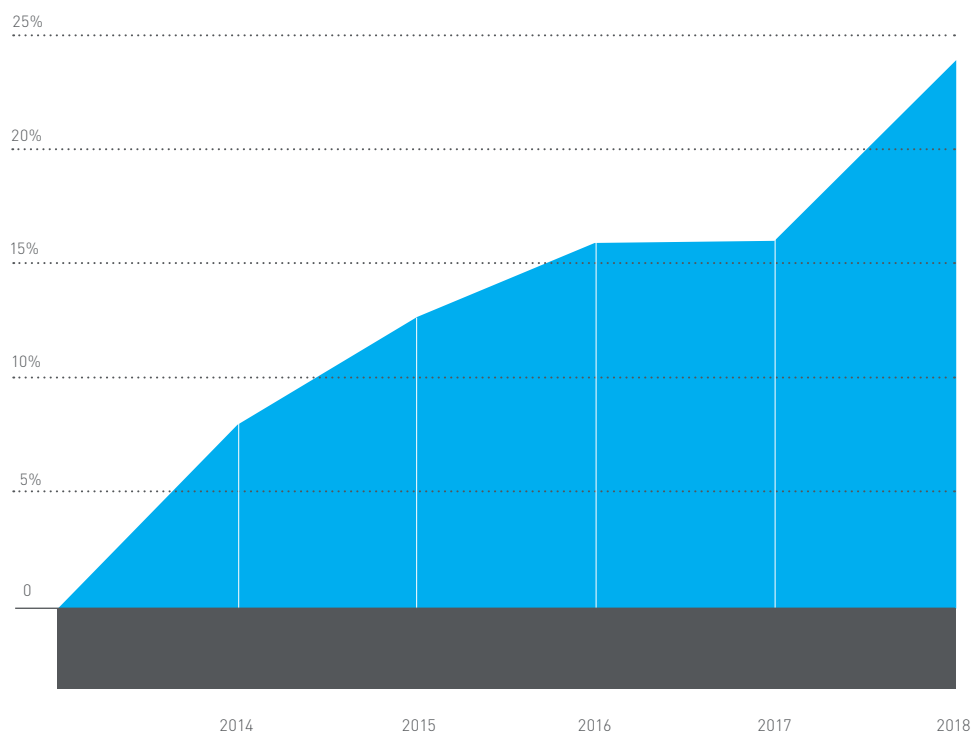
In addition to Hilliard Lyons, we welcomed M. Griffith Investment Services to our Private Wealth Management business in late 2018. As an independent and employee-owned firm, M. Griffith shared our cultural values and clients-first philosophy. The firm is now fully integrated into the Baird platform and expands our footprint in the Northeast. We also welcomed Strategas, a leading boutique macroeconomic research firm, to Baird in January 2018. Strategas is a wholly owned yet independent Baird company, and its insights are being leveraged

by businesses across the firm. John Taft, a well-known financial industry veteran and thought leader, joined Baird as Vice Chairman and member of our Executive Committee in January 2018. He continues to pursue strategic business opportunities for the firm and champions our brand in the marketplace.

We were able to evaluate, pursue and realize these opportunities because we have extraordinary people at Baird. Our team includes more than 3,600 talented associates who serve clients from our more than 100 locations across the globe. Their clients-first attitude, subject matter expertise and genuine caring for others transform the work we do. That's why we remain committed to cultivating a work environment

### Baird Employment

We continue to thoughtfully expand our team to support the growth of the firm. Our headcount has increased 24% over the past five years.





We ranked No. 16 in 2019 –  
our 11<sup>th</sup> straight year among the  
top 25 companies.

FORTUNE  
**100**  
**BEST**  
COMPANIES  
TO WORK FOR<sup>®</sup>  
===== 2019 =====


where everyone can come as they are and thrive. We believe our diverse backgrounds, viewpoints and strengths make us a better team and make us better for our clients.

We're working hard to maintain our unique culture as the firm grows. One way we do this is by continuing to hire exceptional talent who embody Baird's values of teamwork, honesty, respect and excellence. More than 1,000 associates have joined Baird since the financial downturn, and we also look for cultural compatibility in all of our potential partnerships and acquisitions.

Our culture is also enhanced by the fact we're employee-owned. With our own capital and reputation on the line every day, we have a personal stake in our clients' success. We wish to extend the opportunity of ownership to as many of our associates as possible. Today, approximately 66% of Baird associates are shareholders in the firm, with a broad distribution of ownership across all levels of seniority and business lines.

### A Bright Future

Baird will celebrate its 100th anniversary in 2019. As we head into our centennial year, our founding credo continues to guide all we do: Clients come first – always. As we guide families toward strong financial futures, help companies achieve their full potential and support the communities we call home, we are reminded ours is a business of relationships – which, through shared values and common goals, can become powerful partnerships. We're proud to partner with our clients and will continue to build our capabilities to best serve them in the years to come. Through this true partnership, we can go far together.



Steven G. Booth  
President & Chief Executive Officer

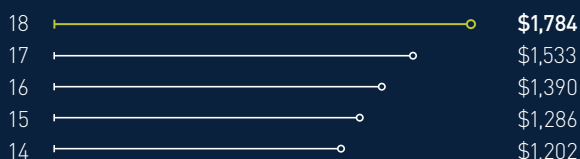


Paul E. Purcell  
Chairman

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# BAIRD

## Baird net revenues<sup>1</sup> (millions)



Baird is a privately held, employee-owned financial services firm. Our five complementary businesses help diversify and balance our revenues across all types of market conditions.

66%



Approximately two-thirds of Baird associates are shareholders in the firm. Ownership is broadly distributed across all levels of the firm.

## PRIVATE WEALTH MANAGEMENT

Provides customized wealth management advice centered on investment consulting and advanced planning to individuals, families and institutions across the United States.

## ASSET MANAGEMENT

BAIRD ADVISORS  
BAIRD EQUITY ASSET MANAGEMENT

Delivers disciplined investing and premier service to individual and institutional investors via customized portfolios and mutual funds.

## EQUITY CAPITAL MARKETS

GLOBAL INVESTMENT BANKING  
EQUITIES

Offers comprehensive equity research, sales and trading, equity underwriting, and M&A and debt advisory capabilities to clients around the world.

## FIXED INCOME CAPITAL MARKETS

FIXED INCOME SALES & TRADING  
PUBLIC FINANCE

Provides investment ideas and trading execution to institutional clients as well as leading debt underwriting and advisory services to public, private and nonprofit clients.

## PRINCIPAL INVESTMENTS

BAIRD CAPITAL  
STRATEGIC INVESTMENTS

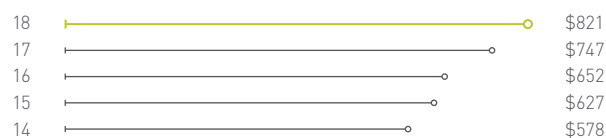
Principal Investments unites all of the firm's private equity and strategic investment activities managed by Baird Capital and Baird Principal Group.

<sup>1</sup> Financial results do not reflect the consolidation of certain private equity partnerships.

<sup>2</sup> Greenwich Associates North American Equity Investors – U.S. Small-/Mid-Cap Funds and U.S. Equities Sales, Corporate Access & Research, May 2018. Surveys conducted with 110 small-cap and mid-cap fund managers and 194 fund managers and 275 traders, respectively. Rankings for qualitative metrics based on leading research firms in surveys.

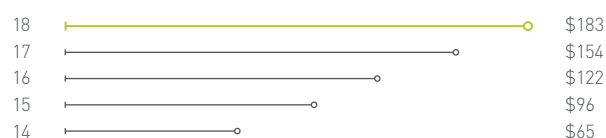
<sup>3</sup> Based on number of issues from 2009 to 2018, according to Ipreo MuniAnalytics.

### Private Wealth Management revenues (millions)



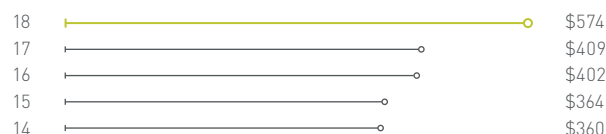
**\$137 billion** in client assets

### Asset Management revenues (millions)



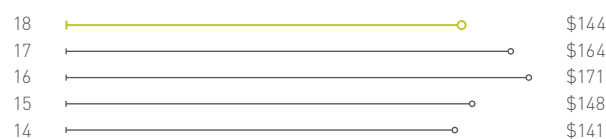
**\$71 billion** in assets under management

### Equity Capital Markets revenues (millions)



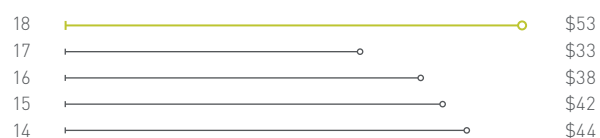
**No. 1** for "overall quality in sales, corporate access and research"<sup>2</sup>

### Fixed Income Capital Markets revenues (millions)



**No. 1** municipal underwriter in the U.S. for 10 consecutive years<sup>3</sup>

### Principal Investments revenues (millions)



**\$3.5 billion** raised and managed since inception



Imagine the peace of mind a true financial partner brings.



937

#### FINANCIAL ADVISORS

Baird Financial Advisors work closely with in-house specialists to support our clients' goals.

## Private Wealth Management

Wealth management is about more than managing money and investments – it's about making thoughtful decisions that bring you closer to achieving your goals. We know for financial advice to be meaningful, it needs to be rooted in an understanding of how your life is unfolding and how each decision will impact the next. As such, our Private Wealth Management team is driven by a singular mission: To understand our clients' goals, then help them build and preserve the financial resources and make informed decisions to achieve them.

### Growing Our Business

In early 2019, we welcomed Hilliard Lyons, a highly respected, independent investment firm headquartered in Louisville, Kentucky, to the Baird family. We believe the acquisition will benefit both teams by uniting our similar work ethics, cultures and wealth management philosophies. We also welcomed M. Griffith Investment Services, an independent firm located in central New York, expanding our presence in the Northeast.



## 100 LOCATIONS

We serve clients from 100 locations in 31 states.



## ADDING EXPERTISE

We've recruited and trained 435 professionals over the past five years, including experienced advisors, Branch Office Managers and graduates of our Financial Advisor Training Program.

In addition to this complementary expertise, we also invested in technology to further enhance the tools we provide to our clients such as 360 Wealth, a premier account aggregation tool that allows clients to view their entire financial picture in one place and enables us to provide them with comprehensive advice.

These additions complement our existing team, which includes more than 930 Financial Advisors who average 20 years of industry experience and 10 years at Baird, enabling us to advise families across generations. Our Financial Advisors are the center of our clients' relationships with Baird, working to unite the right combination of experts, resources and planning tools for each situation.

Our Wealth Solutions Group, which includes more than 90 experts, works alongside our Financial Advisors to provide clients with advanced planning resources. The team's expertise frequently appears in publications such as *The New York Times* and *The Wall Street Journal*.

## Developing Our Talent

We maintained our focus on forming teams of professionals who collaborate to provide clients with diverse, multigenerational and comprehensive insight and advice. To cultivate our industry's next generation of talent, we offer our Financial Advisor Training Program, an opportunity for experienced professionals, and our Foundations Program, a two-year rotational training opportunity that also prepares candidates for the CERTIFIED FINANCIAL PLANNER™ exam upon graduation. Additionally, we are the founding partner of the Wealth Management & Financial Planning Program at the University of Wisconsin School of Business. The industry's top talent continues to be drawn to our approach to wealth management, and we recruited a record number of professionals in 2018.

Everything we do at Baird is intended to improve our clients' lives. We truly appreciate the relationships we share with them, and we'll continue to deliver investment and planning expertise, advice and tools to guide them through life's simplest and most complex decisions.

Imagine an investment partner who puts your interests first.



## Asset Management

### Baird Advisors

Baird Advisors continued to broaden and deepen its client relationships in 2018 by focusing on competitive long-term performance and exceptional service. Assets under management grew to \$66.9 billion and our average relationship exceeded 12 years. The national financial press, including *Barron's* and *The Wall Street Journal*, recognized our disciplined, steady approach to investing in what proved to be a challenging year for the bond market.

Baird Advisors takes a disciplined, risk-controlled approach to investing, led by a deeply experienced team of senior leaders who have invested together for more than 35 years. Together, they ensure the consistent implementation of our investment philosophy and process while simultaneously developing the business's next generation of leadership. Twenty-two members of our team hold the Chartered Financial Analyst designation, underscoring the deep expertise we provide to our clients.



No. 2 of 150 Fund Families

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Baird Funds was named one of the top fund families by Morningstar.

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Source: "Fund Family 150" by Michael Laske, published January 1, 2019.  
© 2019 Morningstar Research Services LLC. All Rights Reserved.  
Based on a rank of Due Diligence Scorecard asset-weighted scores for firms compared in report.



## A GREAT WORKPLACE

Baird was recognized among *Pensions & Investments'* Best Places to Work in Money Management for the seventh consecutive year.



Our municipal bond team, which joined Baird Advisors in 2015, launched two new products upon their arrival. Both achieved their third anniversary in 2018 and are delivering very competitive returns versus their benchmarks and peers, as well as gathering notable assets.

### Baird Equity Asset Management

Our equity investment management business is powered by a strong group of talented investment teams, each with deep expertise in distinct areas of the markets. All share a focus on delivering value-added performance and employ a research-driven process honed by managing portfolios across market cycles. In 2018 we made key investments in our business for the benefit of our clients, including the addition of new talent, the launch of a new SMID Growth mutual fund and a reduction of mutual fund fees. This focus on long-term performance

drove another year of strong results. The business's assets have grown 24.5% annually since 2014.

Chautauqua Capital Management, our international and global team, was recognized as an "Undiscovered Manager" by Morningstar and was named to several recommended lists over the past year. Our Mid Cap Growth Strategy celebrated its 25th anniversary and was named "Manager of the Year" by Envestnet and *Institutional Advisor*. Our Specialized Asset Management team, which partners with Baird Financial Advisors to develop portfolios for high-net-worth investors, achieved strong growth and surpassed \$1 billion in assets under management.

Imagine achieving your long-term goals with a trusted partner.



NO. 1

For 10 consecutive years, Baird has ranked as the No. 1 municipal underwriter in the U.S.!

## Fixed Income Capital Markets

### Fixed Income Sales & Trading

Since our founding in 1919, Baird has maintained a long-term commitment to fixed income. Over the past five years, we have enhanced our product expertise while other firms have scaled back their capabilities or exited the business altogether. This includes adding more than 70 professionals since 2014, allowing us to deepen our client connectivity, offer specialized product expertise and deliver seamless execution.

Our team of more than 150 trading, sales, strategy and analytical professionals operate out of 26 offices across the U.S. and offer a full range of fixed income products to both mid-sized and large institutional investors. We have specialists in the areas of investment-grade and high-yield corporate bonds, tax-exempt securities, securitized products and government/agency notes and bonds. Over the past three years, we have traded an average of \$19.2 billion per month. Although 2018 presented challenges in our market with low interest rates, low volatility



## NO. 5 COMPETITIVE UNDERWRITER

Baird ranked as the No. 5 competitive underwriter in the nation in 2018.<sup>2</sup>



## 108%

Our securitized product trading volume increased 108% from 2014 to 2018.

and a strong stock market for most of the year, our team remained focused on providing value to clients through frequent dialogue, customized portfolio analysis, strong sector analytical reports and liquidity when needed.

### Public Finance

Our Public Finance group works with public, private and nonprofit entities to help them achieve their long-term financing goals through advisory, underwriting, placement agent and consulting services. In 2018 and for the 10th consecutive year, Baird ranked as the No. 1 lead municipal underwriter in the U.S. based on the number of issues, generating funding for municipal entities in all 50 states and Washington, D.C.<sup>1</sup> We also ranked as the No. 5 competitive underwriter in the nation based on par amount for 2018.<sup>2</sup> These rankings and qualities underscore our team's commitment to providing innovative solutions and the highest level of execution for every issuer we serve.

Our Public Finance team includes 57 public finance bankers, analysts and professionals who serve clients from 15 offices across the U.S. We expanded our geographic footprint in 2018 by opening new offices in Chicago and Dallas and broadened our sector expertise in housing, higher education and economic development. Our national presence enables us to deliver the experience of traditional municipal finance to both local- and state-level financings. This blend of expertise enables Baird to create unique, long-term financing solutions for clients across numerous sectors.

<sup>1</sup> Based on number of issues from 2009 to 2018, according to Ipreo MuniAnalytics.

<sup>2</sup> Ipreo MuniAnalytics as of December 31, 2018. Does not include private placements or notes.



Imagine pursuing opportunities across the globe with a world-class partner.



## 206 TRANSACTIONS

Baird completed 206 financing and advisory transactions in 2018.

# Equity Capital Markets

## Global Investment Banking

Our Global Investment Banking business achieved remarkable results in 2018. We completed 206 transactions, including a 37% increase in our advisory activity over 2017. The business posted its sixth consecutive year of record revenues and accomplished other notable achievements while preserving our core values and unique teamwork model.

We work as one global team, collaborating across areas of expertise, including different products, sectors and geographies, to serve clients around the world. This unique structure creates a powerful alignment of interests across our team and equips Baird to unite the right combination of experts, with distinct areas of expertise, for each and every client transaction. In 2018, we significantly expanded our team, adding top talent and coverage in areas including the DACH region, energy, government services, healthcare and technology. Our global team now includes more than 350 investment banking professionals.



## 50+ COUNTRIES

Baird has done business with companies and institutions in more than 50 countries over the past decade.



## 20,000+ CONNECTIONS MADE

Baird arranged more than 20,000 company-investor connections via one-on-one and group meetings in 2018.

Our emphasis on global teamwork, deep expertise and client focus creates a distinct culture. It enables Baird to attract and retain our industry's top talent and exceptional graduates from premier universities. We continued to enhance our professional development programs and offerings in 2018 to provide our team with additional growth opportunities. These efforts underscore our long-standing commitment to being the employer of choice in investment banking. As our business continues to grow, we look forward to continuing to develop our team, expand our global reach and product capabilities and deliver for our clients.

### Equities

Despite challenging industry headwinds, Baird remained focused on creating value, driving strong execution and building long-term partnerships with clients in 2018. We invested in talent, technology and processes to deepen our trading capabilities. Our equity research coverage now includes more than 700 companies across every major industry.

Our bottom-up stock research again ranked No.1 for "overall quality in sales, corporate access and research" in Greenwich Associates' 2018 survey of small- and mid-cap institutional fund managers.<sup>1</sup>

We also offer full-service macroeconomic research through our independent affiliate Strategas, which joined Baird at the start of 2018. Strategas provides macroeconomic, economic, policy, technical and investment strategy research to institutional and high-net-worth investors.

We continue to strengthen our global corporate access platform. Corporate and investor attendance at our highly-ranked institutional conferences has increased more than 35% over the past five years.

<sup>1</sup> Greenwich Associates North American Equity Investors – U.S. Small-/Mid-Cap Funds and U.S. Equities Sales, Corporate Access & Research, May 2018. Surveys conducted with 110 small-cap and mid-cap fund managers and 194 fund managers and 275 traders, respectively. Rankings for qualitative metrics based on leading research firms in surveys.

Imagine investing alongside a global, experienced investment partner.



## 310 INVESTMENTS

Since our inception in 1989, we have raised approximately \$3.5 billion and invested in 310 companies.

## Principal Investments

Our Principal Investments group includes three investment strategies:

- *Baird Capital*: The group's only externally marketed offering makes direct investments in emerging and lower middle-market companies through proprietary funds.
- *Baird Principal Group*: Makes minority co-investments in middle-market private companies as a complement to Baird Capital's direct investment strategies.
- *Strategic Investments*: Makes equity investments in third-party financial services entities that complement Baird's capabilities, as well as strategic third-party fund limited partner investments.

### Baird Capital

Since 1989, Baird Capital has raised and invested capital in high-potential companies through a series of private equity partnerships. Baird is a meaningful investor in the Baird Capital funds, and third-party investors and qualified Baird associates are also investors in the funds. Since inception, Baird Capital and related legacy entities have collectively raised and managed approximately \$3.5 billion and made 310 investments.





## 56 ACTIVE PORTFOLIO COMPANIES

- 9 Industrial Solutions Companies
- 15 Healthcare Companies
- 32 Technology & Services Companies



## 56 PROFESSIONALS

Our global team includes 56 investment, operating and support professionals who collaborate across geographies to support our entire portfolio.

We believe our portfolio companies need more than financial capital to succeed. That's why we provide operating partners, access to resources and industry expertise through the broader Baird network and other resources to help them reach their full potential. Baird Capital invests through two distinct investment platforms: Global Private Equity and U.S. Venture Capital.

### Global Private Equity

Our Global Private Equity platform invests in lower middle-market companies in the U.S., U.K. and Asia. We make growth equity and buyout investments in high-potential businesses in our sectors of focus – technology & services, healthcare and industrial solutions. This unique structure has built a diverse investment portfolio in Baird Capital Global Fund I, providing investors exposure to investments across industries and geographies.

### Venture Capital

Our Venture Capital platform makes early- and expansion-stage investments in high-potential, U.S.-based companies in the healthcare and

technology & services sectors. We are one of the largest venture capital firms focused on mid-stage companies in the greater Midwest region. We made thoughtful, disciplined investments in 2018 and continued to expand our geographic reach. We formed a strategic partnership with the Texas Medical Center, a world leader in collaborative medicine and research. The partnership unites Baird Capital's venture investing expertise with TMC's growing entrepreneurial ecosystem. As such, we established a new office in Houston.

### 2018 Results

We made prudent, disciplined investments and drove realizations in our existing portfolio in 2018. Across both funds, we realized \$121.9 million and deployed \$103.6 million in five new investments. Additionally, we made 25 follow-on investments totaling \$33.2 million to support the growth of our portfolio companies.

Imagine making a world of difference in communities across the globe.



## Community

We believe calling a community “home” is about much more than an address – it’s about partnering with others to make it a better place for everyone. Baird is proud to support our associates’ passion for volunteerism and drive to ignite positive change. Many serve nonprofits in board and leadership roles. Our Baird Cares program offers paid time off for volunteering opportunities, and more than 1,000 associates are active members in our Associate Resource Groups. In May 2018, more than 1,700 Baird associates, relatives and friends teamed up during Baird Gives Back Week to contribute more than 7,100 hours of service to 149 organizations globally.

### Maximizing Our Impact

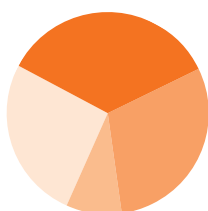
Forty Baird locations participated in our 2018 campaign in support of United Way, raising more than \$2.8 million. Baird Foundation, which supports organizations in key areas, continued to amplify our associates’ personal giving with charitable and matching gifts. To extend the benefits of tax reform into our communities, the firm offered all directors and managing directors the opportunity to direct a donation to a charity of their choice. All leaders participated, and the Baird Foundation donated \$1.2 million on their behalf to 650 charities around the world.





## 2018 Baird Foundation Giving

Baird Foundation donated \$4.1 million to qualified nonprofits in 2018, including more than \$1 million to match associates' personal giving.



- Health and Human Services: 35%
- Education: 30%
- Arts: 9%
- Other\*: 26%

\*Includes ethnic, religious, environmental, professional and youth organizations.

## Leadership

The 22 members of our Executive Committee average more than 20 years of service at Baird. Each is a strong advocate for our firm, our values and, most importantly, our clients.

### Executive Committee

**Paul E. Purcell\***  
*Chairman of the Board and Chairman of Baird Capital*

**Steven G. Booth\***  
*President & Chief Executive Officer*

**James R. Allen**  
*Chairman and Chief Executive Officer of Hilliard Lyons*

**Timothy P. Byrne**  
*Chief Information Officer*

**Erik C. Dahlberg**  
*Executive Director – Private Wealth Management*

**Leslie H. Dixon**  
*Chief Human Resources Officer*

**Brian S. Doyal**  
*Co-Head of Global Investment Banking*

**Rodney Jones-Tyson**  
*Chief Risk Officer*

**Jon A. Langenfeld**  
*Head of Global Equities and Director of Research*

**Patrick S. Lawton\***  
*Director of Fixed Income Capital Markets*

**C.H. Randolph Lyon**  
*Vice Chairman*

**William W. Mahler\***  
*Chairman of Equity Capital Markets and Chairman of Equity Asset Management*

**Terrance P. Maxwell**  
*Chief Financial Officer*

**Brian P. McDonagh**  
*Co-Head of Global Investment Banking*

**Gordon G. Pan**  
*President of Baird Capital*

**Michael J. Schroeder\***  
*President of Private Wealth Management*

**Paul L. Schultz**  
*General Counsel and Secretary*

**Russell P. Schwei**  
*Vice Chairman*

**Mary Ellen Stanek\***  
*Director of Asset Management*

**John G. Taft**  
*Vice Chairman*

**Laura K. Thurow**  
*Director of Wealth Solutions and Operations*

**Jason De Sena Trennert**  
*Chairman and Chief Executive Officer of Strategas*

\*Director of Baird Financial Group

### Executive Management and Managing Directors

A full listing of Baird's Managing Directors can be found in the online version of this report at [bairdannualreport.com](http://bairdannualreport.com).

# Financial Information

Baird Financial Group is the ultimate parent company of all of Baird's global operations. Our primary businesses are wealth management, capital markets, asset management and private equity. We are privately held and employee-owned.

## Baird Financial Group: Financial Highlights

	Net Revenues (millions)	Operating Results Operating Income (millions)	Per-Share Data Book Value (fully diluted)	Cash Dividend	Financial Position Total Assets (millions)	Other Data Associates	Financial Advisors
2018	\$ 1,784	\$ 244	\$ 48.77	\$ 0.00	\$ 3,235	3,642	937
2017	\$ 1,533	\$ 199	\$ 39.77	\$ 2.10	\$ 3,114	3,410	858
2016	\$ 1,390	\$ 155	\$ 34.67	\$ 7.50	\$ 2,613	3,410	877
2015	\$ 1,286	\$ 154	\$ 37.48	\$ 2.00	\$ 2,793	3,312	872
2014	\$ 1,202	\$ 135	\$ 34.87	\$ 1.85	\$ 2,635	3,172	816
2013	\$ 1,069	\$ 117	\$ 31.78	\$ 1.65	\$ 2,259	2,935	727
2012	\$ 961	\$ 100	\$ 28.98	\$ 1.60	\$ 2,340	2,787	698
2011	\$ 925	\$ 86	\$ 27.19	\$ 7.50	\$ 2,264	2,752	694
2010	\$ 847	\$ 84	\$ 31.51	—	\$ 2,414	2,629	680
2009	\$ 718	\$ 62	\$ 28.60	—	\$ 2,159	2,458	650

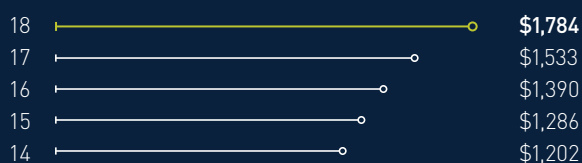
Financial information does not reflect the consolidation of certain private equity partnerships.

**BOOK VALUE:** Baird paid cash dividends per share of \$2.10, \$7.50, \$2.00, \$1.85, \$1.65, \$1.60 and \$7.50 in December of 2017, 2016, 2015, 2014, 2013, 2012 and 2011, respectively, which resulted in corresponding decreases in book value. In addition, per-share amounts have been restated to give effect for a three-for-one stock split, effective November 30, 1999, and a two-for-one stock split, effective February 19, 2008.



## NET REVENUES

(millions)



## OPERATING INCOME

(millions)



## BOOK VALUE

(per share / including cumulative dividends)



\*Represents the book value per share of Baird stock at December 31, 2018, of \$48.77 plus cumulative cash dividends per share from 2011 through 2017 of \$24.20 per share, representing annual dividends of \$2.10, \$7.50, \$2.00, \$1.85, \$1.65, \$1.60 and \$7.50 per share in 2017, 2016, 2015, 2014, 2013, 2012 and 2011, respectively.

## RETURN ON BOOK VALUE\*\*

(per share)



\*\*For comparative purposes, book value appreciation includes an adjustment for the value of the dividends paid in December of each year.

## STOCKHOLDERS' EQUITY

(millions / including cumulative dividends)



\*\*\*Represents stockholders' equity at December 31, 2018, of \$950 million plus cumulative cash dividends from 2011 through 2017 of \$414 million, representing annual dividends of \$39 million, \$136 million, \$35 million, \$32 million, \$27 million, \$25 million and \$120 million in 2017, 2016, 2015, 2014, 2013, 2012 and 2011, respectively.

## ASSOCIATES



To learn more about Baird, visit [rwbaird.com](http://rwbaird.com).

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