

DRAFT

DISCUSSION MATERIALS

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# Project Green

## Preliminary Valuation Analysis – Traditional Equity / Fixed Income

(\$ in millions, except per share amounts)

The valuation analysis is based on highly preliminary financials from Green that management expects to materially change both in terms of scope of businesses included and corporate expense allocations

	Green Statistics (a)	Relevant Multiple Range		Equity Valuation Range	
		Low	High	Low	High
<b>I. Trading Analysis:</b>					
2008E Net Income	\$288	17.0x -	19.0x	\$4,896 -	\$5,472
2009E Net Income	297	15.5 -	17.5	4,604 -	5,198
2008E EBITDA	496	9.0 -	11.0	4,464 -	5,456
<b>Selected Valuation Range</b>				<b>\$4,500 -</b>	<b>\$5,300</b>
<b>II. Control Premium Analysis:</b>					
Trading Valuation Range				\$4,500 -	\$5,300
<b>Plus: Control Premium:</b>					
10%				\$4,950 -	\$5,830
15%				5,175 -	6,095
20%				5,400 -	6,360
25%				5,625 -	6,625
<b>Selected Valuation Range</b>				<b>\$5,000 -</b>	<b>\$6,200</b>
<b>III. Precedent Transactions Analysis:</b>					
2008E EBITDA	\$496	10.0x -	14.0x	\$4,960 -	\$6,944
2008E Net Income	288	17.0x -	22.0x	4,896 -	6,336
<b>Selected Valuation Range</b>				<b>\$4,900 -</b>	<b>\$6,500</b>
<b>Summary M&amp;A Valuation Range</b>				<b>\$5,000 -</b>	<b>\$6,300</b>

(a) Based on management projections received from Green on 7/19/08.

## Investment Management Monetization Alternatives

	DESCRIPTION	BENEFITS	CONSIDERATION
<b>PARTIAL IPO</b>	<ul style="list-style-type: none"> <li>■ IPO a significant economic percentage</li> <li>■ Implement dual class share structure</li> </ul>	<ul style="list-style-type: none"> <li>■ Monetize a significant portion of the value of the business while retaining upside in an important business</li> <li>■ Dual class structure retains control while allowing for future tax free spin-off</li> <li>■ Established public market comparables to guide pricing</li> </ul>	<ul style="list-style-type: none"> <li>■ Poor current conditions of equity markets</li> <li>■ May take time given SEC reporting requirements</li> <li>■ Consider in parallel with sale depending on financial/strategic buyer reception</li> </ul>
<b>LEVERED SPIN-OFF</b>	<ul style="list-style-type: none"> <li>■ Incur leverage at subsidiary</li> <li>■ Dividend cash to Green followed by spin-off to public</li> </ul>	<ul style="list-style-type: none"> <li>■ Higher certainty of successful completion relative to IPO or sale</li> <li>■ Potential for significant leverage/cash infusion</li> <li>■ Dividend tax-free up to tax basis in IM division or to extent proceeds used to retire Green debt</li> </ul>	<ul style="list-style-type: none"> <li>■ Cash raised limited by debt financing market conditions</li> <li>■ Divestiture of entire business without realizing full proceeds in cash</li> <li>■ Impact on book equity relative to cash raised</li> </ul>
<b>PARTIAL SALE TO FINANCIAL/ STRATEGIC PARTNER</b>	<ul style="list-style-type: none"> <li>■ Sale for cash to a financial buyer or sovereign wealth fund</li> <li>■ Sale for cash and potentially some equity from strategic buyer</li> </ul>	<ul style="list-style-type: none"> <li>■ Potentially quickest way to monetize large portion of IM business</li> <li>■ All/primarily cash consideration</li> <li>■ Expands buyer universe given capital requirements of a full acquisition</li> <li>■ Recent precedent (Fortis)</li> <li>■ High net worth and alternatives attractive to Asian/Middle Eastern parties</li> </ul>	<ul style="list-style-type: none"> <li>■ Smaller capital raise relative to full sale</li> <li>■ Messaging to market as to long-term intentions for the business</li> <li>■ Governance/control requirements of partner(s)</li> <li>■ Tax implications</li> </ul>
<b>FULL SALE TO FINANCIAL/STRATEGIC</b>	<ul style="list-style-type: none"> <li>■ Sale for cash and equity to strategic buyer</li> <li>■ Sale for cash to consortium of financial buyers</li> </ul>	<ul style="list-style-type: none"> <li>■ Potential to raise the greatest amount of capital</li> <li>■ Eliminates the need for any further strategic actions</li> </ul>	<ul style="list-style-type: none"> <li>■ Size and scope of transaction (esp. alternatives) may restrict buyer universe</li> <li>■ Difficult debt financing market reduces financial buyers ability to pay <ul style="list-style-type: none"> <li>● though Green can participate</li> </ul> </li> <li>■ Strategic buyers likely to require taking equity as portion of consideration</li> <li>■ Tax implications</li> </ul>

## Key Issues to Consider Regarding Investment Management Monetization

- **Limited buyer universe for the whole of Investment Management given scale and challenges faced by certain buyers**
  - Valuation would require most strategic buyers to include equity as consideration
    - Unless there is broader strategic partnership element of transaction, equity likely brings limited current benefit to Green
  - Amount of equity required in a sale to a financial sponsor will require a consortium
    - Limited number of parties with combination of expertise and available funds to do a transaction quickly
- **Marketability of Alternative Investments business as a whole**
  - Profitability of Alternative Investments predominantly driven by minority investments in private hedge funds (D.E. Shaw, Spinnaker, Ospraie)
  - Fund-of-funds businesses (both hedge fund and PE) likely to be more easily saleable as part of broader IMD
  - Breadth of alternative investment products may be less attractive as a package (fund of PE funds, co-investments, merchant, real estate, venture capital, infrastructure, credit)
- **Limited transferability of certain assets**
  - Contractual restrictions on transfer of minority investments in private hedge funds make divestiture difficult to not feasible in some cases
  - Investments in publicly traded securities (GLG, 13.7% ownership and BlueBay, 4.9% ownership) constitute large stakes
- **Limited contribution of traditional fixed income business to valuation given break even profitability (despite 20%+ expected revenue growth)**
- **Management retention plan**
- **Significant tax leakage likely (pending further diligence)**

## Investment Management Division Buyer List – Full Sale

(\$ in billions)

	Company	Contacted Green	Market Cap	2008E P/E	2009E P/E	AUM
Tier I	Royal Bank of Canada		\$58.0	10.4x	9.6x	\$172
	Bank of New York Mellon	✓	41.6	12.0x	10.6x	1,113
	BlackRock		29.1	24.7x	20.5x	1,428
Tier II	BNP Paribas		\$88.7	7.9x	7.2x	\$869
	Goldman Sachs		75.6	10.7x	9.0x	895
	Ping An (a)		48.3	24.1x	18.4x	200
	Hellman & Friedman	✓	--	--	--	--
	KKR		--	--	--	--
	TA Associates		--	--	--	--
	Warburg Pincus		--	--	--	--

Source: Company filings and FactSet as of 7/18/08.

(a) Under terms of Fortis Ping An JV, may require contribution of at least non-U.S. businesses to JV due to likely non-competes.

# Investment Management Division Buyer List – Large Stake Sale

(\$ in billions)

## ■ Asia/Middle East

- Abu Dhabi Investment Authority
- China Development Bank
- Dubai Group
- Dubai International Financial Centre/Och-Ziff
- Isthithmar
- Kuwait Investment Authority
- Temasek
- Qatar Investment Authority

## ■ Private Equity

- Hellman & Friedman
- KKR
- TA Associates
- TPG
- Warburg Pincus

## Publicly Traded Investment Management Companies

(\$ in millions, except per share amounts)

	Price (7/18/08)	52-Week		Market Value (a)	Firm Value (b)	Price /		Firm Value /				LTM L1GR	LTM EBITDA Margin	LTM Net Flows as % of BOP AUM (c)	
		High	Low			'08 EPS (c)	'09 EPS (c)	EBITDA (d)		AUM	L1GR				
								LTM	LQA	2008E	2009E				
<b>Primarily Mutual Fund Managers:</b>															
Calamos	\$18.27	54 %	127 %	\$1,784	\$1,808	22.6 x	14.6 x	7.8 x	9.3 x	9.3 x	8.1 x	4.0 %	4.4 %	50.0 %	(0.5) %
Eaton Vance	35.00	70	124	4,391	4,550	18.2	15.6	11.0	11.4	10.5	9.1	4.2	2.9	36.3	10.0
Federated Investors	34.41	78	112	3,576	3,394	14.3	13.0	8.3	8.3	8.1	7.6	2.8	1.0	34.9	(5.1)
Franklin Resources	92.68	65	112	22,077	18,933	13.0	11.8	8.5	9.0	8.0	7.9	4.6	3.2	52.2	4.2
GAMCO Investors	42.45	59	109	1,241	694	20.2	17.3	6.3	7.4	6.5	6.5	2.9	2.4	42.0	1.9
INVESCO	23.39	73	114	9,340	10,958	13.8	11.4	10.2	11.4	11.2	9.9	3.0	2.3	27.6	(2.7)
Janus Capital	25.64	70	118	4,212	4,884	21.5	16.8	12.0	12.3	11.7	9.8	4.3	2.6	35.3	3.2
T. Rowe Price	54.74	85	122	14,862	13,527	22.8	19.6	12.7	13.8	12.5	11.0	6.0	3.6	46.6	9.7
Waddell & Reed	32.53	87	146	2,888	2,806	19.2	14.7	13.5	14.2	11.6	8.9	3.0	4.3	23.5	21.8
<b>Mean</b>		<b>71 %</b>	<b>120 %</b>			<b>18.4 x</b>	<b>15.0 x</b>	<b>10.0 x</b>	<b>10.8</b>	<b>9.9</b>	<b>8.8 x</b>	<b>3.9 %</b>	<b>3.0 %</b>	<b>38.7 %</b>	<b>4.7 %</b>
<b>Median</b>		<b>70</b>	<b>118</b>			<b>19.2</b>	<b>14.7</b>	<b>10.2</b>	<b>11.4</b>	<b>10.5</b>	<b>8.9</b>	<b>4.0</b>	<b>2.9</b>	<b>36.3</b>	<b>3.2</b>
<b>Primarily Separate Account Managers:</b>															
Affiliated Managers (f)	\$81.77	61 %	109 %	\$3,856	\$5,242	12.1 x	10.8 x	12.5 x	14.8 x	12.6 x	11.0 x	3.9 %	2.2 %	30.0 %	(4.3) %
AllianceBernstein (g)	50.47	55	117	13,178	12,801	19.8	16.6	8.3	8.6	9.3	8.0	2.9	1.7	33.9	6.5
BlackRock	218.00	96	150	26,548	26,640	24.7	20.5	14.5	14.2	13.0	11.2	5.1	2.0	36.0	1.3
Legg Mason	35.59	35	119	5,023	6,317	12.8	8.9	4.7	4.9	5.6	5.6	2.1	0.7	39.9	(2.7)
Pzena	8.04	40	128	515	526	16.1	14.6	5.5	7.3	8.3	8.4	4.4	2.6	67.2	(8.1)
<b>Mean</b>		<b>57 %</b>	<b>125 %</b>			<b>17.1 x</b>	<b>14.3 x</b>	<b>9.1 x</b>	<b>9.9</b>	<b>9.8</b>	<b>8.9 x</b>	<b>3.7 %</b>	<b>1.8 %</b>	<b>41.4 %</b>	<b>(1.5) %</b>
<b>Median</b>		<b>55</b>	<b>119</b>			<b>16.1</b>	<b>14.6</b>	<b>8.3</b>	<b>8.6</b>	<b>9.3</b>	<b>8.4</b>	<b>3.9</b>	<b>2.0</b>	<b>36.0</b>	<b>(2.7)</b>

Sources: Company reports, I/B/E/S estimates.

- (a) Based on estimated fully diluted shares outstanding.
- (b) Firm value equal to market value, plus book value of debt not included in fully diluted share count, plus minority interest, less cash and equivalents and marketable securities, plus accrued compensation.
- (c) EPS estimates calendarized for companies with fiscal year end other than 12/31.
- (d) Calculated as operating income before depreciation and intangible amortization. Excludes non-recurring items.
- (e) Net flows exclude flows from exchanges, dividend reinvestment and acquisitions/dispositions.
- (f) Market value excludes dilution effect of convertible debt. Firm value includes convertible debt but excludes minority interest. Reflects EBITDA as reported by the company.
- (g) Market value, firm value and firm value multiples based on operating partnership. Earnings multiples based on publicly traded partnership.

## Publicly Traded Alternative Asset Management Companies

(\$ in millions, except per share amounts)

	Price	% of 52-Week		Market	Price /		LTGR
	(7/18/08)	High	Low	Value (a)	'08 EPS	'09 EPS	
Man Group	\$12.40	99 %	140 %	\$21,501	13.5x	12.9x	15.0 %
Och-Ziff (b)	17.20	56	110	6,091	11.9x	7.5x	15.2
Fortress (b)	10.31	43	114	4,193	12.1x	7.7x	21.0
GLG Partners	9.24	63	120	2,271	18.1x	10.1x	20.0
<b>Mean</b>		<b>65 %</b>	<b>121 %</b>		<b>13.9x</b>	<b>9.5x</b>	<b>17.8 %</b>
<b>Median</b>		<b>60</b>	<b>117</b>		<b>12.8x</b>	<b>8.9x</b>	<b>17.6</b>

Sources: Company reports, I/B/E/S estimates.

(a) Based on estimated fully diluted shares outstanding.

(b) Estimates based on distributable earnings.

## Precedent Investment Management Transactions

(\$ in millions, except per share amounts)

Announce Date	Acquirer	Target	% Acquired	Equity Value (100%)	Firm Value (100%)	Firm Value as a Multiple of LTM			Price/Earnings	
						Revenue	EBITDA <sup>(b)</sup>	AUM	LTM	CFY
4/16/08	Pharos Capital/ TPG Capital	American Beacon Advisors	90 %	\$533	\$533	5.3x	--	0.9 %	17.1x	--
6/20/07	Madison Dearborn Partners	Nuveen Investments	100	5,762	6,191	8.3	17.3x	3.7	27.7	24.5
2/11/07	Great-West Lifeco	Putnam	100	3,900	3,900	2.8	10.8	2.0	20.3	--
7/25/06	Principal Financial	WM Advisors, Inc.	100	740	740	--	14.5 <sup>(c)</sup>	2.9	22.4	19.0
2/15/06	BlackRock	Merrill Lynch Investment Management	100	9,644	9,465	5.5	15.1	1.8	24.4	20.3
6/24/05	Legg Mason	Citigroup Asset Management	100	3,700	3,700	2.5	10.3 <sup>(c)</sup>	0.8	16.4	--
7/3/03	Lehman Brothers	Neuberger Berman	100	2,880	2,625 <sup>(d)</sup>	4.6	13.6	4.1	28.2	25.8
9/24/01	Deutsche Bank	Zurich Scudder Investments	100	2,500	2,500	2.3	--	0.9	--	--
6/4/01	FleetBoston	Liberty Financial Asset Management	100	900	900 <sup>(e)</sup>	2.4	12.1	1.8	--	--
4/11/01	Societe Generale	TCW Group	51 <sup>(f)</sup>	1,727	1,727	--	16.0	2.2	--	--
10/18/00	Allianz	Nicholas-Applegate	100	980	980 <sup>(g)</sup>	--	10.0	2.2	--	--
6/28/00	Bank of America	Marsico Capital Management	50 <sup>(h)</sup>	1,900	1,900	--	--	12.7	--	--
6/20/00	Alliance Capital	Sanford C. Bernstein	100	3,521	3,690	4.5	10.0	4.3	--	--
6/19/00	Old Mutual	United Asset Management	100	1,436	2,284	2.5	7.5	1.1	22.6	20.7
6/16/00	CDC Asset Management	Nvest L.P.	100	1,870	2,162 <sup>(i)</sup>	3.3	12.3	1.6	23.1	24.4
5/15/00	Unicredito Italiano	Pioneer Group, Inc.	100	1,230	1,237 <sup>(i)</sup>	5.5 <sup>(j)</sup>	16.0 <sup>(j)</sup>	5.1	28.9 <sup>(j)</sup>	--
4/11/00	T. Rowe Price	Rowe Price-Fleming International	50 <sup>(h)</sup>	1,560	1,560	--	--	3.6	--	--

### Post-2002:

Mean	4.8x	13.6x	2.3 %	22.4x	22.4x
Median	5.0	14.0	2.0	22.4	22.4
High	8.3	17.3	4.1	28.2	25.8
Low	2.5	10.3	0.8	16.4	19.0

### All Transactions:

Mean	4.1x	12.7x	3.0 %	23.1x	22.4x
Median	3.9	12.3	2.2	22.8	22.5
High	8.3	17.3	12.7	28.9	25.8
Low	2.3	7.5	0.8	16.4	19.0

Source: Company filings and FactSet.

- (a) Firm value equal to equity value plus net debt, as disclosed.  
 (b) Calculated as operating income before depreciation and intangible amortization.  
 (c) Assumed equal to pre-tax income.  
 (d) Excludes 1.6mm unvested restricted shares in employee compensation plans and \$120mm retention.  
 (e) Does not include \$110mm revolver facility used to finance deferred sales commissions.  
 (f) Societe Generale also acquired right to purchase another 19% in four equal installments between 2003-06 (70% total by 2006) for up to \$425mm over five years.  
 (g) Excludes up to \$1.09bn payable over five years if 25% compound average revenue growth rate is achieved. Also excludes \$150mm retention.  
 (h) Acquired the remaining 50% it did not already own.  
 (i) Excludes \$194mm retention.  
 (j) Based on consolidated financial information of Pioneer Group excluding disclosed information from Harbor Global spin-off.