

Debt Restructuring

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BUILDING
MOMENTUM

If the wind will not serve, take to the oars.
-Latin proverb

Current Capital Structure

- Significant progress made to date to improve capital structure, replacing \$1.5B of privately offered convertible notes and short term bank debt with long term publicly traded fixed rate notes
 - \$650M of 5.500% notes due 2019
 - \$400M of 5.625% notes due 2044
- Both note offerings favorably received by the market
- The 2044 notes issued at an attractive coupon
- Each offering improved debt capital structure and credit profile

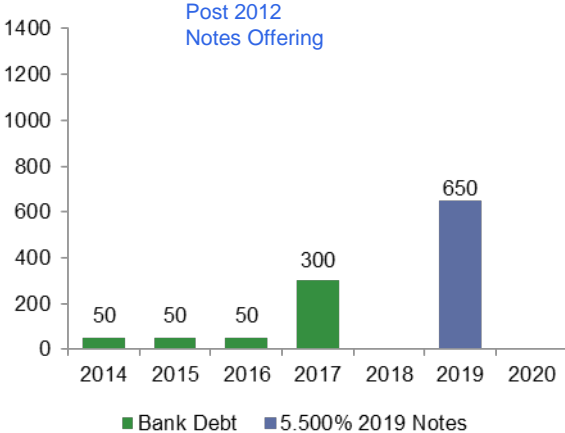
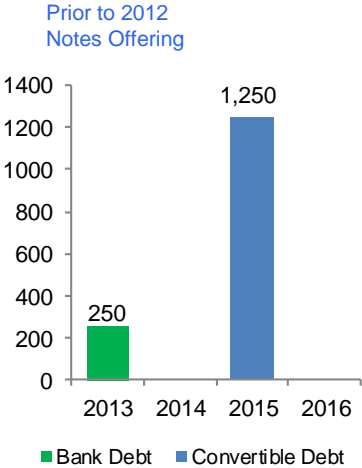
2019 Notes

- 7 year notes issued in May 2012 in a very different environment: no comparable LM securities outstanding at the time and a less robust credit story resulting in less favorable terms for the notes:
 - Coupon significantly higher than our current credit profile and market conditions warrant (5.5% vs current trading yield of <3.0% for these notes due to a combination of lower rates, tighter corporate spreads and improved LM credit metrics)
 - Certain non-standard covenants for investment grade credits
- Ability to refinance now at current low interest rates

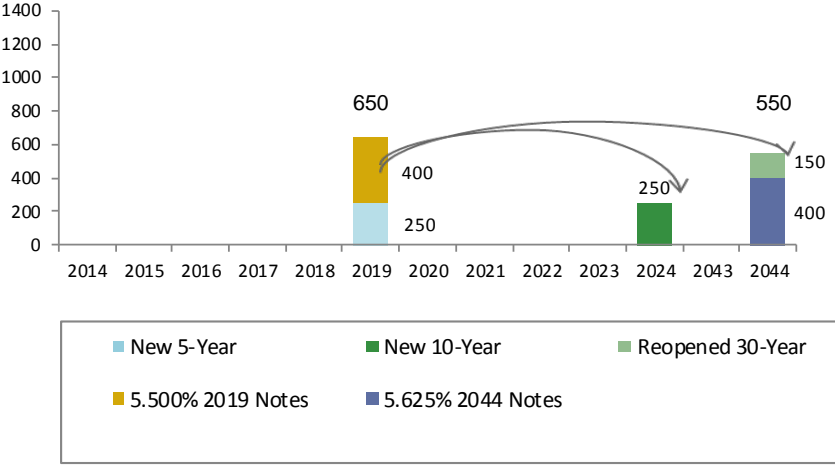
Capital Structure Considerations

- We have an opportunity to implement an enhanced long term capital structure with leverage remaining neutral:
 - \$550M of upsized 30-year debt
 - “Permanent” debt capital at today's favorable rates to finance core needs, which include regulatory capital requirements and seed capital
 - \$250M of new 10-year debt
 - Provides flexibility to de-lever down the road and to take advantage of strong demand in this tenor
 - Meaningful interest expense savings over the term as compared to current debt
 - \$250M of new 5-year debt swapped to floating
 - Provides flexibility to de-lever in the future if we choose to do so
 - Expected to generate incremental near term interest expense savings as compared to current debt
 - Our cash balances provide a natural hedge against rising rates
- Extending debt maturities out to 10 and 30 years further enhances credit profile and increases financial flexibility
 - Strong cash generation and extended maturities provides maximum flexibility for projected corporate and strategic initiatives

Capital Structure Summary



Post January 2014 Notes Offering and Illustrative Debt Restructuring



Summary

- Actions
 - Retire all 2019 notes by exercise of make whole call
 - New financing:
 - Reopen 30-year notes for \$150M
 - Issue \$250M of new 10-year notes
 - Issue \$250M of new 5-year notes
 - Swap \$250M of newly issued 5-year notes to floating
- Improving our capital structure at this time presents a number of compelling benefits, including:
 - Refinancing high coupon debt at current low interest rates
 - Improving our capital structure to enhance financial flexibility
 - Reducing refinancing risk in 2019
 - Putting in place debt with standard, investment-grade covenants
- The call premium, plus other non-cash charges associated with retiring the 2019 notes, are anticipated to approximate \$105-110M and are expected to be offset by interest savings over the life of the debt
 - The higher the increase in rates between now and 2019, the greater the benefit
- The call premium will not impact future plans to use cash generated for share buybacks and additional seed investments, or to potentially fund possible new acquisitions

About This Presentation

The issuer has filed a registration statement, including a prospectus, with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the Joint Book-Running Managers in the offering will arrange to send you the prospectus if you request it by contacting J.P. Morgan Securities LLC collect at (212) 834-4533 or Citigroup Global Markets Inc. at (800) 831-9146.

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