

Announcement: Moody's affirms Man Group plc ratings (senior at Baa2)

Global Credit Research - 07 Oct 2011

London, 07 October 2011 -- Moody's Investors Service has today affirmed the ratings of Man Group plc ("Man" or the "Company"); Man's current long term credit rating is Baa2 with a stable outlook. A complete list of ratings is available at the end of this press release.

RATINGS RATIONALE

Despite the 8% decline in estimated funds under management (FUM) including the US\$2.6 billion in net outflows during the quarter ended 30 September 2011 announced at the pre-close trading update on 28 September 2011, Moody's believes that the fundamentals for Man Group remain largely unchanged, while recognising that macro-economic conditions and market volatility present challenges in the near to medium term. In Moody's opinion, the weaknesses that Man experienced in the recent quarter reflect near term concerns about market volatility and investor sensitivity over the mounting Euro-zone crisis, which put pressure on performance and exacerbated outflows primarily in GLG's equity side of the business.

Moody's believes that Man is still facing some headwinds in terms of outflows, pressure on profit margins and challenges in connection with the completion of GLG's integration. However, in Moody's opinion, the recent debt reduction, strengthened liquidity position and increased product and revenue diversification offset the negative pressures on the company. In addition, in Moody's view, the negative impact on Man's financial performance has not been outsized relative to other industry players.

Part of the drop in estimated FUM in this quarter was attributed to FX movements (US\$1.9 billion) and the rest due to net outflows (US\$2.6 billion) and negative performance (US\$1.5 billion). The net outflows were primarily from GLG's long only and open-ended funds, given the general market risk aversion, equity market volatility and nature of these products. Moody's believes that the rationale for Man's acquisition of GLG, which centered around product and revenue diversification away from its AHL-centric platform, and increased diversification of its investor base should strengthen Man's position in the long term, despite the evident near term market volatility and the current challenges.

Man is also in a strong liquidity position with a healthy net cash position which is estimated at US\$700 million as at September 2011. The recent debt buyback, which was completed in September 2011, has also served to reduce its overall level of indebtedness by approximately US\$345 million and annualised gross interest expense by approximately US\$20 million. Man has reported estimated net management fee income of US\$200 million for the six months ending September 2011, down from US\$242 million from the previous six month period, which includes a reduction in associate income following the sale of Man's interest in BlueCrest in March 2011.

Man continues to maintain a strong market position in the hedge fund industry along with a strong underlying earnings stream, which is backed by variable performance fees, coming from various hedge fund products offering a diversity of investment styles.

Man Group plc is an asset management company domiciled in the UK, specialised in the alternative investment management business. The company had estimated total funds under management of US\$65 billion as at 30 September 2011 and reported shareholders' equity of US\$4.3 billion at 31 March 2011.

Moody's rating rationale is detailed in Moody's Credit Opinion on Man Group dated August 2011.

The following ratings were affirmed:

- Man Group plc -- Long Term Credit Rating -- Baa2;
- Man Group plc - Subordinated Debt -- Baa3;
- Man Group plc - Perpetual Subordinated Capital Securities -- Ba1(hyb)
- Man Group plc USD3 billion EMTN programme - Senior Notes -- (P)Baa2;
- Man Group plc USD3 billion EMTN programme - Dated Subordinated Notes -- (P)Baa3;
- Man Group plc USD3 billion EMTN programme - Undated Subordinated Notes -- (P)Baa3;
- Man Group plc USD3 billion EMTN programme - Junior Subordinated Notes -- (P)Ba1
- Man Group plc USD3 billion EMTN programme - Short-Term Notes -- (P)P-2.

The principal methodology used in this rating was Moody's Global Rating Methodology for Asset Management Firms published in October 2007. Please see the Credit Policy page on www.moody's.com for a copy of this methodology.

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