

Press Release



26 March 2009

PRE-CLOSE TRADING UPDATE AND FUNDS UNDER MANAGEMENT STATEMENT for the financial year ending 31 March 2009

- Profit before tax and exceptional items* of an estimated \$1.2 billion (2008: \$2.1 billion)
- Diluted earnings per share before exceptional items* of about 54 cents (2008: 90.2 cents)
- Board intends to declare a maintained final dividend of 24.8 cents per share, giving a total dividend for the year of 44 cents per share
- Funds under management currently estimated at \$47.7 billion (31 December 2008: \$53.3 billion; 31 March 2008: \$74.6 billion)
- Fund performance ahead of industry benchmarks for the financial year to date:
AHL +14.4%; RMF -13.1% vs HFRI Fund of Funds Composite -17.5%
- Private investor sales of an estimated \$11.1 billion; net inflows of an estimated \$2.0 billion
- Institutional sales of an estimated \$3.7 billion; net outflows of an estimated \$4.2 billion
- Regulatory capital surplus preserved at over \$1.5 billion; cash increased to around \$2.2 billion; undrawn banking facilities of \$2.4 billion (25% maturing 2012; 75% maturing 2013)
- Run-rate of fixed costs reduced by \$60 million per annum with effect from 1 April 2009
- Launch of an integrated hedge fund management business, built on RMF's disciplined investment process, Glenwood's manager selection philosophy and Man's managed account expertise to provide transparent access to hedge fund investing for institutions and private investors worldwide. #

Key financials

		Estimates for year ending 31-Mar-09 \$m	Estimates for year ended 31-Mar-08 \$m
Net management fee income		850	1,143
Net performance fee income		340	936
Profit before tax and exceptional items		1,190	2,079
Exceptional items*	H1	(107)	-
	H2	(390)	-

* H1 exceptional item relates to accelerated amortisation of MGS sales commissions (\$107 million). H2 items include impairment provisions relating to Ore Hill and the residual holding in MF Global (c. \$350 million) and non-recurring restructuring costs (c. \$40 million).

Subject of a separate press release.

A conference call for investors and analysts will be held at 08:00 GMT this morning: access numbers are included at the end of this release. Man Group will announce its year-end results for the financial year on 28 May 2009.

Peter Clarke, Chief Executive of Man Group, said:

"This has been a very difficult year for global markets, and our business has not been immune. We have responded by focussing on preserving our strong investment management franchise, whilst also maintaining and building the firm's financial strength, both key differentiators in these markets. Our strong financial position is reflected in the intention to declare a maintained final dividend for the year.

"During the year we continued to see private investor demand for conservatively structured products offering transparency and liquidity, and which have demonstrated a track record of performance through these markets. Our long standing leadership in the managed futures style has provided both performance and liquidity, whilst the flexibility of our product range and wide geography of investor base have remained a key strength. In this way we have been able to maintain a pipeline of global and regional products, which is continuing over the coming months. However, we have seen a reduction in funds under management and many investors, particularly institutions, have sought liquidity regardless of performance and reduced their exposure to all asset classes.

"We are focussed on meeting the evolving investor requirements for hedge fund investing and I am very pleased to be announcing today the establishment of a new Man investment business. This unites Man's scale and expertise to provide transparent and flexible access to underlying investment styles through an industry leading managed account platform and tailor made products. Combining the components of Man's business and geography in this way creates a unique opportunity for our investors to access hedge fund investments in the format of their choice.

"We have also reviewed efficiency and costs across the business and have reduced fixed costs by \$60 million for the coming financial year. Our leading position in the industry, together with the initiatives announced today, provides a solid platform for balanced and profitable growth in market share."

PRE-CLOSE TRADING STATEMENT

Private investor asset flows

Estimated 12 months to 31 March 2009	Guaranteed \$bn	Open-ended \$bn	Total \$bn
Sales	6.0	5.1	11.1
Redemptions	(4.4)	(4.7)	(9.1)
Net inflows / (Outflows)	1.6	0.4	2.0

Private investor sales have been extremely robust, estimated at \$11.1 billion for the year ending 31 March 2009. The success of private investor asset raising reflects the strength of Man's global distribution network and the performance of the private investor products overall, particularly from AHL. The managed futures style significantly outperformed most other asset classes with AHL gaining 14.4% in the financial year to date and 33.2% for calendar year 2008, compared to a fall of 42% and 39.9% respectively for equities.

Private investor redemptions for the year are an estimated \$9.1 billion giving net inflows of \$2.0 billion for the period. Redemption rates for the year increased from the level of the prior year, predominantly in the second half, but this was mostly as a result of an increase in open-ended product redemptions.

Guaranteed products saw a \$1.6 billion inflow for the year overall as investors sought the safety of capital protection in an uncertain market environment. Fourth quarter sales do not include the results of current global and regional offerings, which are due to start trading early in the next financial year. Redemptions of guaranteed products declined in the fourth quarter, but still resulted in a small net outflow.

Open-ended private investor products saw a net outflow in the fourth quarter as some investors sought liquidity in the short term, even from performing products. Redemption rates, however, declined from the levels seen in the third quarter, to give a small net inflow for the year overall.

The reduction of investment exposure across the MGS product range, undertaken in the second half to protect investor capital, and associated product rebalancing have now been completed. Certain MGS products retain an ability to increase their investment exposure, and those will do so progressively with effect from 1 April 2009.

All private investor products have continued to offer liquidity to their investors in accordance with the original product terms.

Institutional investor asset flows

Estimated 12 months to 31 March 2009	Institutional \$bn
Sales	3.7
Redemptions	(7.9)
Net inflows / (Outflows)	(4.2)

Institutional sales of \$3.7 billion for the year ending 31 March 2009 are expected to be substantially lower than for the prior year, with institutions holding back from increasing their investment exposure as markets declined sharply, especially in the second half. Redemption rates in the second half moved higher, in line with industry trends. The net institutional outflow for the year was \$4.2 billion. RMF's institutional diversified fund of funds products saw negative performance in the calendar year 2008 (-16.2%) and the financial year to date (-13.1%), but outperformed industry benchmarks and equities across both periods.

The fourth quarter saw continued subdued sales and high redemption levels, as institutions addressed the wider consequences of market disruption and uncertainty. In the fourth quarter to 28 February 2009 RMF is estimated to be +0.9%, the HFRI fund of funds index +0.4% and equities -15.5%.

Investment performance

	Calendar year to December 08	Financial YTD ¹	Calendar YTD ²
AHL ³	33.2%	14.4%	(2.1%)
IP220 ⁴	9.2%	(4.3%)	(4.5%)
RMF ⁵	(16.2)%	(13.1)%	0.9%
HFRI Fund Weighted Composite Index ⁶	(18.4)%	(16.7)%	(1.2%)
HFRI Fund of Funds Composite Index ⁶	(21.3)%	(17.5)%	0.4%
World Stocks ⁷	(39.9)%	(42.0)%	(15.5)%

¹ Financial YTD: 1 April 2008 - 28 February 2009

² Calendar YTD: 1 January 2009 - 28 February 2009

³ Man AHL Diversified plc is valued weekly, but for comparative purposes the last weekly valuation of the month has been used

⁴ Man IP220 Ltd - USD class bonds

⁵ RMF Four Seasons Strategies

⁶ HFRI index data as published on 16 March 2009

⁷ MSCI World Index price return (hedged to USD)

The Man product range outperformed industry benchmarks overall during the financial year, principally due to a weighting towards the managed futures style which performed strongly in the period and which, directly and indirectly, accounts for over 40% of funds under management. Nevertheless, overall investment movement is estimated to be a negative \$6.1 billion for the financial year, principally in respect of negative institutional fund of fund product performance.

Funds under management (FUM)

Total funds under management are currently estimated to be \$47.7 billion as at 31 March 2009, down from \$74.6 billion in March 2008 and \$53.3 billion at 31 December 2008. The split of FUM is estimated to be private investor \$28.4 billion and institutional \$19.3 billion. Net outflows for the year, arising entirely from institutional investors, represented a small movement in overall FUM at \$2.2 billion. The single largest cause of the decline in FUM in the year was the reduction in investment exposure in the MGS product range and associated portfolio rebalancing (\$12.1 billion), previously announced and now successfully completed. Investment movement is estimated to be negative \$6.1 billion. FX and other movements of a negative \$6.5 billion include the translation impact of foreign exchange movements on non-dollar denominated products, maturities and the reduction of leverage in RMF products.

Financial summary

Income statement

Pre-tax profit for the year before exceptional items* is expected to be around \$1.2 billion (2008: \$2.08 billion). Gross management fee income** is estimated to be down 8% for the year at around \$1.9 billion. Net management fee income is estimated to be around \$850 million, principally reflecting the reduced level of funds under management as well as a lower level of net finance income***. Net performance fee income is estimated to be around \$340 million, generated by the strong performance of AHL in the year net of losses on seed investments, but well below the prior year when AHL saw even stronger performance. Diluted earnings per share on total operations before exceptional items* are expected to be around 54 cents and underlying EPS**, which excludes performance fee income and exceptional items, is expected to be around 39 cents.

Impairment provisions and other non-recurring charges of about \$500 million are being taken in the year ending 31 March 2009. This includes \$107 million recognised in the first half with regard to the accelerated amortisation of sales commissions on the MGS product range. Second half charges total around \$390 million, of which \$350 million relate to the carrying value of the residual MF Global holding and Man's Ore Hill investments. These impairment charges have no impact on cash or regulatory capital balances in the second half.

Reflecting the current lower level of FUM, Man has implemented a plan to reduce the cost base of the business. This will result in a \$60 million reduction in the run-rate of fixed costs with effect from 1st April, which includes a 15% reduction in permanent employee headcount. The one-off costs associated with this restructuring are around \$40 million, and are included in the current year numbers as part of the exceptional items.

Capital and liquidity

Continued focus during the year has been on maintaining and enhancing the Group's strong balance sheet and financial position as key differentiators in today's markets. Since 30 September 2008, liquidity and regulatory capital have increased, and balance sheet risk has reduced.

Regulatory capital surplus at year-end will remain in excess of \$1.5 billion. Loans to funds are currently under \$500 million (\$641 million; 30 September 2008), seed capital exposure has reduced to about \$850 million (\$1.2 billion; 30 September 2008), cash has increased to around \$2.2 billion (\$1.6 billion on a net basis) and the Group's committed bank liquidity facility of \$2.4 billion (25% of which matures in 2012 and 75% in 2013) is undrawn. During the year, \$1.0 billion of cash has been returned to shareholders through a combination of dividends paid (\$0.7 billion) and share re-purchasing (\$0.3 billion).

Dividend

Based on the Group's earnings generation and business performance in the year and the strength of its balance sheet, the Board intends to declare a maintained final dividend of 24.8 cents per share, giving an unchanged total dividend for the year of 44 cents per share.

Outlook

Markets remain volatile and uncertain, and investors across all asset classes continue to be cautious against a backdrop of sharply reduced expectations for the global economy. Even in these conditions, there is continued private investor demand for conservatively structured guaranteed products, offering transparency and liquidity, which can demonstrate a track record of performance. A wide product range and broad geography of investors allows Man to continue launching tailored products to suit the specific demands of all regions. There are currently a number of regional and global private investor products in the pipeline which are due to close, or start trading, early in the first quarter of next financial year.

Institutional investors remain cautious about committing incremental capital to markets, and institutional sales are likely to remain very subdued in the first half. Given the continued volatility of other asset classes, many institutions have portfolio rebalancing and capital requirements which will likely result in redemptions in the near term remaining at similar levels to the last quarter.

Man is extensively regulated across all its activities, and has the capital, scale and resources to embrace regulatory change in the industry. Increasingly, investors and intermediaries are backing investment managers who can demonstrate strong governance, transparency and a sustainable business model.

The outlook for investment returns is positive, as many markets have seen liquidity re-established and greater confidence in asset valuations reflected in increased transactional activity. Man's multi-managers saw positive performance for the calendar year to 28 February,

outperforming both the industry and most other asset classes. AHL is currently about 7% away from performance high water marks.

Man has today announced the launch of a new investment management business which unites Man's scale and expertise in hedge fund investing and shapes its business to address evolving investor requirements for increased transparency, governance and risk management. Building on the strengths of RMF's infrastructure and disciplined investment process, Glenwood's proven bottom-up manager selection philosophy and Man's managed account expertise, the new integrated business will provide transparent access to hedge fund investing through fund of fund portfolios and customised solutions, to deliver a unique and flexible investment offering for both institutional and private client investors.

Together with the steps taken to address efficiency and costs, these changes provide for balanced and profitable growth in market share.

Footnotes

* H1 exceptional item relates to accelerated amortisation of MGS sales commissions (\$107 million). H2 items include impairment provisions relating to Ore Hill and the residual holding in MF Global (c. \$350 million) and non-recurring restructuring costs (c. \$40 million).

** Includes management fee income from associates

*** Net finance income has reduced due to the fall in USD interest rates and the distribution to shareholders of the cash received from the MF Global IPO proceeds in the prior year

Funds under management analysis

Estimated 3 months to 31 March 2009

	Gtd \$bn	Open \$bn	Private Investor \$bn	Inst'l \$bn	Total \$bn
FUM at 31 December 2008	18.5	13.8	32.3	21.0	53.3
Sales	0.4	0.9	1.3	0.2	1.5
Redemptions	(0.9)	(1.4)	(2.3)	(2.4)	(4.7)
Net Inflows/(Outflows)	(0.5)	(0.5)	(1.0)	(2.2)	(3.2)
Investment movement					(1.4)
MGS de-risking and associated rebalancing of AHL and Glenwood					(0.7)
FX and other					(0.3)
Estimated at end March 2009			28.4	19.3	47.7

Estimated 12 months to 31 March 2009

	Gtd \$bn	Open \$bn	Private Investor \$bn	Inst'l \$bn	Total \$bn
FUM at 31 March 2008	31.0	12.5	43.5	31.1	74.6
Sales	6.0	5.1	11.1	3.7	14.8
Redemptions	(4.4)	(4.7)	(9.1)	(7.9)	(17.0)
Net Inflows/(Outflows)	1.6	0.4	2.0	(4.2)	(2.2)
Investment movement					(6.1)
MGS de-risking and associated rebalancing of AHL and Glenwood					(12.1)
FX and other					(6.5)
Estimated at end March 2009			28.4	19.3	47.7

MGS product de-risking

	MGS \$bn	AHL \$bn	Glenwood \$bn	Total \$bn
FUM at 30 September 2008	8.6	4.8	1.1	14.5
MGS de-risking and associated rebalancing of AHL and Glenwood	(5.6)	(4.0)	(0.8)	(10.4)
Other, net*	(1.7)	0.1	(0.2)	(1.8)
Estimated at end March 2009	1.3	0.9	0.1	2.3

* Includes redemptions, investment movement and FX.

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About Man

Man is a world-leading alternative investment management business. With a broad range of funds for institutional and private investors globally, it is known for its performance, innovative product design and investor service. Man manages around \$50 billion.

The original business was founded in 1783. Today, Man Group plc is listed on the London Stock Exchange and is a member of the FTSE 100 Index with a market capitalisation of around £3.5 billion.

Man Group is a member of the Dow Jones Sustainability World Index and the FTSE4Good Index. Man also supports many awards, charities and initiatives around the world, including sponsorship of the Man Booker literary prizes. Further information can be found at www.mangrouplc.com.

Forward looking statements

This document contains forward-looking statements with respect to the financial condition, results and business of Man Group plc. It also contains estimates of various financial data to 31 March 2009. By their nature, forward looking statements involve risk and uncertainty and there may be subsequent variations to estimates. Man Group plc's actual future results may differ materially from the results expressed or implied in these forward-looking statements.