



Q4 2011 Earnings

Press Release Supplement

January 19, 2012

Full year 2011 diluted EPS up 8% despite market volatility

Operating and Net Income, as adjusted (\$ in millions)



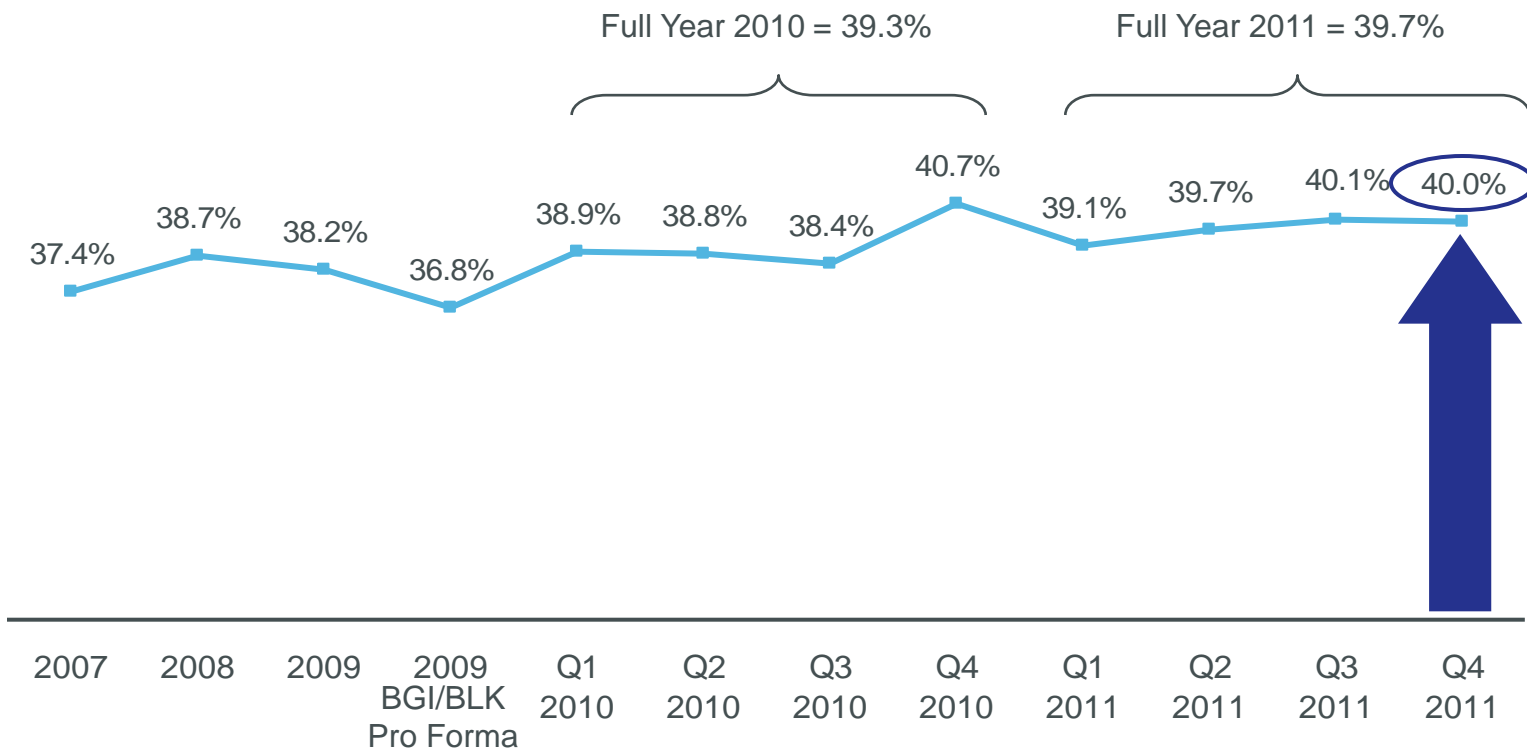
Diluted Earnings Per Share, as adjusted



For further information and reconciliation between GAAP and as adjusted, see the appendix, notes (a) through (e) in the current earnings release, 2010 Form 10-K or 2011 Form 10-Qs.

Full year 2011 operating margin improved

Operating Margin, as adjusted



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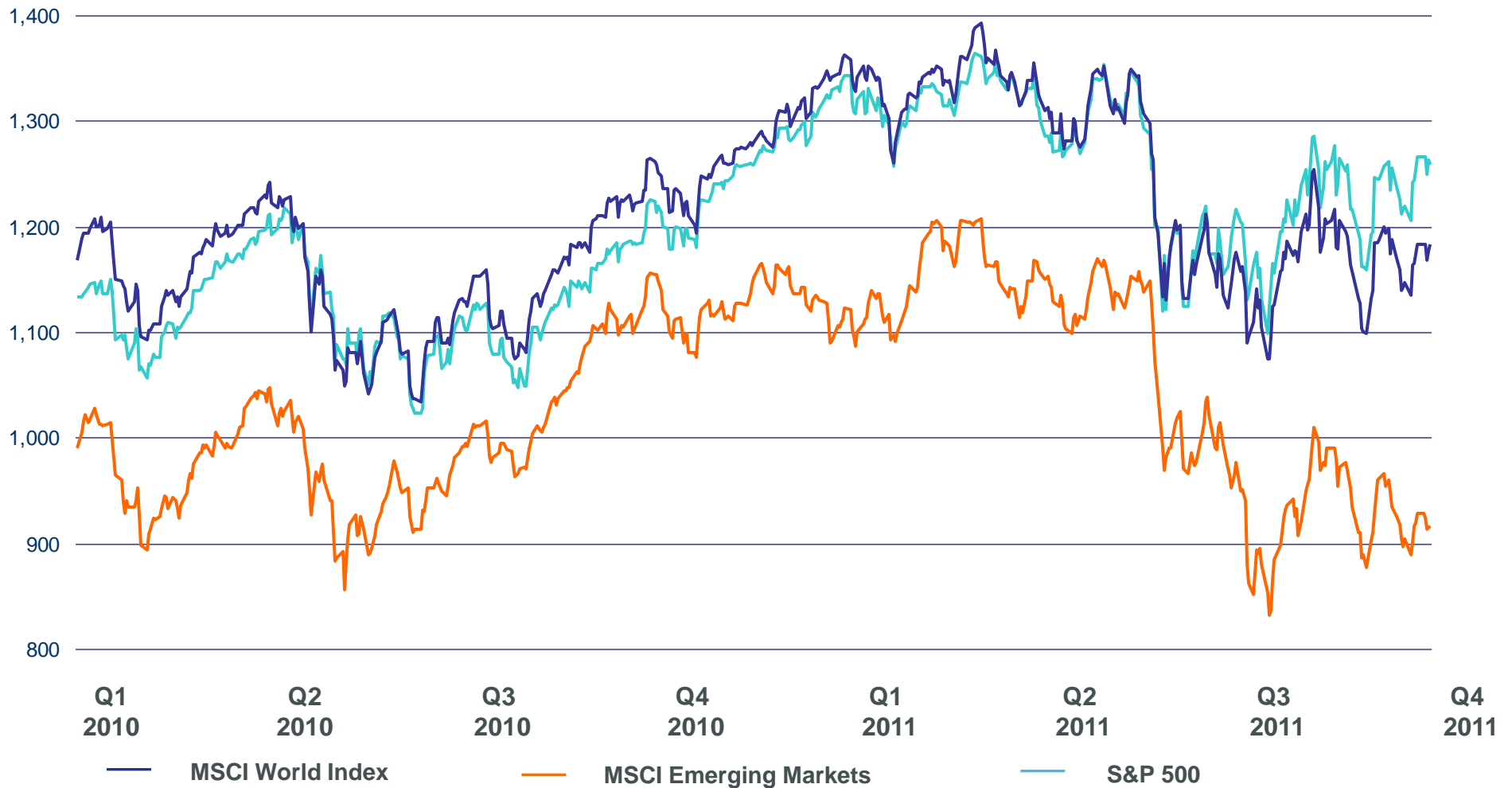
Global markets no longer aligned: US- Positive; Others- Negative

Q4 11 vs. Q4 10 Average:

MSCI World Index ▼ 5%
MSCI Emerging Markets ▼ 17%
S&P 500 ▲ 2%

Q4 11 vs. Q3 11 Average:

MSCI World Index ▼ 4%
MSCI Emerging Markets ▼ 10%
S&P 500 - flat

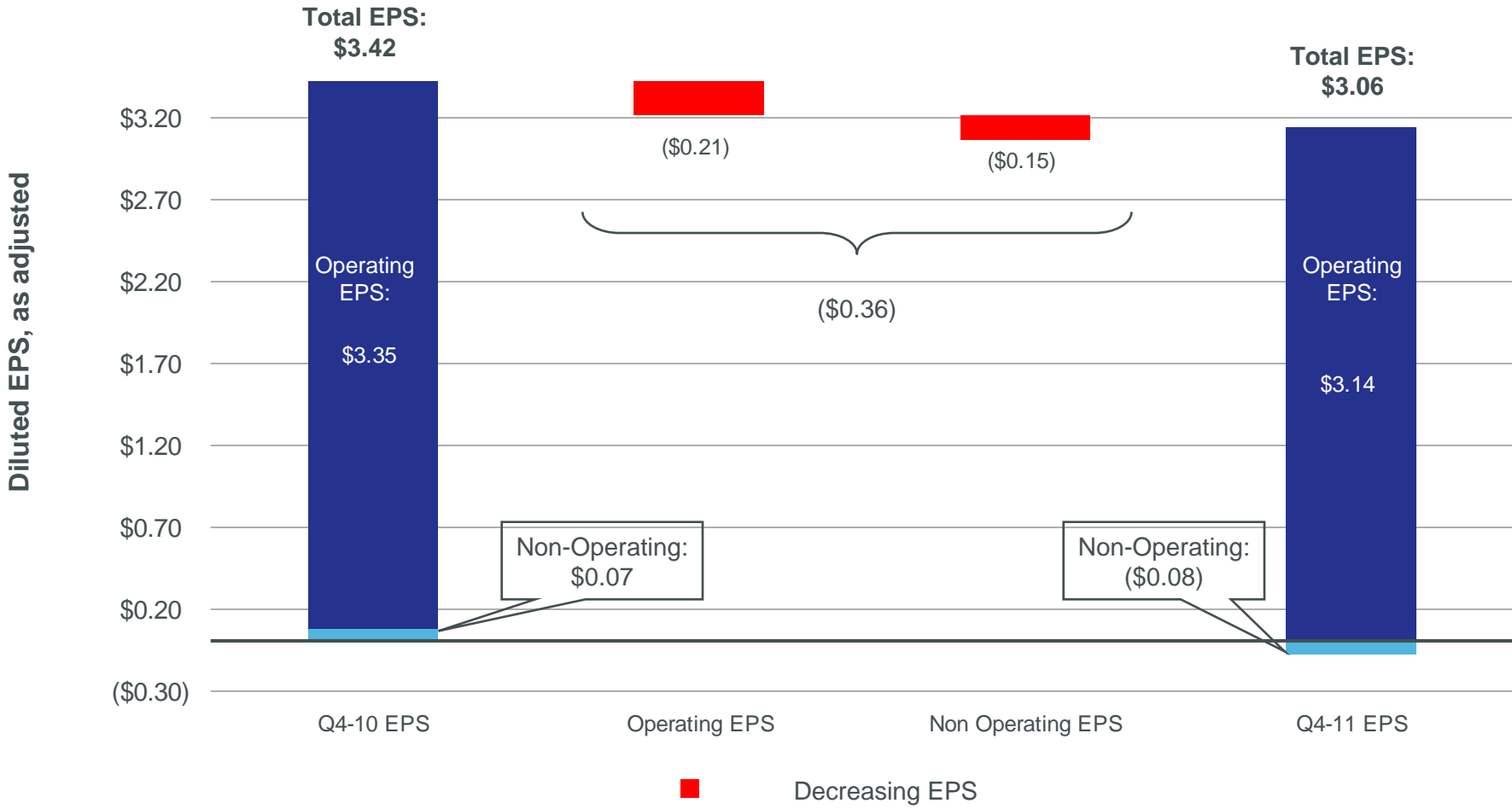


Year-over-year

Q4 2011 vs. Q4 2010

Year-over-year EPS decline explained by market effects

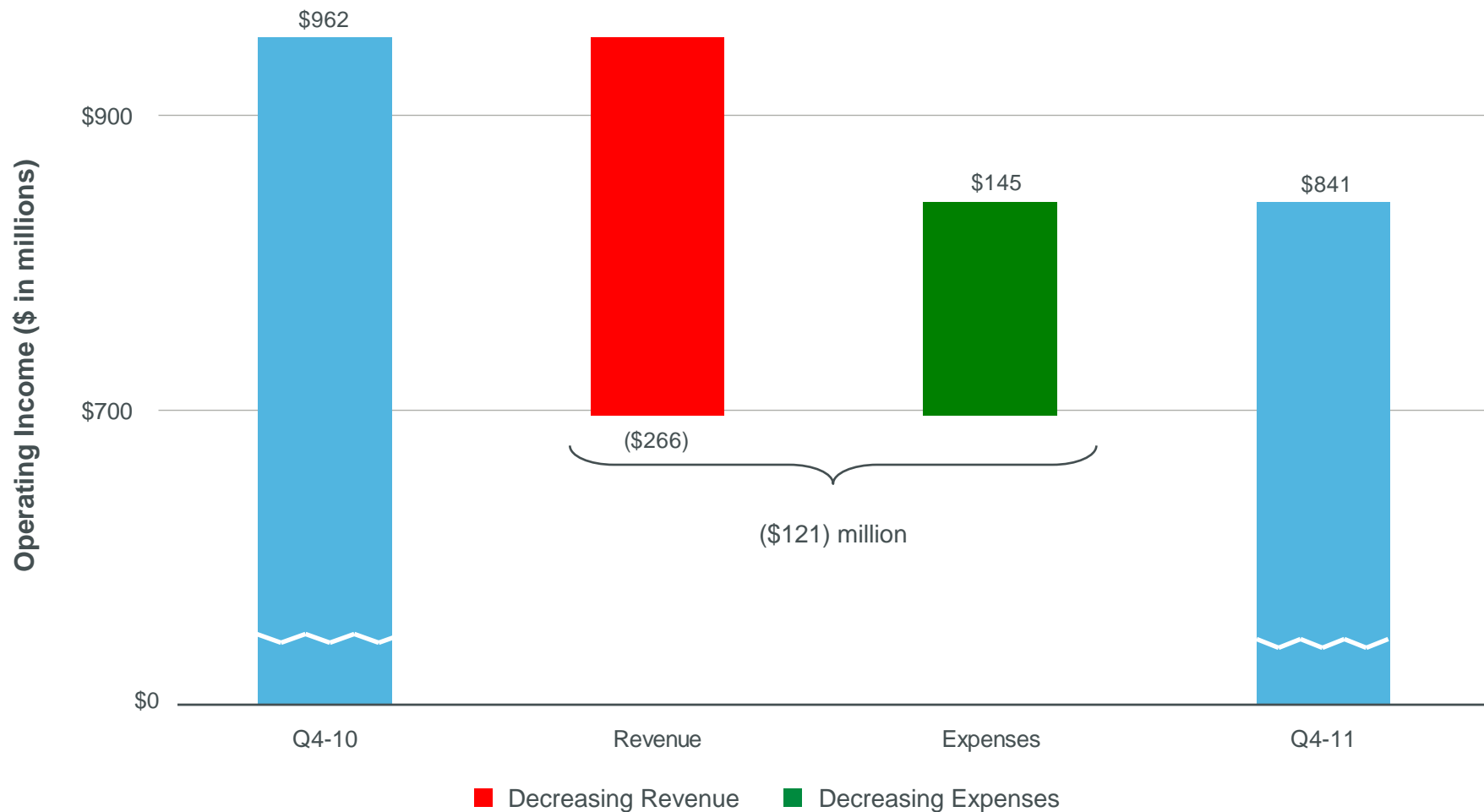
Q4-11 Compared to Q4-10, as adjusted



For further information and reconciliation between GAAP and as adjusted, see notes (a) through (e) in the current earnings release.

Year-over-year operating income benefited from cost controls muting market pressures

Q4-11 Compared to Q4-10, as adjusted

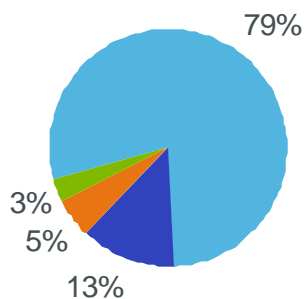


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Year-over-year market stress masked benefits of organic growth in AUM and BRS

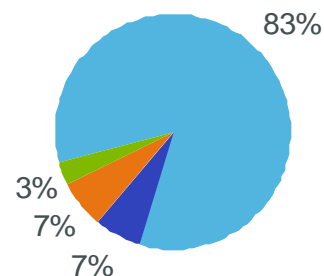
Total Revenue

Q4-10
\$2.49 billion

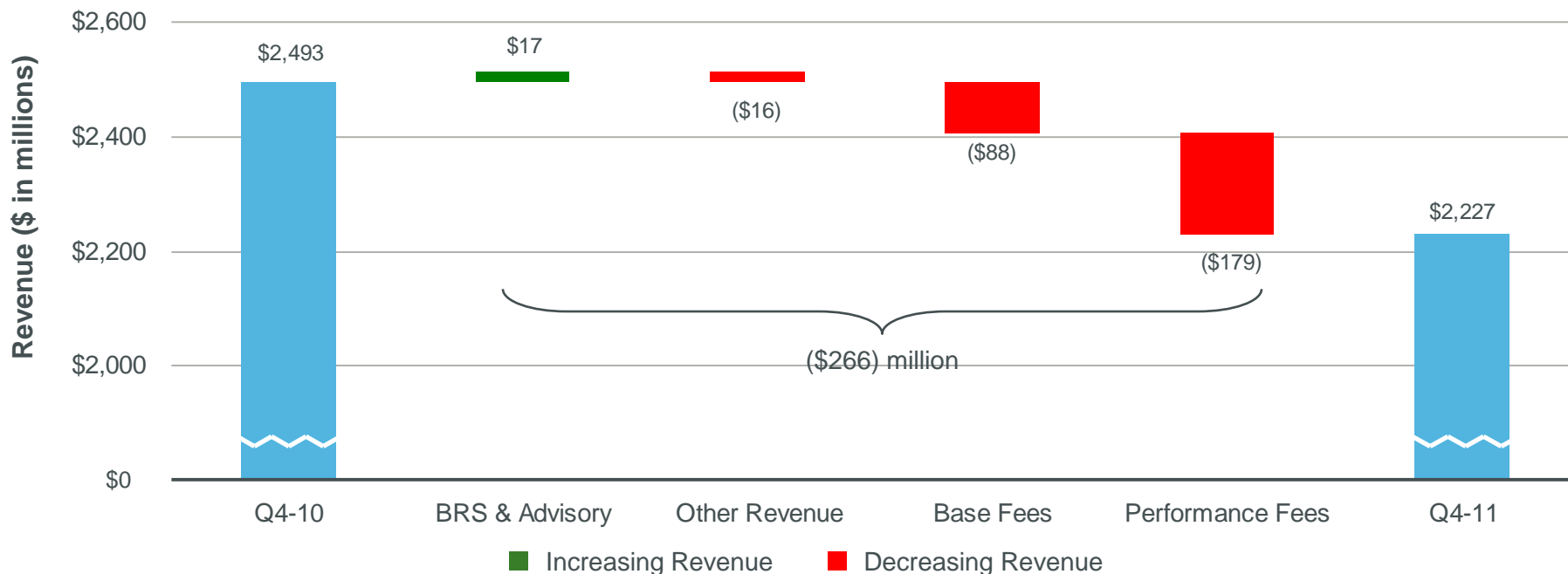


- Base Fees
- Performance Fees
- BRS and Advisory
- Other Revenue

Q4-11
\$2.23 billion



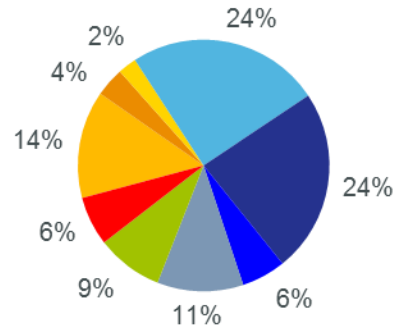
Q4-11 Compared to Q4-10



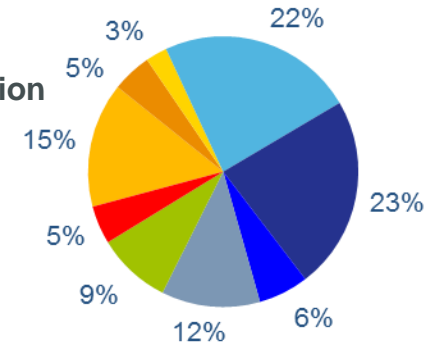
Market effects on year-over-year base fees balanced by organic growth and product mix

Base fees

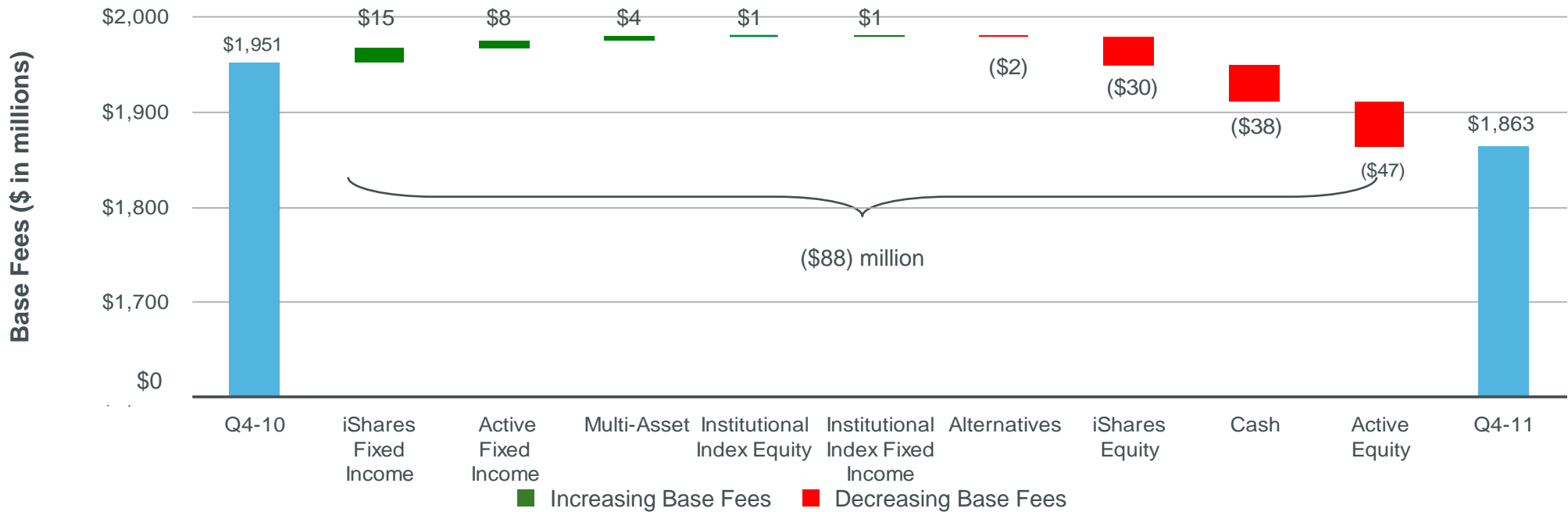
Q4-10
\$1.95 billion



Q4-11
\$1.86 billion



Q4-11 Compared to Q4-10

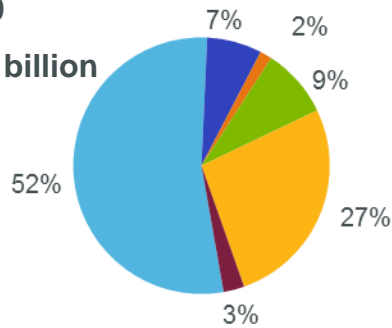


9% year-over-year expense decline across all expense categories

Expenses, as adjusted, by Category

Q4-10

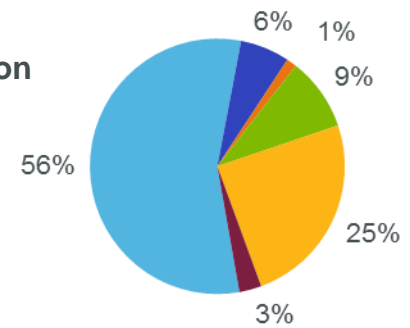
\$1.53 billion



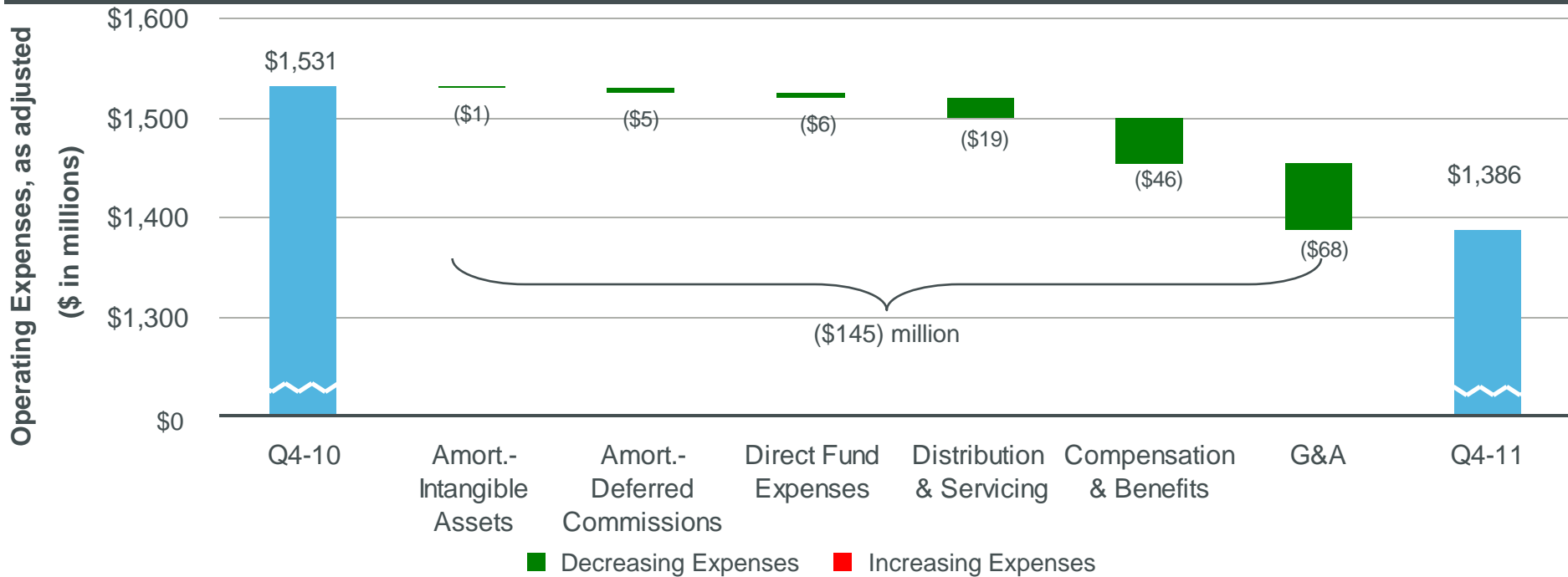
- Employee Comp. & Benefits
- Distribution & Servicing Costs
- Amort. of Deferred Sales Commissions
- Direct Fund Expenses
- General & Administration
- Amort. of Intangible Assets

Q4-11

\$1.39 billion



Q4-11 Compared to Q4-10, as adjusted



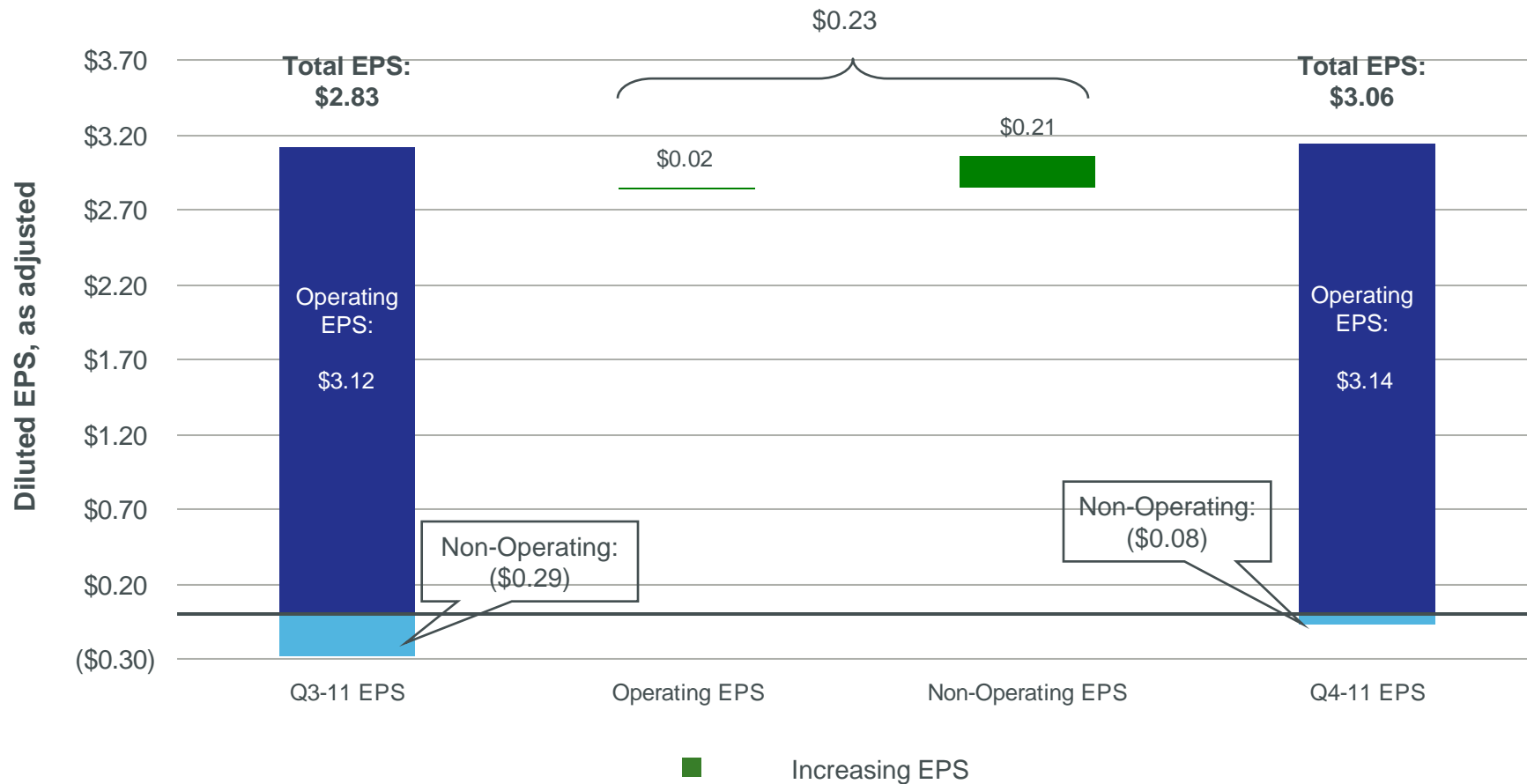
For further information and reconciliation between GAAP and as adjusted, see notes (a) through (e) in the current earnings release.

Sequential Quarters

Q4 2011 vs. Q3 2011

Sequential EPS reflects improved non-operating EPS

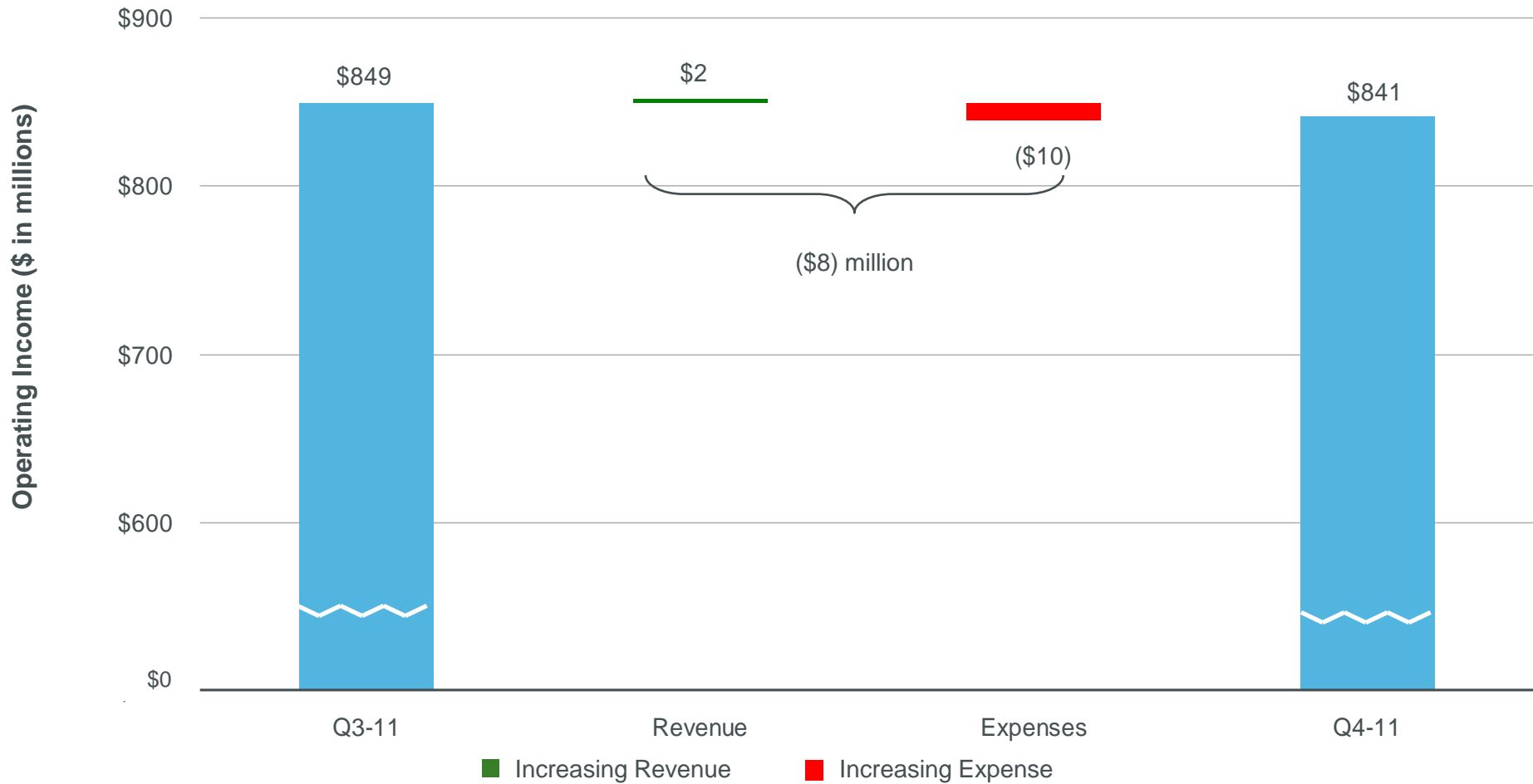
Q4-11 Compared to Q3-11, as adjusted



For further information and reconciliation between GAAP and as adjusted, see notes (a) through (e) in the current earnings release.

Sequential operating income stable

Q4-11 Compared to Q3-11, as adjusted

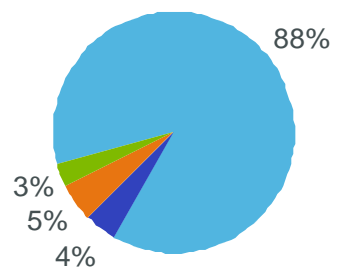


For further information and reconciliation between GAAP and as adjusted, see notes (a) through (e) in the current earnings release.

Sequential revenue driven by growth in performance fees and BRS offset by market effects

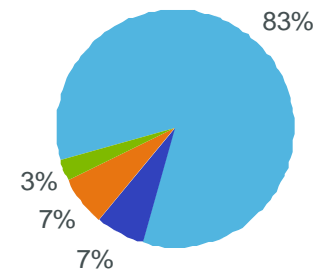
Total Revenue

Q3-11
\$2.23 billion

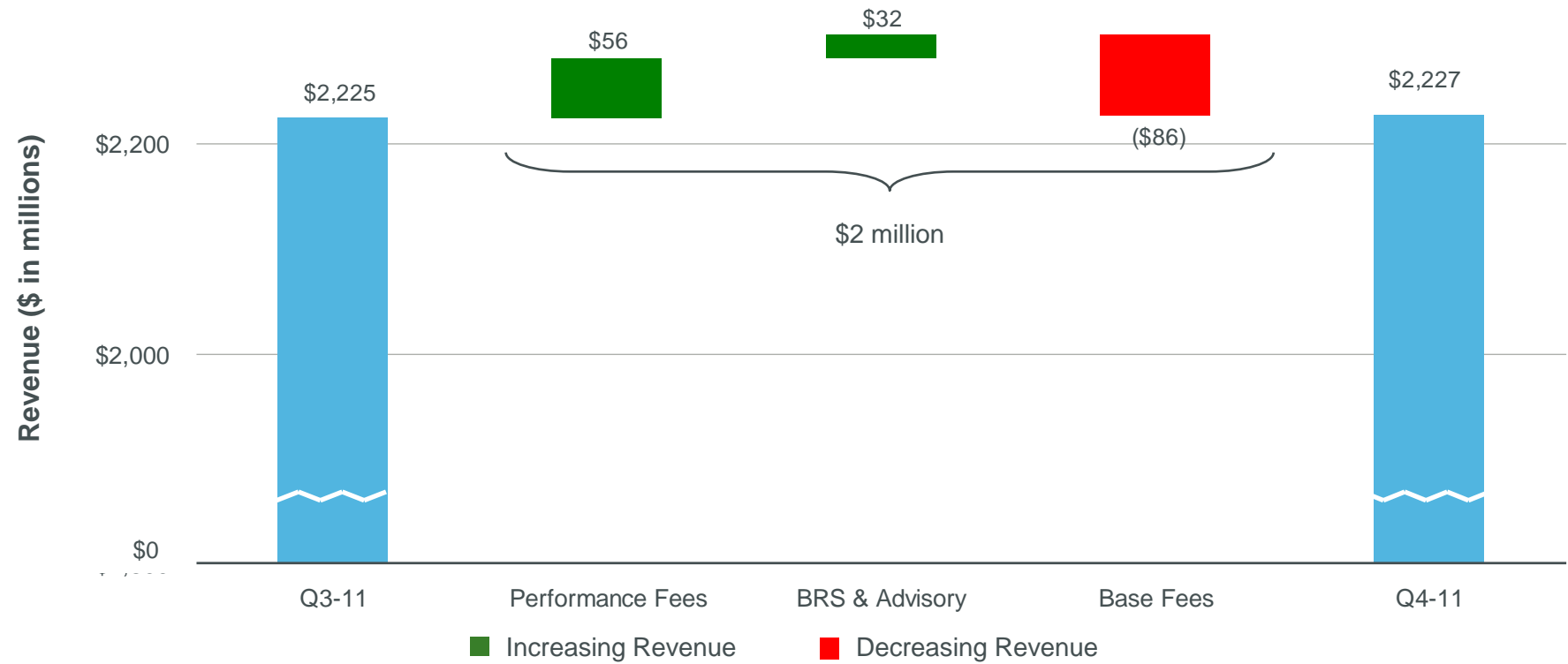


- Base Fees
- Performance Fees
- BRS and Advisory
- Other Revenue

Q4-11
\$2.23 billion



Q4-11 Compared to Q3-11

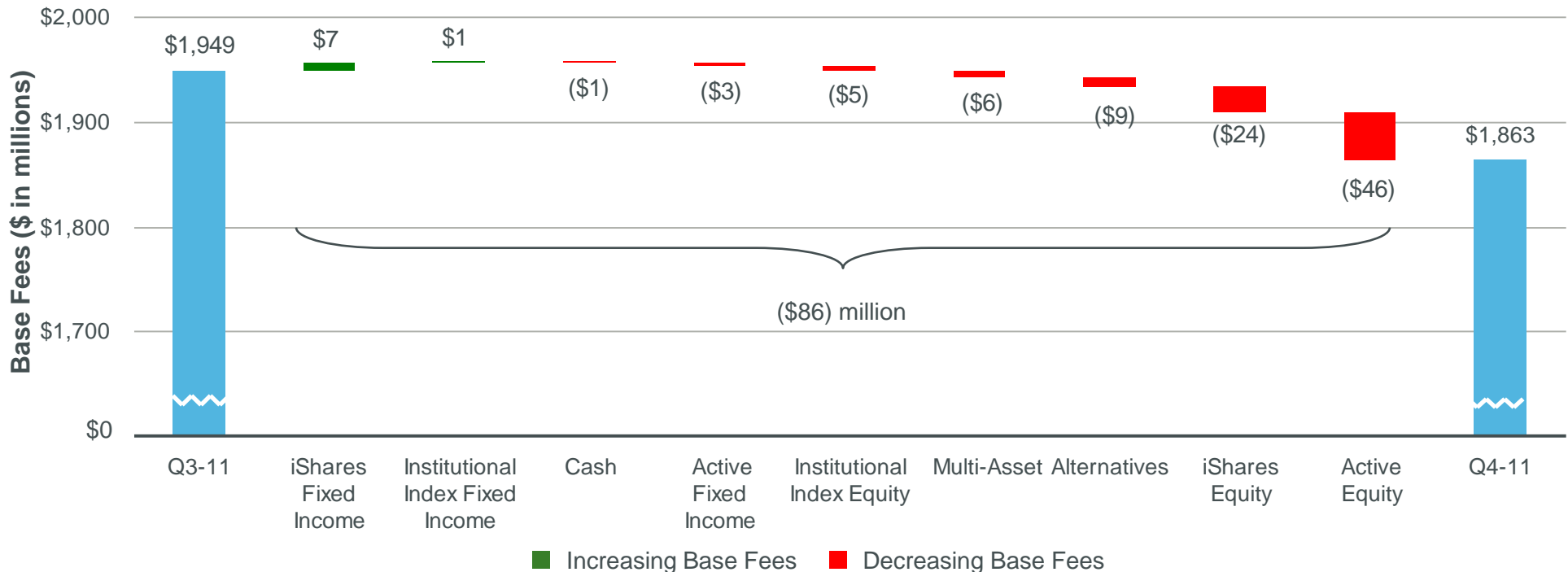


Sequential base fee decline reflected organic growth offset by market effects

Base Fees

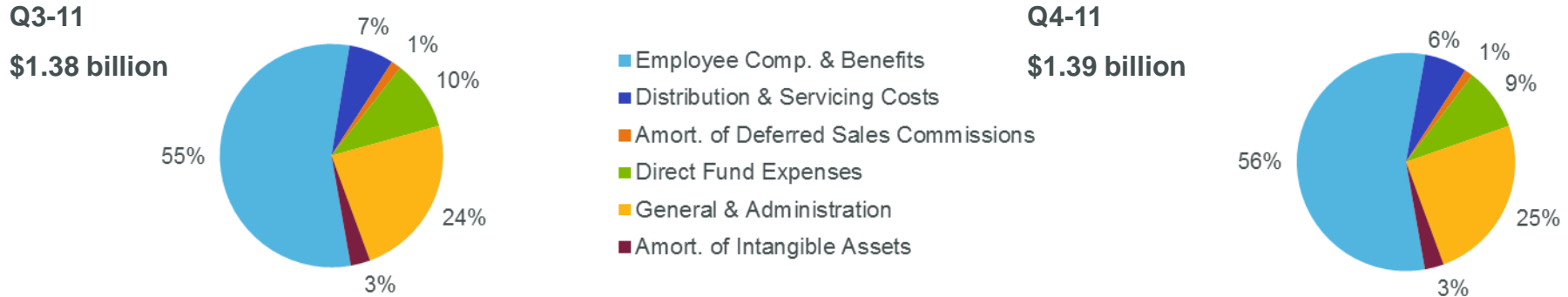


Q4-11 Compared to Q3-11

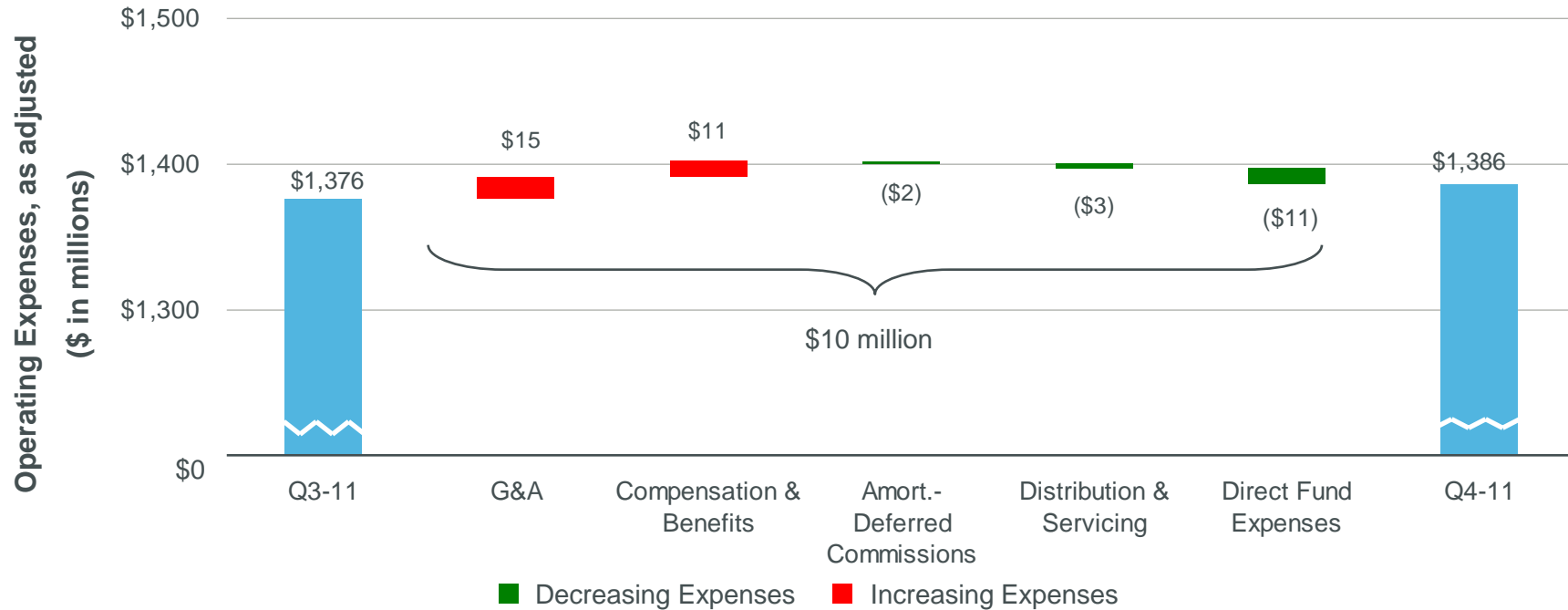


Sequential expenses remained relatively stable

Expense, as adjusted, by Category



Q4-11 Compared to Q3-11, as adjusted

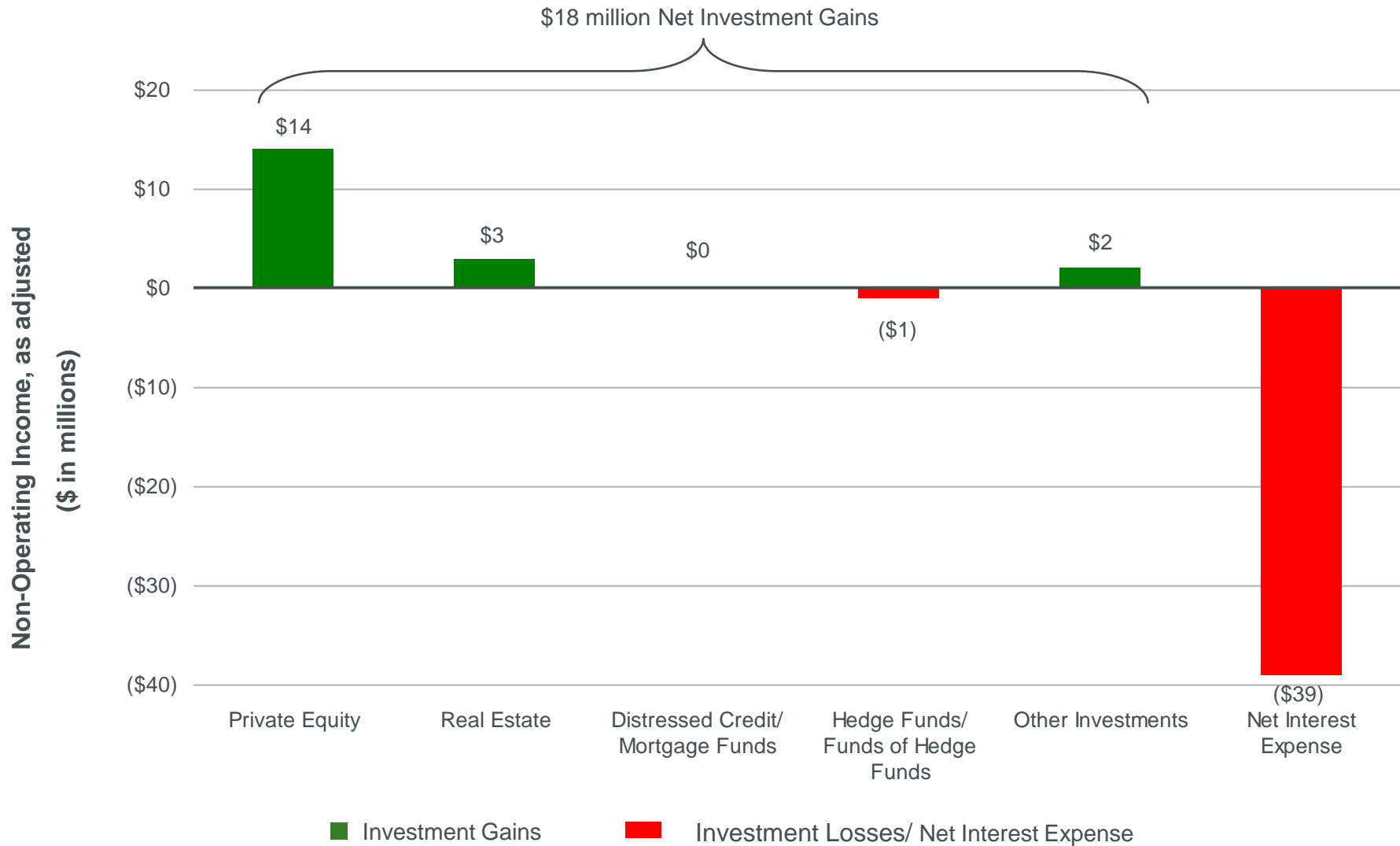


For further information and reconciliation between GAAP and as adjusted, see notes (a) through (e) in the current earnings release.

Non-operating and cash flow

Q4 2011 net investment gains driven by private equity valuations

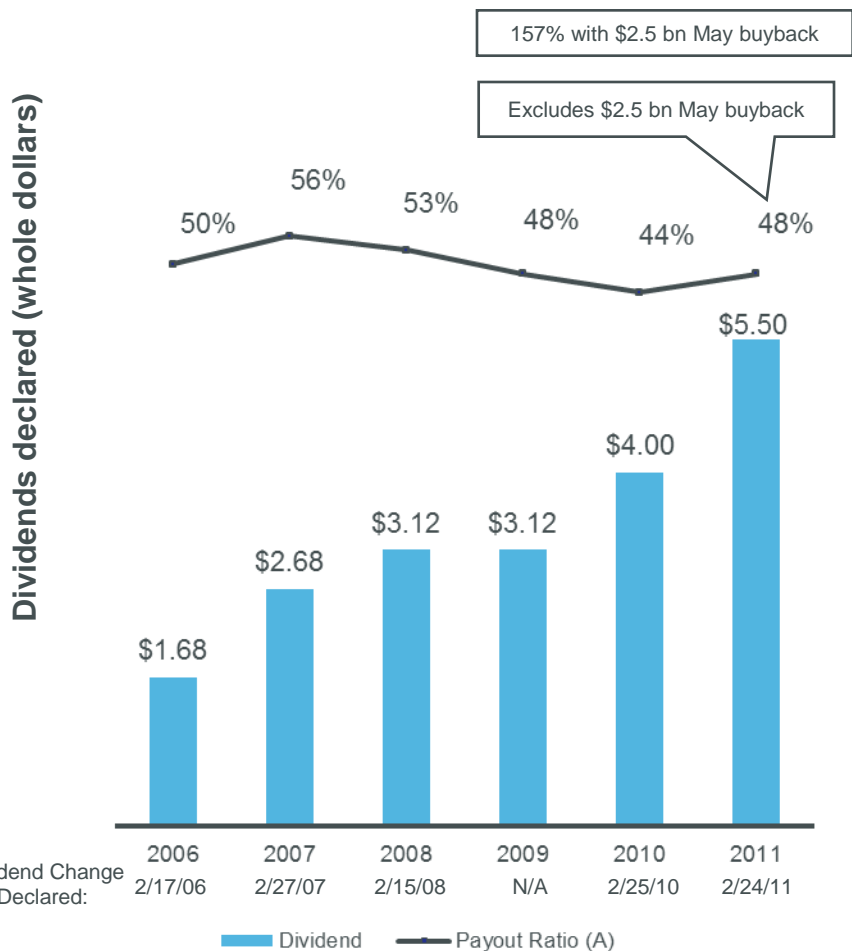
Q4-11 \$21 million Non-Operating Expense by Category, as adjusted



For further information and reconciliation between GAAP and as adjusted, see notes (a) through (e) in the current earnings release.

Strong 2011 operating cash flow and payout ratio

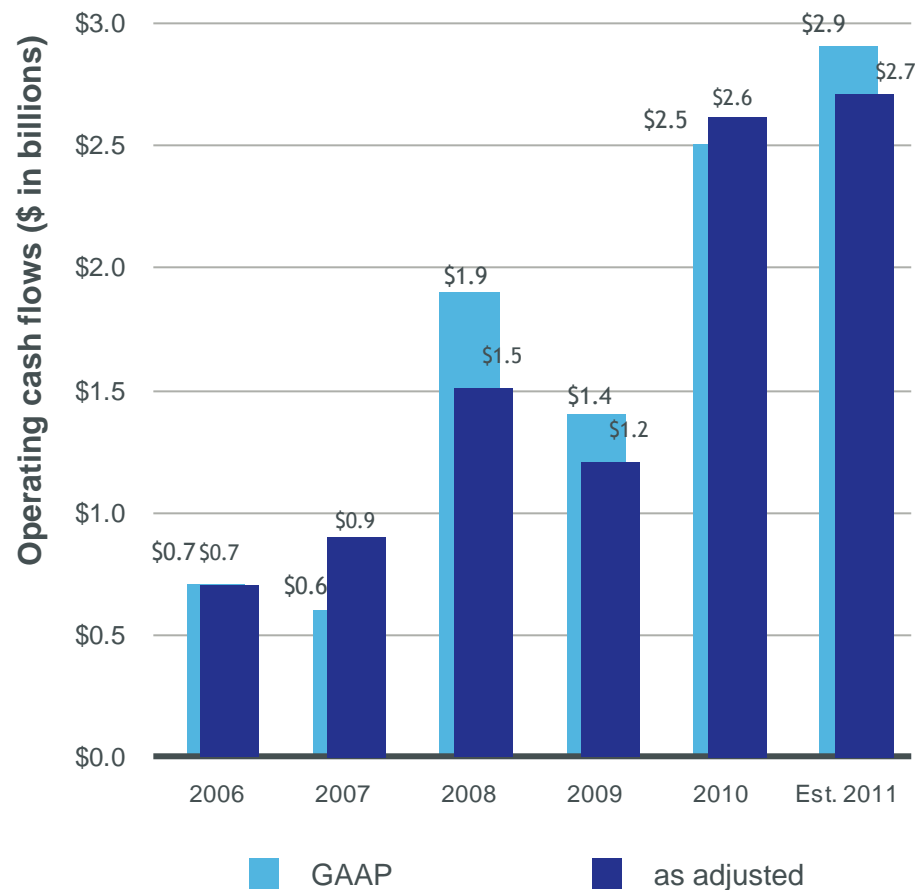
Payout ratio reflects dividend growth and \$2.6 billion of buybacks



Dividend Change Declared:

Notes:
(A) Payout ratio = (dividends + share repurchases) / GAAP net income.

2011 Operating cash flow exceeded 2010



For further information and reconciliation between GAAP and as adjusted, see the Company's Form 10-Qs and Form 10-Ks.

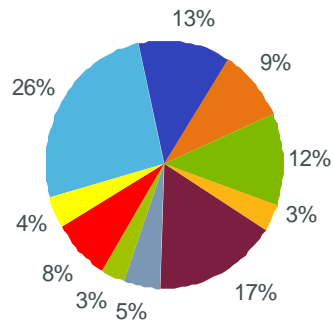
AUM and flows

Year-over-year AUM declines driven by equity markets

Total AUM

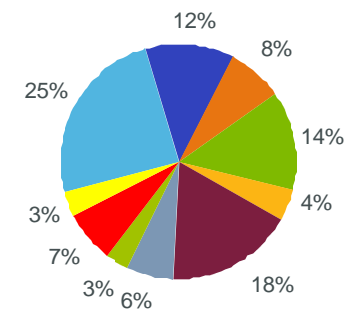
Q4-10

\$3.561 trillion

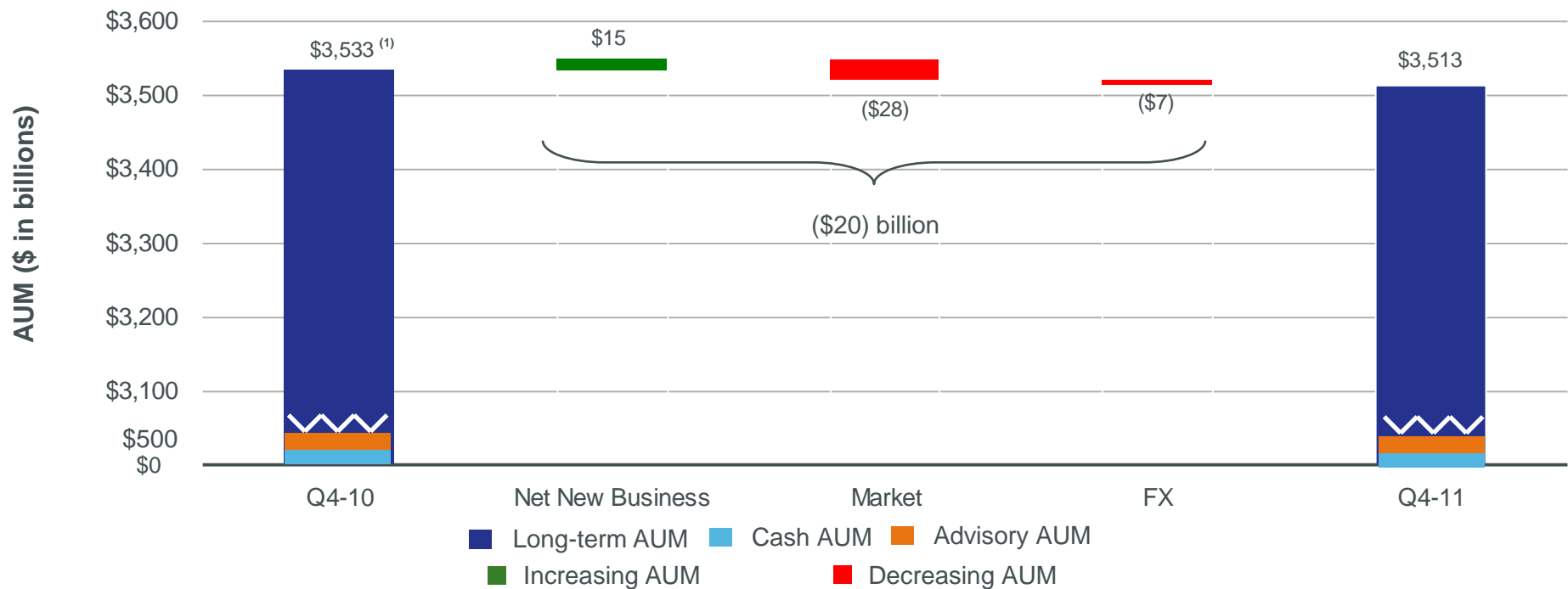


Q4-11

\$3.513 trillion



Q4-10 Compared to Q4-11



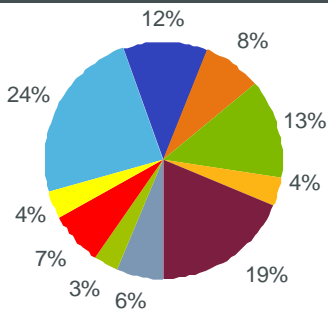
⁽¹⁾ Amount excludes \$28 billion BGI merger-related outflows, outflows due to manager concentration considerations prior to third quarter 2011 and outflows from scientific active equity performance prior to second quarter 2011.

Sequential AUM growth driven by flows and markets

Total AUM

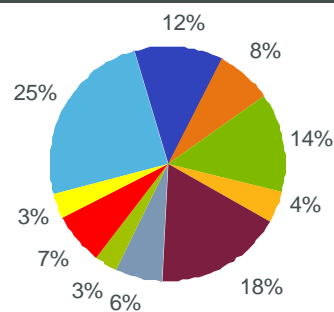
Q3-11

\$3.345 trillion

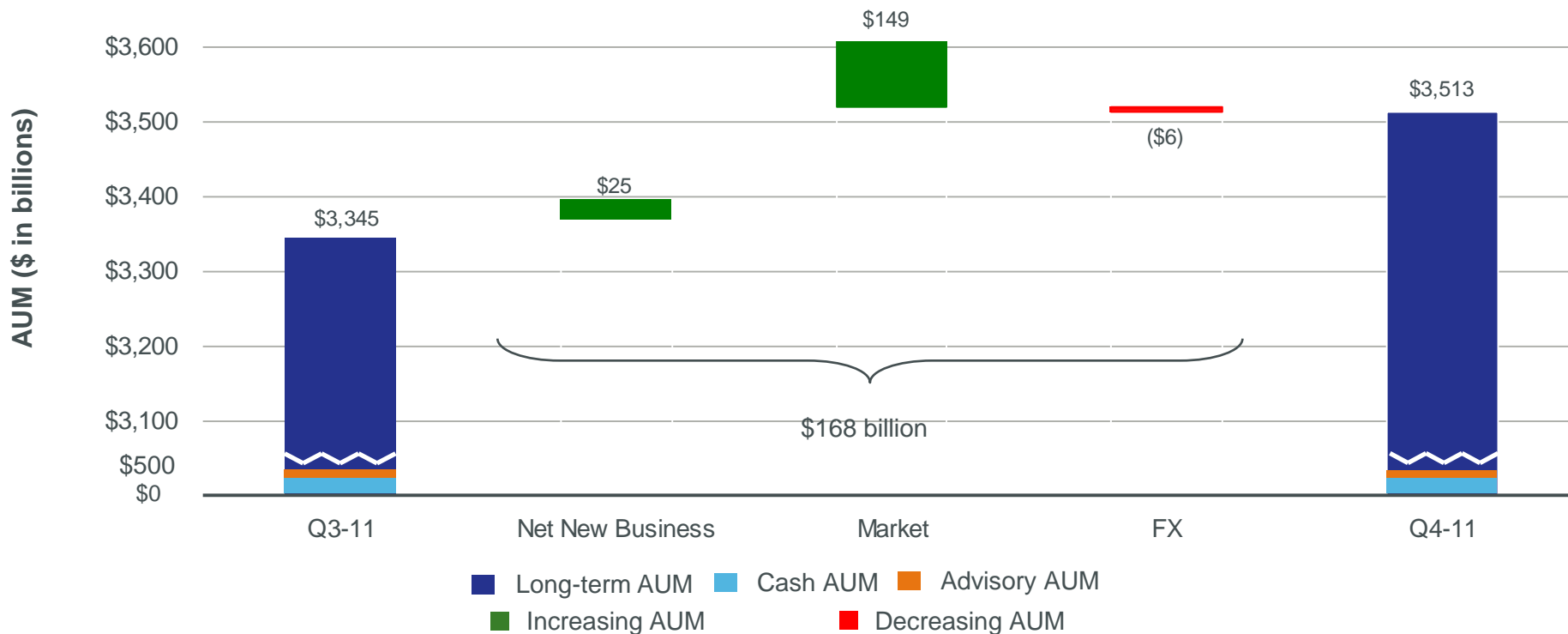


Q4-11

\$3.513 trillion



Q3-11 Compared to Q4-11

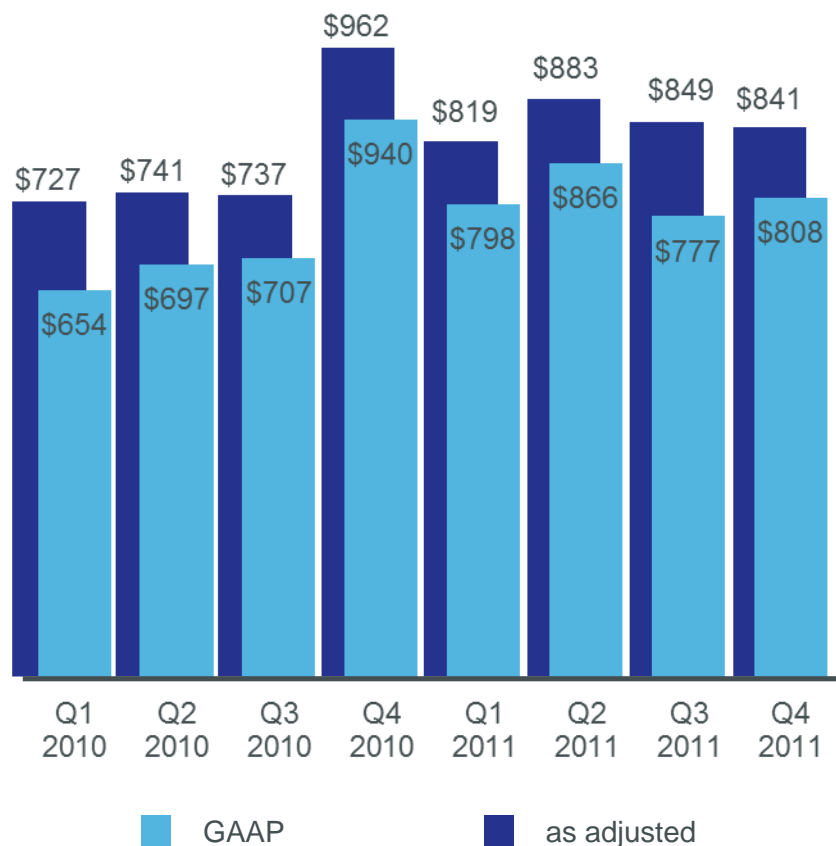


Appendix

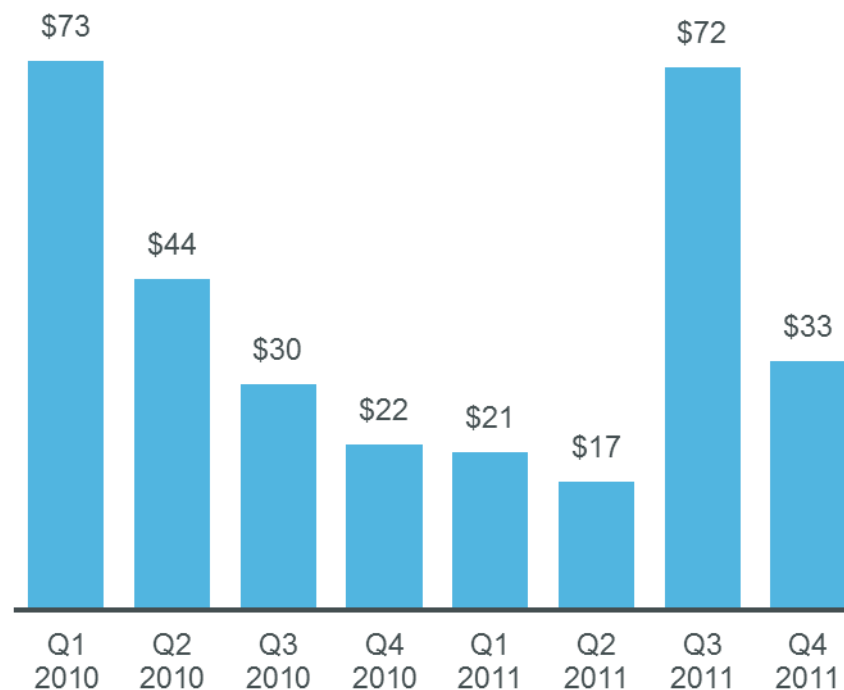
Quarterly operating income – GAAP and as adjusted

Non-GAAP adjustments include BGI integration costs, PNC LTIP funding obligation, Merrill Lynch compensation contribution, UK lease exit costs, restructuring charges, and compensation related to appreciation (depreciation) on certain deferred compensation plans

Operating Income (\$ in millions)



Non-GAAP Adjustments (\$ in millions)

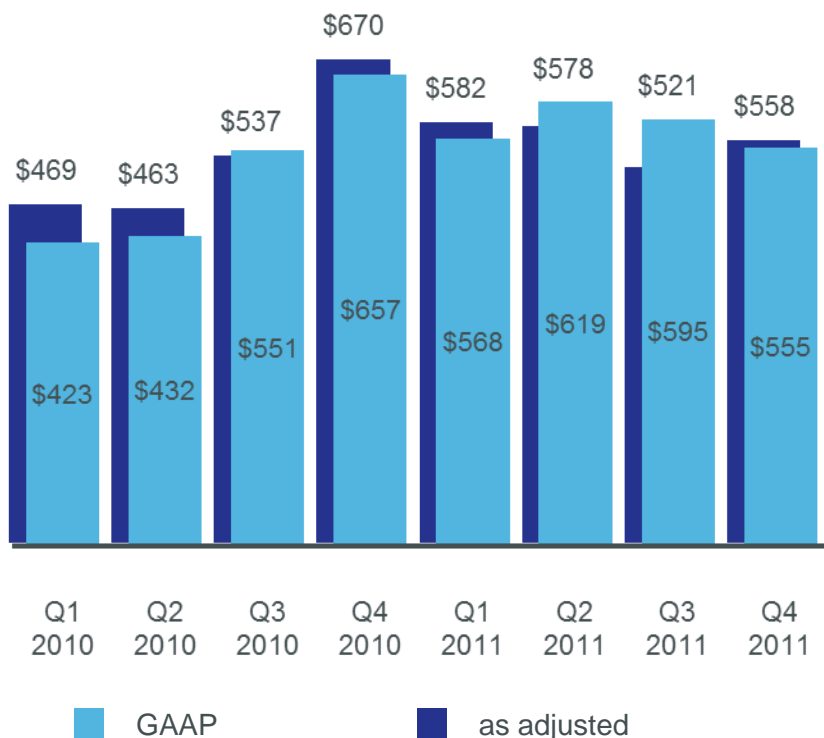


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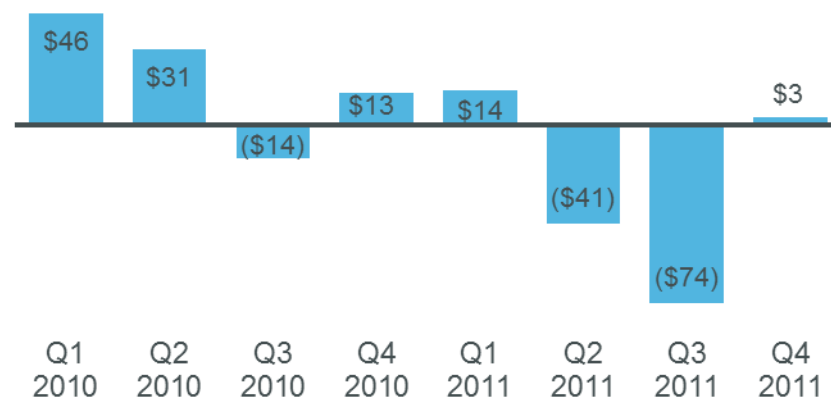
Quarterly net income – GAAP and as adjusted

Non-GAAP adjustments include BGI integration costs, PNC LTIP funding obligation, Merrill Lynch compensation contribution, UK lease exit costs, restructuring charges, income tax law changes and a state tax election

Net Income (\$ in millions)



Non-GAAP Adjustments (\$ in millions)

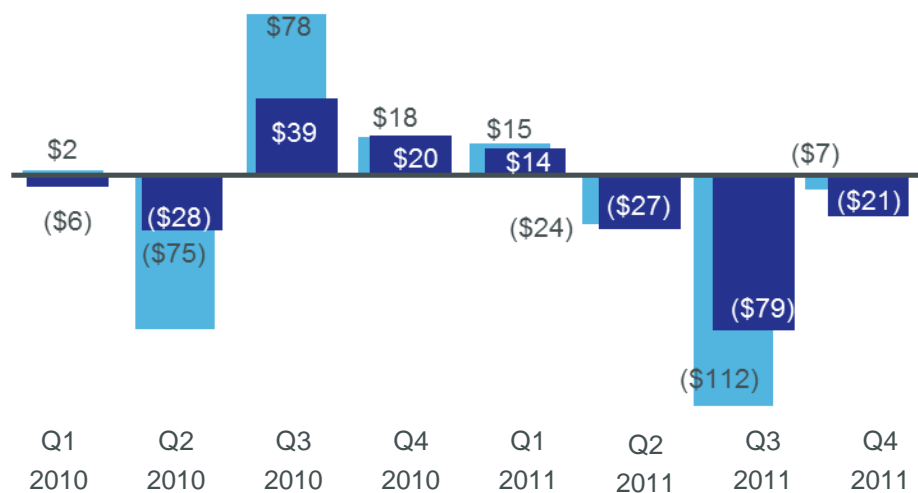


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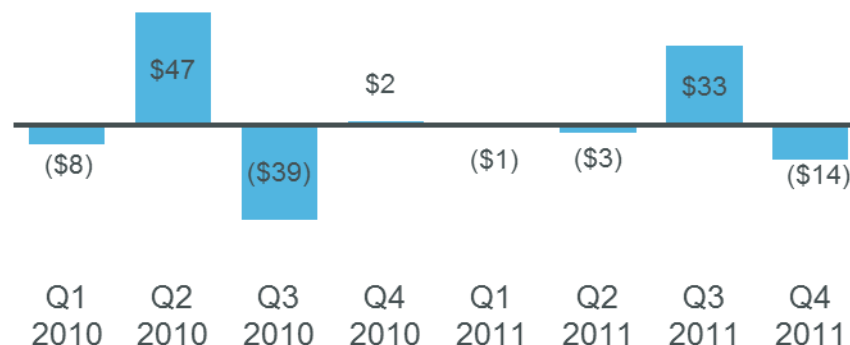
Quarterly non-operating income – GAAP and as adjusted

Non-GAAP adjustments include net income (loss) attributable to non-controlling interests, and compensation expense related to (appreciation) depreciation on certain deferred compensation plans

Non-Operating Income (Expense) (\$ in millions)



Non-GAAP Adjustments (\$ in millions)



GAAP as adjusted

For further information and reconciliation between GAAP and as adjusted, see notes (a) through (e) in the current earnings release, 2010 Form 10-K or 2011 Form 10-Qs.

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