



# Project Osprey

## Presentation to the Board of Directors

**Confidential / Draft**  
April 13, 2017

PRELIMINARY | SUBJECT TO FURTHER REVIEW AND EVALUATION

These materials may not be used or relied upon for any purpose other than as specifically contemplated by a written agreement with Credit Suisse AG or its Affiliates (hereafter "Credit Suisse").



# Executive summary

**As part of its ongoing exploration of strategic alternatives, NEWS has engaged in several recent informal conversations on potential strategic combinations; given the current public market valuation Credit Suisse (or “CS”) recommends a thorough evaluation of selected strategic alternatives**

- Based on current approaches and our market assessment, there are three potential strategic paths for NEWS to consider:
  1. Standalone: continue with existing strategy to transition to a capital-light credit asset manager
  2. Project Osprey: sale of majority of balance sheet assets with associated management fee and concurrent sale of manager
  3. Sale of whole company to a single buyer: Credit Suisse believes that the universe of potential buyers primarily consists of alternative asset managers, not banks or other regulated financial institutions
- Current Project Osprey construct involves [\*\*\*] as the buyer of the majority of the balance sheet as an LP-style investor
  - [\*\*\*] has made an oral indication of interest to acquire the loan assets as a fund investor: preliminary indications have implied a 99% loan value with a 1.00% total fee per annum
  - GSO, acting as agent for [\*\*\*], to be named manager of newly-formed fund with NewStar as sub-advisor; each party to receive 0.50% fee per annum
  - First Eagle Investment Management, [\*\*\*], and [\*\*\*] have orally expressed interest in the asset management platform
- Each potential strategic path has distinct workstreams and timing but CS believes that generally speaking, they could be completed in 6-9 months

---

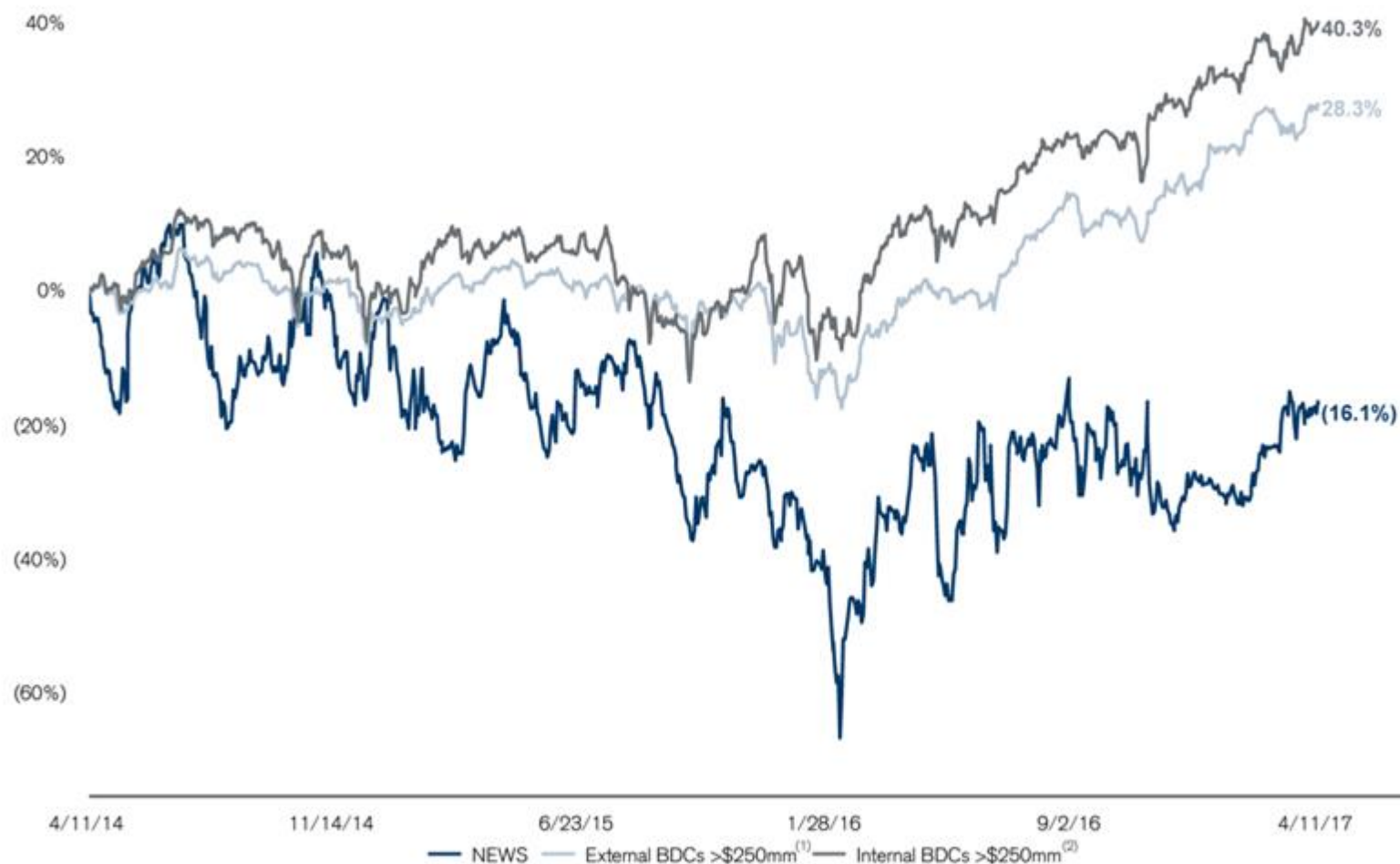
[\*\*\*] indicates information that has been omitted on the basis of a confidential treatment request pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended. This information has been filed separately with the Securities and Exchange Commission.

## Preliminary assessment of NEWS standalone

Confidential / Draft

2

# Total shareholder return



Source: FactSet, company filings and press releases.

Note: Market data as of 4/11/2017.

(1) External BDCs with market cap greater than \$250mm include ARCC, PSEC, FSIC, AINV, TSLX, GBDC, NMFC, SLRC, TCPC, GSBD, FSC, PNNT, BKCC, PFLT, MCC, FDUS, TICC, TCRD, SUNS, GAIN, MRCC and WHF.

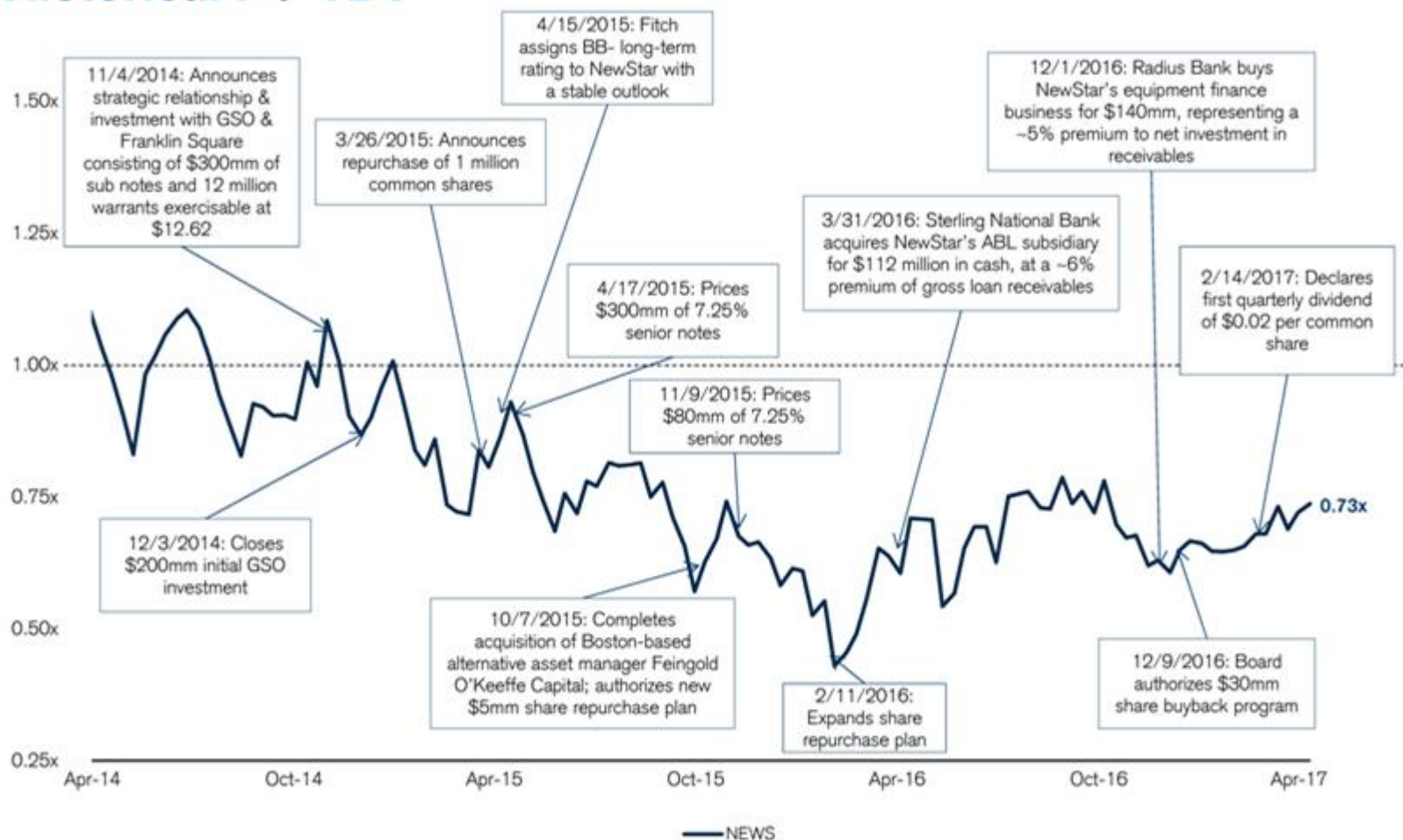
(2) Internal BDCs with market cap greater than \$250mm include MAIN, HTGC, TCAP and NEWT.

Confidential / Draft

3

© Credit Suisse AG and/or its affiliates

# Historical P / TBV



(\$ in millions)	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16
Pre-tax ROAE	6.8%	6.8%	NM	5.6%	1.4%	2.7%	5.2%	5.5%	4.3%	4.2%	5.4%	8.7%	11.1%
AUM <sup>(1)</sup>	\$2,771	\$2,574	\$2,699	\$2,832	\$3,761	\$3,745	\$4,158	\$4,604	\$6,949	\$6,620	\$6,583	\$6,653	\$6,742

Source: FactSet, SNL Financial, company filings.

Note: Market data as of 4/11/17.

(1) Represents approximate totals from company filings loan amounts for Q4'13 to Q3'14.

Confidential / Draft

4

© Credit Suisse AG and/or its affiliates

# Preliminary financial projections summary – standalone

<b>Summary balance sheet metrics</b>	<i>Unaudited</i>	<i>Plan</i>	<i>Forecast</i>	<i>Forecast</i>
(\$ in millions)	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Net loans	\$3,383	\$3,129	\$2,873	\$2,499
Total assets	4,028	3,538	3,364	2,980
Total debt	3,405	2,945	2,752	2,342
Total equity	647	621	622	633
Leverage - GAAP	5.1x	4.6x	4.3x	3.6x
Book value per share	\$15.12	\$16.54	\$17.80	\$19.80
<b>Summary income statement metrics</b>				
Net interest income	\$89.4	\$62.7	\$59.4	\$73.0
Net income	28.2	24.8	29.8	43.2
<b>Selected metrics</b>				
Pre-tax ROAE	7.4%	6.6%	8.2%	11.7%
After-tax ROAE	4.3	3.9	4.8	6.9
Portfolio yield (excluding cash)	6.46	6.29	6.87	7.30
Charge-offs/gross loans less LHFS	1.00	0.41	0.90	0.57
Ending period AUM	\$6,750	\$7,550	\$8,444	\$9,193
Total origination volume	1,857	2,854	3,171	3,391

Source: Company management.

Confidential / Draft

5

© Credit Suisse AG and/or its affiliates

## Project Osprey overview

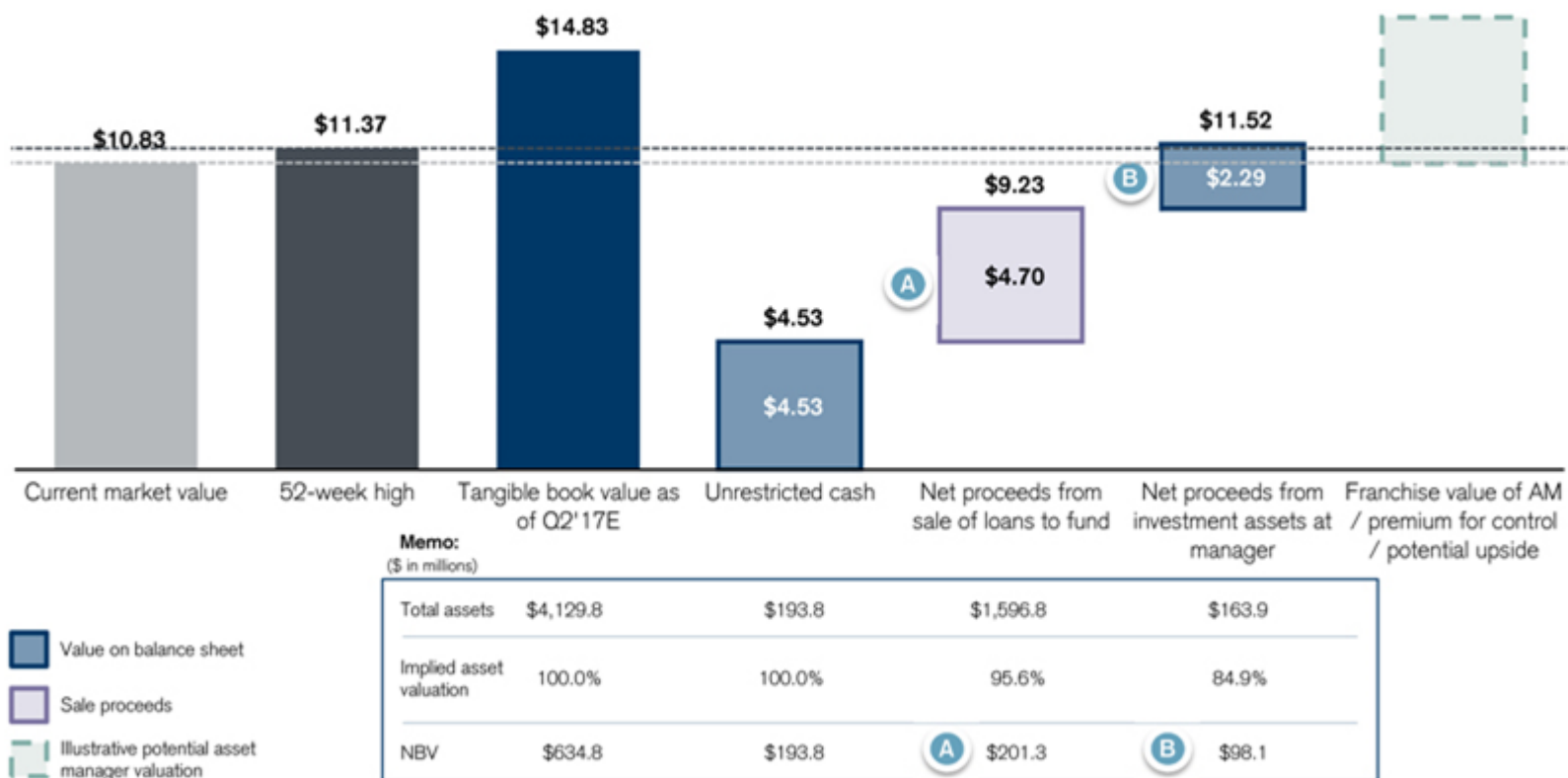
Confidential / Draft

6



# Illustrative building blocks of value

- Management's projected Q2'17E TBVPS of \$14.83 compares to \$11.52 per share of net proceeds from loan sales, tangible assets at the manager, and unrestricted cash <sup>(1)</sup>
- Over the past year, the public market has implied a negligible value for the asset manager / franchise value: any value received for asset management platform, control, or potential upside (e.g., value of tax assets) is incremental to current price



Source: Company projections, SNL Financial.

Note: All per share values calculated using 42.8mm basic shares & restricted stock units outstanding per Company projections.

(1) Projected TBVPS calculated using Q2'17E equity, excluding goodwill & intangible assets as of 12/31/2016, divided by 42.8mm basic shares outstanding per Company projections.

Confidential / Draft

7

© Credit Suisse AG and/or its affiliates



# Preliminary sources & uses

## Asset sale into fund

(\$ in millions, except for per share amounts)

### Sources

	Q2'17E Gross carrying value	Sale level	Price
Transfer of restricted cash	\$73.7	100.0%	\$73.7
Loan sales: <sup>(1)(2)</sup>			
LHFS to funds	\$525.1	99.0%	\$519.8
Other loans held at par to fund	271.2	99.0%	268.5
Unencumbered impaired loans	34.5	93.4%	32.2
Unencumbered NPAs	110.8	74.3%	82.3
Loans from 2012-2 redemption	199.3	99.0%	197.3
<b>Loan sale proceeds</b>	<b>\$1,140.9</b>	<b>96.4%</b>	<b>\$1,100.2</b>
Sale of MM CLO interests <sup>(3)</sup>	\$313.6	94.0%	\$294.9
Sale of retained BSL CLO interests	19.1	89.7%	17.2
<b>CLO sale proceeds</b>	<b>\$332.8</b>	<b>93.8%</b>	<b>\$312.1</b>
Sale of REO	\$15.6	75.0%	\$11.7
Sale of rights & warrants	10.0	50.0%	5.0
Sale of other related assets	23.9	100.0%	23.9
<b>Other sale proceeds</b>	<b>\$49.5</b>	<b>82.0%</b>	<b>\$40.6</b>
<b>Total sources</b>	<b>\$1,596.8</b>	<b>95.6%</b>	<b>\$1,526.5</b>

### Uses

	Q2'17E
Repay funding debt:	
Warehouse lines	\$416.2
NS 2012-2 CLO notes	157.0
<b>Total repayment of funding debt</b>	<b>\$573.2</b>
Repay non-funding debt:	
Senior notes	\$380.0
Optional prepayment fee	13.8
Subordinated notes	300.0
Optional prepayment fee	9.0
<b>Total repayment of corporate debt</b>	<b>\$702.8</b>
Settle or net liabilities	39.3
Transaction costs	10.0
Cash on balance sheet	201.3
<b>Total uses</b>	<b>\$1,526.5</b>

Source: Company projections.

(1) Performing loans shown at levels reflecting 99% of par.

(2) Impaired and non-accruing loans are shown at levels reflecting book value, net of charge-offs and specific reserves.

(3) CLO interests shown at net asset values calculated as the difference between the sum of restricted cash and loans valued at 99% of par amounts less outstanding debt.

Confidential / Draft

8

© Credit Suisse AG and/or its affiliates

# Illustrative value per share sensitivity analysis

## Loan sale sensitivity analysis

(\$ in millions, except per share amounts)

	Sale price of performing loan portfolio (vs. carrying value) <sup>(1)</sup>				
	98.0%	98.5%	99.0%	99.5%	100.0%
Gross price paid for loans	\$1,516.6	\$1,521.5	\$1,526.5	\$1,531.5	\$1,536.5
(-) Net liabilities	(1,325.3)	(1,325.3)	(1,325.3)	(1,325.3)	(1,325.3)
<b>Net proceeds</b>	<b>\$191.3</b>	<b>\$196.3</b>	<b>\$201.3</b>	<b>\$206.2</b>	<b>\$211.2</b>
Basic shares outstanding	42.8	42.8	42.8	42.8	42.8
<b>Net proceeds per share</b>	<b>\$4.47</b>	<b>\$4.58</b>	<b>\$4.70</b>	<b>\$4.82</b>	<b>\$4.93</b>

Current Project  
Osprey construct

Source: Company projections.

Note: All per share values calculated using 42.8mm basic shares & restricted stock units outstanding per Company projections.

(1) Values unencumbered NPAs at 74.3%, unencumbered impaired loans at 93.4%, CLO interests at 93.8%, and other sold assets at 100.0%, per Company projections.

Confidential / Draft

9

© Credit Suisse AG and/or its affiliates

# Preliminary sources & uses

## Asset sale to Investment Manager

(\$ in millions, except for per share amounts)

### Sources

	Q2'17E Gross carrying value	Valuation	Value
Sale of CLO risk retention interests	\$133.9	95.3%	\$127.7
Sale of other related assets			
Equity co-investments	\$6.0	100.0%	\$6.0
Goodwill	17.9	0.0%	–
Other	6.1	88.9%	5.4
<b>Other asset sale proceeds</b>	<b>\$29.9</b>		<b>\$11.4</b>
<b>Total sources</b>	<b>\$163.9</b>	<b>84.9%</b>	<b>\$139.1</b>

### Uses

	Q2'17E
Assume repurchase agreements	\$31.6
Settle accrued bonuses	9.4
<b>B</b> Cash on balance sheet	<b>98.1</b>
<b>Total uses</b>	<b>\$139.1</b>

Source: Company projections.

Confidential / Draft

10

© Credit Suisse AG and/or its affiliates

# Preliminary asset manager financial projections summary

Based on Project Osprey asset sale

(\$ in millions)	2017		2018	2019	2020	2021	2022	Notes
	Q3	Q4						
<b>A</b> Net interest income	\$4.7	\$4.0	\$20.2	\$25.3	\$25.6	\$24.5	\$23.4	<b>A</b> Represents income generated from and investments on-balance sheet: loans held for sale, and risk retention notes
<b>B</b> Fund management fee	3.8	3.7	14.2	13.1	11.3	9.0	6.3	
<b>C</b> Other asset management fees	4.4	4.9	27.2	34.1	46.5	59.6	67.7	<b>B</b> 50bps fee on loans sold into a fund in Phase 1 of Osprey (1.00% total fee, shared with GSO)
Other fee income	2.1	2.1	10.7	12.8	15.0	17.2	17.2	
<b>Total revenues</b>	<b>\$15.0</b>	<b>\$14.8</b>	<b>\$72.3</b>	<b>\$85.4</b>	<b>\$98.4</b>	<b>\$110.2</b>	<b>\$114.7</b>	<b>C</b> 45bps-100bps fees on CLOs, separately managed accounts, and other mixed funds
Operating Expenses	\$10.4	\$10.5	\$40.9	\$42.2	\$43.8	\$45.5	\$47.2	
Income Before Income Taxes	\$4.7	\$4.3	\$31.4	\$43.2	\$54.6	\$64.8	\$67.5	<b>D</b> Assumes 0% tax rate
<b>D</b> Tax (Expense)/Benefit	-	-	-	-	-	-	-	
<b>Net Income</b>	<b>\$4.7</b>	<b>\$4.3</b>	<b>\$31.4</b>	<b>\$43.2</b>	<b>\$54.6</b>	<b>\$64.8</b>	<b>\$67.5</b>	
Net income	\$4.7	\$4.3	\$31.4	\$43.2	\$54.6	\$64.8	\$67.5	
(-) Net interest income	(4.7)	(4.0)	(20.2)	(25.3)	(25.6)	(24.5)	(23.4)	
<b>Asset management net earnings</b>	<b>(\$0.1)</b>	<b>\$0.2</b>	<b>\$11.2</b>	<b>\$17.9</b>	<b>\$29.0</b>	<b>\$40.3</b>	<b>\$44.1</b>	

<b>Selected metrics:</b>							
Asset management fees / revenue	54.4%	58.2%	57.3%	55.3%	58.7%	62.2%	64.6%
Operating expenses / revenue	69.1%	70.9%	56.6%	49.4%	44.5%	41.3%	41.1%
Net income margin	30.9%	29.1%	43.4%	50.6%	55.5%	58.7%	58.9%
Fee-earning AUM (\$bn)		\$6.9	\$8.2	\$9.2	\$10.1	\$10.6	\$11.2

Source: Company projections.

Confidential / Draft

11

© Credit Suisse AG and/or its affiliates

# Illustrative asset manager implied multiples

(\$ in millions, except per share amounts)		Current	Illustrative NewStar price per share				
	Data	\$10.83	\$12.00	\$12.75	\$13.50	\$14.25	\$15.00
<b>Illustrative analysis at various prices</b>							
<u>Premium / (discount) to</u>							
Current (4/11/17)	\$10.83	–	10.8%	17.7%	24.7%	31.6%	38.5%
52-week high (8/31/16)	11.37	(4.7%)	5.5%	12.1%	18.7%	25.3%	31.9%
3-month average	9.85	9.9%	21.8%	29.4%	37.0%	44.6%	52.2%
Fully diluted shares <sup>(1)</sup>		42.902	42.935	43.076	43.752	44.356	44.901
Implied NEWS equity value		\$465	\$515	\$549	\$591	\$632	\$674
<u>Price / TBV</u>							
	Data						
TBV (12/31/16) – Basic	\$629	0.74x	0.82x	0.87x	0.92x	0.97x	1.02x
TBV (12/31/16) – Diluted	629	0.74	0.82	0.87	0.94	1.00	1.07
TBV (6/30/17E) – Basic	\$635	0.73x	0.81x	0.86x	0.91x	0.96x	1.01x
TBV (6/30/17E) – Diluted	635	0.73	0.81	0.87	0.93	1.00	1.06
<u>Price / EPS</u>							
CY2017E	\$0.78	13.9x	15.4x	16.3x	17.3x	18.3x	19.2x
CY2018E	0.93	11.6	12.9	13.7	14.5	15.3	16.1
<b>Illustrative asset manager implied multiples at various prices</b>							
Implied NEWS equity value		\$465	\$515	\$549	\$591	\$632	\$674
(–) Unrestricted net cash (6/30/17E)		(194)	(194)	(194)	(194)	(194)	(194)
(–) Net asset value of portfolio loans sold (6/30/17E) <sup>(2)</sup>		(201)	(201)	(201)	(201)	(201)	(201)
(–) Net asset value of asset manager assets sold (6/30/17E) <sup>(3)</sup>		(98)	(98)	(98)	(98)	(98)	(98)
Implied asset manager adjusted equity value <sup>(4)</sup>		(\$28)	\$22	\$56	\$98	\$139	\$180
Implied asset manager equity value per share <sup>(1)</sup>		(\$0.66)	\$0.52	\$1.30	\$2.23	\$3.13	\$4.02
<u>Price / Earnings <sup>(4)(5)(6)</sup></u>							
CY2018E	\$11	NM	2.0x	5.0x	8.7x	12.4x	16.2x
CY2019E	18	NM	1.2x	3.1x	5.4x	7.8x	10.1x

Source: Company management, Factset research systems, Company public filings and I/B/E/S consensus estimates. (3)

Note: Market data as of 4/11/17. Balance sheet data as of 6/30/17E per NEWS management estimates. (4)

(1) Based on basic shares outstanding of 42.8mm (including restricted stock) plus dilution from in-the-money options and warrants outstanding assuming treasury stock method. (5)

(2) Based on sale of loan portfolio of \$1,597mm as of 6/30/17E at blended sale price of ~96% less funding and non-funding debt per NEWS management estimates, for illustrative purposes. (6)

Based on sale of assets of \$164mm at blended sale price of ~85% less Repo debt and accrued bonuses of \$32mm and \$9mm, respectively as of 6/30/17E.

Adjusted to exclude the net asset value of balance sheet loans of the asset manager and the associated net interest margin as appropriate.

Assumes asset manager is unlevered per NEWS management guidance.

Assumes asset manager is not a tax-payer per NEWS management guidance.

Confidential / Draft

12

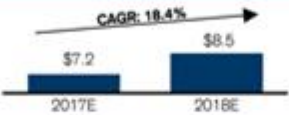
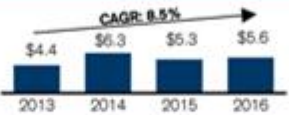

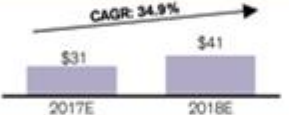





© Credit Suisse AG and/or its affiliates



# Preliminary credit manager benchmarking

## Selected operating metrics

(\$ in millions unless otherwise noted)

	NEWSTAR FINANCIAL	RemainCo <sup>(1)</sup>	FIFTH STREET	MEDLEY
<b>AuM</b>	2017E	2018E		
AuM	\$7,188	\$8,512	\$4,713	\$5,336
Fee-earning AuM (%)	96.5%	96.8%	77.9%	59.8%
<b>Historical AuM (\$bn)</b>				
2013 - 2016				
<b>Historical management fees</b>				
2013 - 2016				
<b>AuM by vehicle</b>				
2016 <sup>(2)</sup>				
<b>Growth and profitability</b>	2017E	2018E		
Revenue	\$60	\$72	\$104	\$68
EBITDA	0	11	16	21
'14 - '16 Revenue CAGR		21.2%	0.6%	(24.1%)
'16 - '18 Earnings CAGR		251.1%	(2.3%)	13.9%
EBITDA margin	0.5%	15.4%	15.1%	31.1%
<b>Operating metrics (LTM)</b>	2017E	2018E		
% AuM in permanent / long-dated capital <sup>(3)</sup>	-	-	82.0%	47.4%
Comp and benefits as % of mgmt. fees	103.9%	79.0%	57.0%	42.0%
Employees	69		50	85
<b>Valuation</b>				
Market Cap	NA		\$224	\$229
Publishing analysts	2		1	5
2017E P/E	NA		9.7x	12.1x
2018E P/E	NA		10.6	11.2

Source: Company filings, company website.

Note: Market data as of 4/11/17.

(1) Growth metrics represent growth from 2017E to 2018E. Employee and publishing analyst numbers as of 2016FY.

(2) NewStar Financial RemainCo metric as of 2018E.

(3) Represents permanent and 7-year plus lockup AuM.

Confidential / Draft

13

© Credit Suisse AG and/or its affiliates

## Appendix

Confidential / Draft

14



# Preliminary selected public-traded asset managers

(\$ in billion)

Name	Market cap as of 4/11/17	Enterprise value	AUM	Share price	% of 52 week		EV / AUM %	EV / Rev. 2017E	EV / EBITDA		P / E		Cash P / E		Div. yield 2017E	Debt / LTM EBITDA
Traditional					High	Low			2017E	2018E	2017E	2018E	2017E	2018E		
BlackRock	\$62,312	\$61,668	\$5,147,852	\$384.05	96.1%	120.9%	1.2%	5.2x	11.4x	10.7x	17.9x	15.8x	17.5x	15.5x	2.6%	1.0x
Franklin Resources	23,184	16,784	720,000	41.01	92.5	134.2	2.3	2.7	7.3	7.3	15.0	15.0	14.8	14.7	1.9	0.8
T. Rowe Price Group	17,037	15,832	810,800	69.99	88.6	111.1	2.0	3.5	7.7	7.8	14.3	13.6	14.3	13.6	3.3	-
Invesco	12,442	16,878	812,900	30.81	92.1	133.9	2.1	4.8	11.4	10.9	12.7	11.3	12.7	11.3	3.8	4.2
Affiliated Managers Group	9,221	10,900	688,700	162.62	90.4	124.6	1.6	4.7	10.2	9.3	11.0	9.8	11.0	9.8	0.4	2.2
Alliance Bernstein	6,010	5,866	480,200	22.35	89.0	107.7	1.2	1.9	8.3	8.2	11.3	10.7	11.3	10.7	8.6	1.6
Eaton Vance	4,957	5,107	336,380	43.66	91.3	132.4	1.5	3.4	9.6	NA	17.3	15.0	17.3	15.0	2.6	1.2
Legg Mason	3,565	5,095	710,400	35.56	93.8	132.8	0.7	1.8	8.4	7.8	24.7	10.8	9.4	7.9	2.4	5.0
Federated Investors	2,684	2,574	365,908	26.39	79.7	107.6	0.7	2.2	7.7	7.7	13.5	12.7	13.4	12.7	3.9	0.5
NorthStar	2,426	2,809	39,311	12.84	79.8	132.4	7.1	5.9	NA	NA	8.9	7.6	8.9	7.6	8.7	4.0
Janus Capital Group	2,418	2,029	196,800	13.12	78.9	109.7	1.0	1.9	6.1	5.7	14.2	13.0	14.2	13.0	3.6	1.4
Artisan Partners	2,037	2,080	96,845	26.56	77.0	110.1	2.1	2.8	7.7	7.3	12.8	12.2	12.8	12.2	9.8	0.7
Cohen & Steers	1,810	1,571	57,198	39.11	89.2	117.9	2.7	4.3	10.6	9.7	20.3	18.2	20.3	18.2	3.3	-
Old Mutual Asset Management	1,724	2,014	240,400	15.03	96.8	124.2	0.8	2.5	8.0	7.3	10.4	9.2	10.1	9.0	2.2	1.9
Waddell & Reed Financial	1,406	1,040	80,521	16.68	70.7	111.1	1.3	1.0	4.3	4.6	10.6	11.7	9.9	10.8	10.3	0.7
WadonTree Investments	1,171	1,078	41,257	8.57	64.3	107.1	2.6	4.8	17.3	12.7	37.1	25.3	34.9	24.3	3.7	-
GAMCO Investors	817	1,011	39,684	28.53	68.5	102.4	2.5	NA	6.4	NA	10.4	NA	10.4	NA	NA	1.2
Virtus Investment Partners	738	746	45,366	108.20	84.5	162.2	1.6	2.0	7.5	5.7	14.1	10.9	13.8	10.8	1.7	1.4
Pzena Investment Management	692	649	30,000	10.10	85.2	143.1	2.2	5.1	9.8	8.5	17.4	15.1	17.4	15.1	3.7	-
Manning & Napier	468	345	31,683	5.75	55.6	110.6	1.1	1.7	4.8	5.2	10.4	11.3	10.4	11.3	9.7	-
Hamilton Lane	250	250	40,000	18.30	93.1	105.7	0.6	1.3	2.9	2.4	18.3	15.3	18.3	15.3	3.2	3.4
Medley Management Corp	229	261	3,335	7.85	75.7	153.5	2.3	3.4	6.0	5.5	12.1	11.2	12.1	11.2	10.2	2.6
Fifth Street Asset Management	224	335	4,713	4.50	53.3	140.6	7.1	4.1	NA	NA	9.7	10.6	9.7	10.6	11.1	4.5
High							7.1%	5.9x	17.3x	12.7x	37.1x	25.3x	34.9x	24.3x	11.1%	5.0x
Median							1.6	3.1	7.7	7.7	13.5	12.0	12.8	11.8	3.6	1.2
Mean							2.2	3.2	8.2	7.6	15.0	13.0	14.1	12.8	5.0	1.7
Low							0.6	1.0	2.9	2.4	8.9	7.6	8.9	7.6	0.4	-
Alternative																
The Blackstone Group	\$34,861	\$33,024	\$966,553	\$29.24	92.3%	130.2%	9.0%	5.0x	8.9x	8.0x	10.4x	9.2x	10.9x	10.8x	7.8%	-
KKR & Co.	15,006	13,355	129,556	17.88	96.5	153.7	10.3	11.4	6.4	5.5	8.8	7.5	20.6	19.6	3.8	1.1%
Apollo Global Management	10,359	10,856	191,668	25.70	99.6	180.4	5.7	5.2	9.7	8.1	11.1	9.4	16.0	11.9	5.8	2.1
Oaktree Capital Group	7,225	6,652	100,504	46.75	94.2	126.5	6.6	4.9	11.3	9.1	15.2	11.4	14.9	10.7	5.6	0.8
The Carlyle Group	5,349	5,944	157,607	16.20	90.2	112.9	3.8	2.6	7.8	6.3	9.4	7.3	8.1	7.1	9.4	1.7
Fortress Investment Group	3,086	2,872	69,627	7.97	99.0	188.4	4.1	2.8	6.8	6.5	9.6	9.6	9.6	9.6	7.7	0.5
Ares Management	1,570	1,533	95,259	19.35	83.2	160.2	1.6	2.0	3.1	2.8	NA	9.6	14.6	14.1	6.3	0.9
Och-Ziff Capital	1,085	1,333	37,880	2.25	47.1	104.7	3.5	1.7	4.5	4.8	6.0	6.2	8.4	7.4	9.7	NM
High							10.3%	11.4x	11.3x	9.1x	15.2x	11.4x	20.6x	19.6x	9.7%	2.1x
Median							4.9	3.8	7.3	6.4	9.6	9.3	12.7	10.8	7.0	0.9
Mean							5.6	4.4	7.3	6.4	10.1	8.8	12.9	11.4	7.0	1.0
Low							1.6	1.7	3.1	2.8	6.0	6.2	8.1	7.1	3.8	-

Source: SNL Financial, FactSet.  
Note: Market data as of 4/11/17.

Confidential / Draft

# Preliminary selected precedent asset management transactions

(\$ in millions)

Date	Acquiror	/	Target	Notes	Assets under management	% acquired	Enterprise value	AUM	Enterprise value/					
									Revenue			EBITDA		
									LTM	Run Rate	Last Year	LTM	Run Rate	Last Year
01/31/2017	BC Investment Management Corp.	/	Hayfin Capital Management LLP		\$8,800	Majority	\$268	3.1%		NA			NA	
08/19/2016	F.A.B. Partners	/	CIFC LLC	(1)	14,000	100%	333	2.4%	3.4x			7.5x		
03/30/2016	State Street Global Advisors	/	GE Asset Management		110,000	100%	485	0.4%		1.7x			NA	
01/22/2016	Legg Mason	/	Clarion		40,000	83%	705	1.8%	NA			10.1x		
11/05/2015	Conning Holding Corp.	/	Octagon Credit Investors		12,800	82%	214	1.7%		NA			NA	
10/08/2015	TA Associates & Reverence Capital Partners	/	Russell Investments	(2)	266,000	100%	1,150	0.4%		NA			6.5x	
07/23/2015	Ares Management LP	/	Kayne Anderson Capital Advisors	(3)	26,000	100%	2,550	9.8%	8.3x			12.6x		
07/20/2015	Blackstone, Corsair Capital and private investors	/	First Eagle Investment Management		100,000	Majority	4,000	4.0%	NA			NA		
06/15/2015	Sun Life Financial	/	Bentall Kennedy Group		21,898	100%	454	2.1%		NA			10.0x	
02/19/2015	Natisis Global Asset Management	/	DNCA Finance		16,630	71%	878	5.3%	NA			NA		
11/20/2014	Kelso & Co. and Estancia Capital Mgmt.	/	American Beacon Advisors, Inc.		57,200	100%	600	1.0%	NA			NA		
11/04/2014	Colony Financial	/	Colony Capital LLC	(4)	19,000	100%	658	3.5%	5.1x			19.7x		
07/14/2014	BTG Pactual	/	BSI SA		100,280	100%	1,663	1.7%	NA			7.6x		
06/26/2014	London Stock Exchange	/	Russell Investments	(5)	256,000	100%	2,700	1.1%			1.7x			11.4x
04/14/2014	TIAA-CREF	/	Nuveen Investments		221,000	100%	6,250	2.8%	NA			12.7x		
03/26/2014	Standard Life Investments	/	Ignis Asset Management		97,731	100%	646	0.7%	2.6x			7.5x		
01/27/2014	BMO Financial Group	/	F&C Asset Management		136,068	100%	1,413	1.0%	3.4x			9.5x		
11/18/2013	Aberdeen	/	Scottish Widows	(6)	219,130	100%	1,047	0.5%		2.8x			NA	
09/24/2013	New York Life Insurance	/	Dexia Asset Management		99,845	100%	513	0.5%	2.4x			NA		
05/30/2013	Warburg Pincus and General Atlantic	/	Santander Asset Management		198,428	50%	2,672	1.3%		NA			9.0x	
02/19/2013	ORIX Corp	/	Robeco		244,424	90%	2,077	0.8%	2.6x			5.0x		
12/06/2012	TD Bank Group	/	Epoch Investment Partners		24,173	100%	633	2.6%	6.3x			12.5x		
08/08/2012	Carlyle Group	/	TCW Group Inc		130,000	60%	700	0.5%	NA			NA		
04/18/2012	Affiliated Managers Group	/	Yackman Asset Management		16,800	59%	539	3.2%	NA			NA		
11/14/2011	Nuveen Investments	/	Gresham Investment Management	(7)	13,700	60%	500	3.6%	4.4x			6.0x		
01/12/2011	Henderson Group Plc	/	Gartmore Group Limited		25,901	100%	604	2.3%	1.4x			7.0x		
10/18/2010	Royal Bank of Canada	/	BlueBay Asset Management plc		40,000	100%	1,389	3.5%	5.7x			16.9x		
05/17/2010	Man Group plc	/	GLG Partners, Inc.		23,700	100%	1,722	7.3%	5.7x			NM		
02/10/2010	Affiliated Managers Group, Inc.	/	Pantheon Ventures	(8)	22,000	100%	1,000	4.5%	NA			NA		
								High	9.8%	8.3x		19.7x		
								Mean	2.5%	4.3x		10.4x		
								Median	2.1%	3.9x		9.5x		
								Low	0.4%	1.4x		5.0x		

Source: Company filings.

(1) Revenue and EBITDA multiples based on ENI revenue and ENI EBITDA.

(2) Enterprise value includes upfront payment of \$1.0bn plus contingent consideration of \$150mm. Excluding the contingent payments, the implied EV / EBITDA multiple is 5.5x.

(3) Transaction withdrawn.

(4) Enterprise value includes upfront payment of \$547.5mm plus contingent consideration of \$110.2mm. Excluding the contingent payments, the implied EV / EBITDA multiple is 16.4x.

(5)

EV / Revenue multiple based on Russel Investments 2013 Total Gross Revenue, which excludes distribution fees, client fees, commission rebates and discounts, agency fees and certain other items.

(6)

Enterprise value includes upfront payment of £250mm plus contingent consideration of £100mm. Excluding the contingent payments, the implied EV / Revenue multiple is 2.4x.

(7)

EV / Revenue multiple based on Gartmore 2010 Total Revenue, which excludes fee and commission expenses.

(8)

Enterprise value includes upfront payment of \$775mm plus contingent consideration of \$225mm.

Confidential / Draft

16

© Credit Suisse AG and/or its affiliates

# Project Osprey: preliminary financial impact of transaction

(\$ in millions)	Q2'17E	Pro forma asset manager
<b>A</b> Total cash	\$305	–
<b>B</b> Net loans	3,707	183
<b>C</b> Other assets	118	30
<b>Total assets</b>	<b>\$4,130</b>	<b>\$213</b>
<b>D</b> Gross repo debt	\$73	\$32
Net warehouse debt	370	–
Net securitized debt	2,366	–
Net corporate debt	375	(0)
Subdebt	245	(0)
Other liabilities	49	–
<b>Total liabilities</b>	<b>\$3,477</b>	<b>\$32</b>
<b>Total equity</b>	<b>\$653</b>	<b>\$181</b>
<b>Total liabilities &amp; equity</b>	<b>\$4,130</b>	<b>\$213</b>
<b>BVPS</b>	<b>\$15.26</b>	<b>\$4.24</b>
<b>TBVPS</b>	<b>14.83</b>	<b>4.24</b>

## Notes

- A** Excess cash remaining after sale of loans and repayment of debt assumed to be paid to shareholders via special dividend  
Restricted cash associated with debt paid off / transferred to fund
- B** Loans sold into new fund  
Reclassification of risk retention notes currently held in Loans Held for Investment, excluded from portfolio sold
- C** Includes write-off of DTA for simplification purposes; value of tax assets TBD
- D** ~\$32mm repurchase agreements remain in place to fund risk retention assets kept on balance sheet at Asset Manager

Source: Company projections.

Confidential / Draft

17

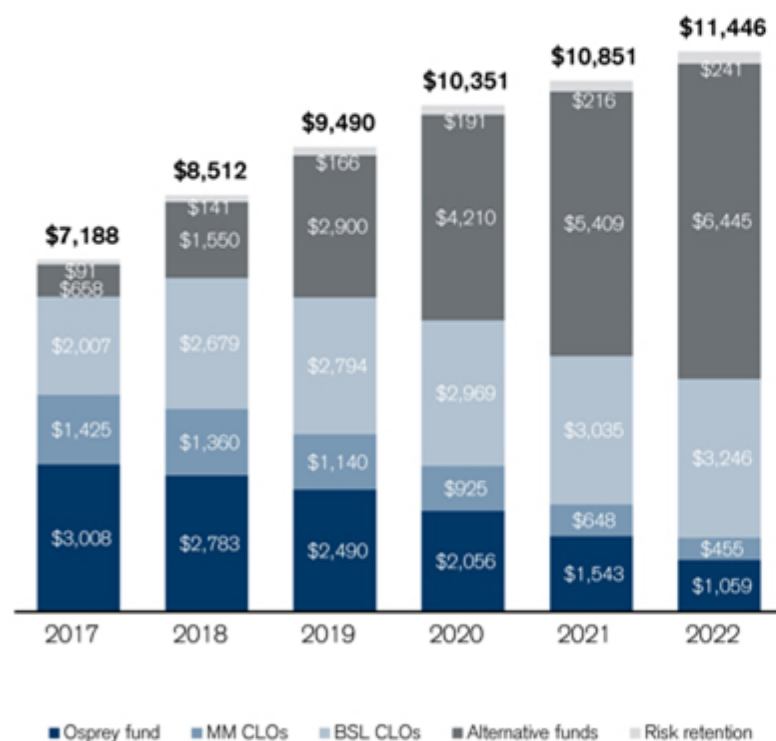
© Credit Suisse AG and/or its affiliates

# Project Osprey: preliminary asset manager projections

## AUM overview

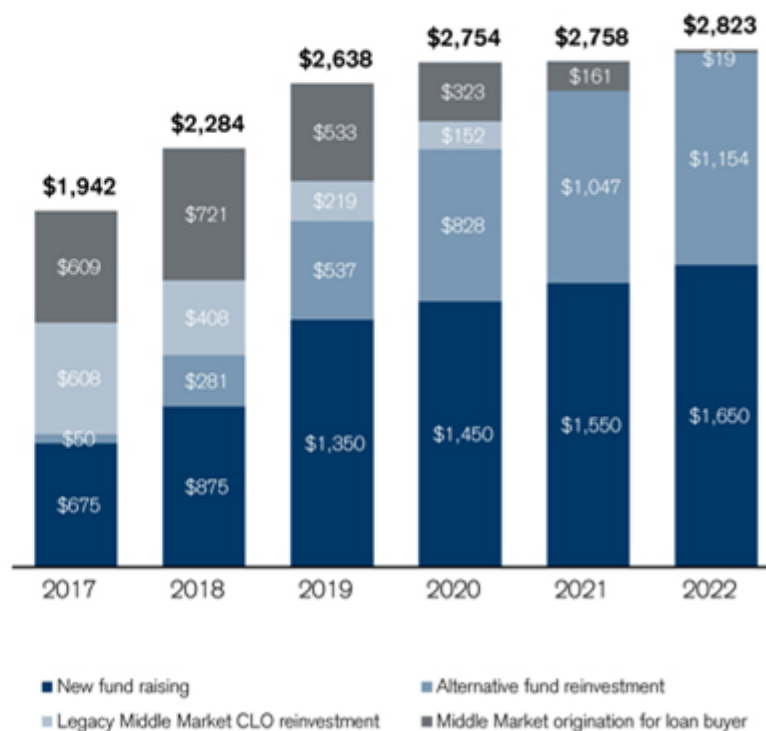
### Assets under Management

(\$ in millions)



### Investment activity

(\$ in millions)



Source: Company projections.

Confidential / Draft

18

© Credit Suisse AG and/or its affiliates

## Wall Street equity research analyst coverage

Broker	Date	Rating	Target Price (\$)	EPS	
				'17E	'18E
Janney Montgomery Scott	2/14/2017	Strong Buy	\$13.00	\$0.79	NA
Keefe, Bruyette & Woods	11/2/2016	Hold	11.00	0.77	0.93
IBES Mean			\$12.00	\$0.78	\$0.93
IBES Median			12.00	0.78	0.93
Implied upside to current price (median)			10.8%		

Source: FactSet.  
Note: Market data as of 4/11/2017.

Confidential / Draft

19

© Credit Suisse AG and/or its affiliates





Credit Suisse does not provide any tax advice. Any tax statement herein regarding any U.S. federal tax is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding any penalties. Any such statement herein was written to support the marketing or promotion of the transaction(s) or matter(s) to which the statement relates. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

These materials have been provided to you by Credit Suisse in connection with an actual or potential mandate or engagement and may not be used or relied upon for any purpose other than as specifically contemplated by a written agreement with Credit Suisse. In addition, these materials may not be disclosed, in whole or in part, or summarized or otherwise referred to except as agreed in writing by Credit Suisse. The information used in preparing these materials was obtained from or through you or your representatives or from public sources. Credit Suisse assumes no responsibility for independent verification of such information and has relied on such information being complete and accurate in all material respects. To the extent such information includes estimates and forecasts of future financial performance (including estimates of potential cost savings and synergies) prepared by or reviewed or discussed with the managements of your company and/or other potential transaction participants or obtained from public sources, we have assumed that such estimates and forecasts have been reasonably prepared on bases reflecting the best currently available estimates and judgments of such managements (or, with respect to estimates and forecasts obtained from public sources, represent reasonable estimates). These materials were designed for use by specific persons familiar with the business and the affairs of your company and Credit Suisse assumes no obligation to update or otherwise revise these materials. Nothing contained herein should be construed as tax, accounting or legal advice. You (and each of your employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by these materials and all materials of any kind (including opinions or other tax analyses) that are provided to you relating to such tax treatment and structure. For this purpose, the tax treatment of a transaction is the purported or claimed U.S. federal income tax treatment of the transaction and the tax structure of a transaction is any fact that may be relevant to understanding the purported or claimed U.S. federal income tax treatment of the transaction.

These materials have been prepared by Credit Suisse ("CS") and its affiliates for use by CS. Accordingly, any information reflected or incorporated herein, or in related materials or in ensuing transactions, may be shared in good faith by CS and its affiliates with employees of CS, its affiliates and agents in any location.

Credit Suisse has adopted policies and guidelines designed to preserve the independence of its research analysts. Credit Suisse's policies prohibit employees from directly or indirectly offering a favorable research rating or specific price target, or offering to change a research rating or price target, as consideration for or an inducement to obtain business or other compensation. Credit Suisse's policies prohibit research analysts from being compensated for their involvement in investment banking transactions.

---

Confidential / Draft

20

© Credit Suisse AG and/or its affiliates



**CREDIT SUISSE SECURITIES (USA) LLC**

Eleven Madison Avenue  
New York, NY 10010-3629  
+1 212 325 2000  
[www.credit-suisse.com](http://www.credit-suisse.com)

---

Confidential / Draft

21

© Credit Suisse AG and/or its affiliates

