

**Valuation Analysis of
Rockefeller Financial Services, Inc.**

as of December 31, 2015

Berkshire Capital

Rockefeller Financial Services, Inc.

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Rockefeller Financial Services, Inc.

Valuation Letter

Pursuant to an engagement letter dated October 9, 2015 between Rockefeller Financial Services, Inc. (the “Company” or “RFS”) and Berkshire Capital Securities LLC (“Berkshire Capital”), Berkshire Capital has prepared a valuation of the Company with its consolidated subsidiaries (the “Valuation”) as of December 31, 2015 (the “Reference Date”). We understand that the Valuation will be used by the Company to establish a value for both the Class A (Voting) and the Class B (Non-Voting) shares of RFS as of the Reference Date.

The Valuation was completed in a manner consistent with the requirements of: (i) the Shareholders’ Agreement, by and among RFS, the Family Trust established under Indenture dated December 21, 1979 (the “Family Trust”) and the Shareholders named therein, dated as of February 1, 1991 as amended and supplemented to date; (ii) the Stockholders Agreement dated as of May 29, 2012 and effective as of September 28, 2012 among RFS, the Family Trust and RIT Capital Partners plc (“RIT”); and (iii) the Resolution adopted by the RFS Compensation Committee on January 8, 2009 on fair market methodology. The valuation standard is nonmarketable minority interest, where the analysis presumes the continued operation of the business as a going concern without a sale of the assets or businesses of the Company.

Berkshire Capital is a private investment bank that focuses exclusively on providing financial advisory services to the investment management and securities industries. Berkshire Capital, as a customary part of its investment banking business, is regularly engaged in the valuation of financial services companies in connection with mergers and acquisitions, and valuations for estate, corporate and other purposes. Since inception in 1983, Berkshire Capital has acted as financial advisor in over 310 transactions with an aggregate value exceeding \$10 billion. Over this period, Berkshire Capital has rendered over 275 valuations, strategic reviews and fairness opinions for publicly traded and privately owned financial services firms.

For purposes of the estimate of value set forth herein, we have: (i) reviewed certain audited financial statements, unaudited financial statements, organizational documents and other financial and operating data provided by the management of the Company; (ii) discussed the businesses, financial condition, recent results of operations and the prospects of the Company with senior management; (iii) compared certain financial information for the Company with similar information for certain other companies the securities of which are publicly traded; (iv) reviewed the financial terms, to the extent publicly available or otherwise available to Berkshire Capital due to its role as financial advisor to one of the parties to the transaction, of certain mergers and acquisitions of companies which we deemed to be relevant to the Valuation of the Company; and (v) performed such other analyses and considered such other information as we deemed appropriate.

We have assumed and relied upon, without independent verification, the accuracy and completeness of all of the information reviewed by us for purposes of this Valuation, and we have assumed no responsibility for and did not conduct any independent verification of the information. In that regard, we have assumed that the information relating to the prospects of the Company were reasonably prepared on a basis reflecting the best currently available judgments and estimates of senior management.

Rockefeller Financial Services, Inc.

Valuation Letter

In connection with the preparation of this Valuation, we performed a variety of financial analyses. Our Valuation conclusions are based upon various determinations as to the most appropriate and relevant methods of financial analysis and the application of these methods to the particular circumstances. In performing our analyses, we made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of the Company. The analyses performed by us are not necessarily indicative of future values or future results that might be achieved, all of which may be more or less favorable than that suggested by such analyses, and such analyses and estimates are inherently subject to substantial uncertainty.

With respect to the analysis of guideline publicly traded companies and the analysis of guideline acquisitions, an evaluation of the results of those analyses is not entirely mathematical. Accordingly, an analysis of guideline publicly traded companies and guideline acquisitions necessarily involves complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading values or announced transaction values, as the case may be, of the companies being analyzed.

Our estimate of value is based on all relevant financial information, operating data and market, economic and other conditions as of the Reference Date that was available to us as of the date hereof. Events occurring after the Reference Date could materially affect the assumptions and conclusions contained in this Valuation. Neither Berkshire Capital nor the individuals involved in the preparation of this Valuation on behalf of Berkshire Capital have any present or contemplated future interest in the Company.

This Valuation has been prepared solely for the internal use of the Company and is not intended for dissemination to, and may not be relied upon by, persons other than the senior management of the Company. Neither the contents of this report, nor its conclusions, may be disclosed, referred or communicated in whole or in part to any third party for any purpose whatsoever except with our written consent in each instance. In furnishing this report, we do not admit that we are experts on the securities laws of any foreign or domestic jurisdiction.

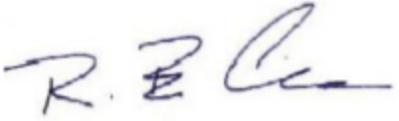
Rockefeller Financial Services, Inc.

Valuation Letter

Based on the foregoing, and the other matters discussed in greater detail in this report, we are of the opinion that, as of the Reference Date, the value of the Company on a non-marketable minority interest basis is \$188.9 million.

Very truly yours,

Berkshire Capital Securities LLC

By: 

R. Bruce Cameron
President

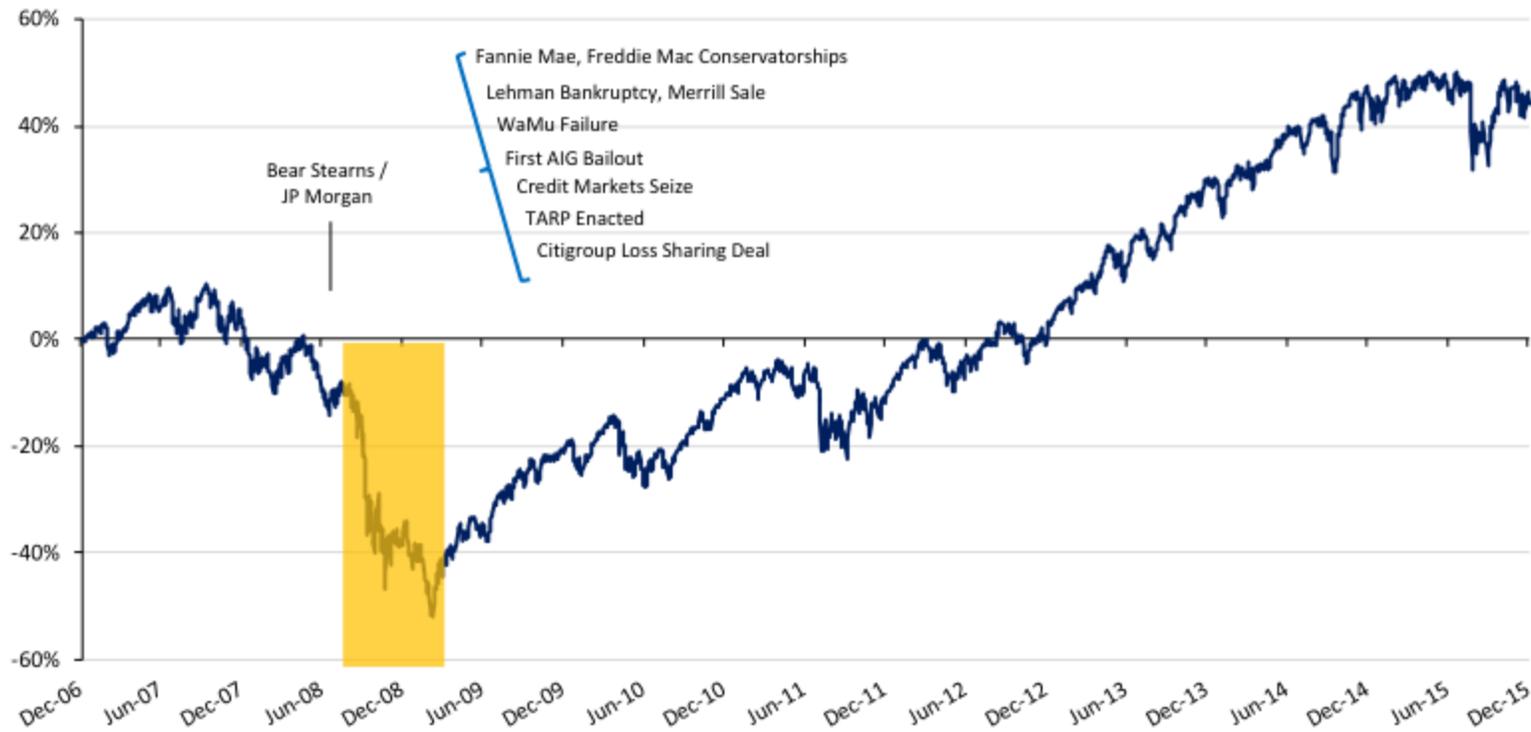
January 23, 2016

Rockefeller Financial Services, Inc.

Market & Industry Overview

Throughout 2015, the market generally has continued the broad-based rally that started in the summer of 2011, with a brief decline between August and October. As of the end of December 2015, the market has gained 202.1% since its 2009 low. Year over year, the market was relatively flat, with the market falling 0.7% from the end of December 2014 to the end of December 2015.

S&P 500 Index



Rockefeller Financial Services, Inc.

Market & Industry Overview

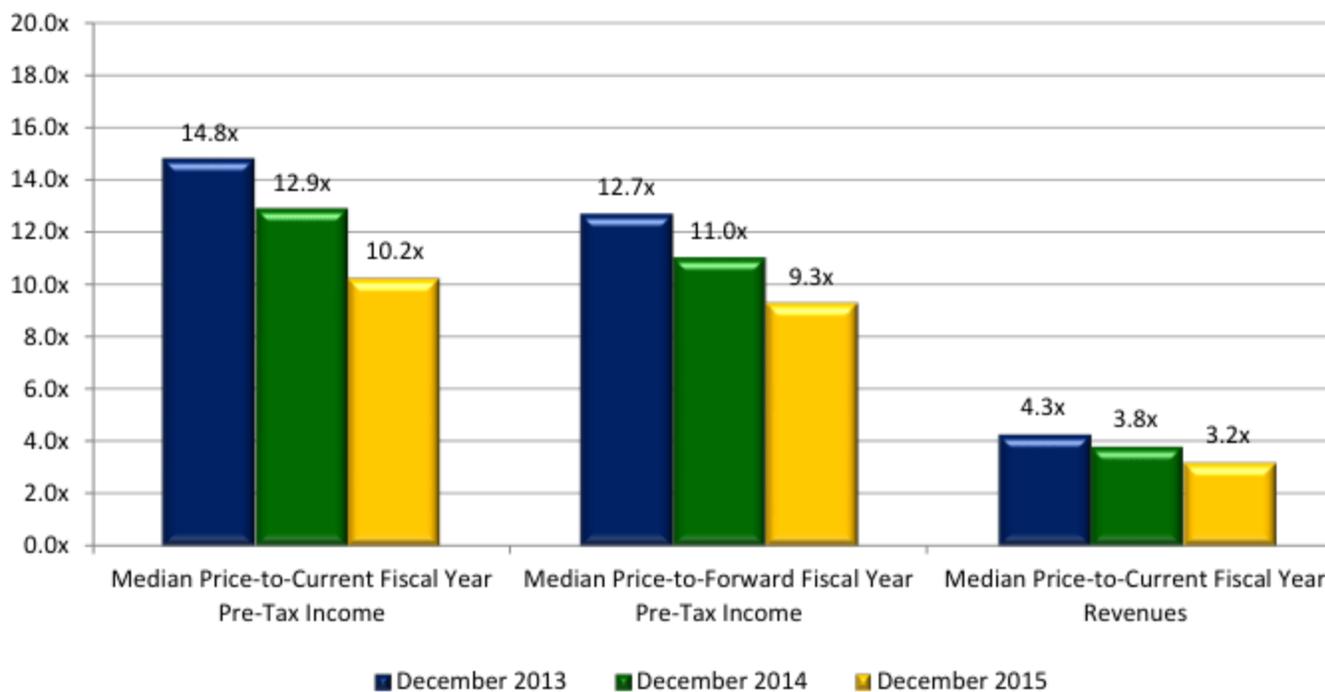
In 2015, market performance in AUM, revenue and pre-tax income growth varied for each participant, and, while some investment management firms experienced strong growth, others encountered steep declines in 2015.

Trends in AUM, Revenues & Pre-Tax Income, 2Q14 – 2Q15

Firm	Growth Rates, 2Q14 - 2Q15		
	AUM	Revenues	Pre-Tax Income
Affiliated Managers Group, Inc.	5.9%	6.8%	12.0%
BlackRock, Inc.	2.8%	3.9%	5.0%
Calamos Asset Management, Inc.	-5.1%	-14.1%	-48.0%
Cohen & Steers, Inc.	-4.1%	3.2%	-4.1%
Diamond Hill Investment Group	17.8%	24.3%	50.8%
Eaton Vance Corp.	8.8%	2.3%	6.1%
Federated Investors, Inc.	-0.6%	2.2%	3.5%
Franklin Resources, Inc.	-5.9%	-0.5%	2.0%
GAMCO Investors, Inc.	-8.0%	-8.5%	-18.9%
Invesco Ltd.	0.1%	0.9%	0.4%
Janus Capital Group Inc.	8.3%	13.2%	17.4%
Legg Mason, Inc.	-0.7%	2.0%	3.1%
Manning & Napier, Inc.	-20.3%	-4.8%	84.1%
Pzena Investment Management, Inc.	3.7%	9.5%	1.3%
T. Rowe Price Group, Inc.	4.7%	9.9%	8.3%
Virtus Investment Partners, Inc.	-14.6%	-3.7%	-18.6%
Waddell & Reed Financial, Inc.	-11.0%	3.9%	-1.1%
Westwood Holdings Group, Inc.	15.0%	17.3%	13.6%
MEAN	-0.2%	3.8%	6.5%
MEDIAN	-0.2%	2.8%	3.3%

Source: SNL Database

Median Publicly Traded Investment Management Multiples¹



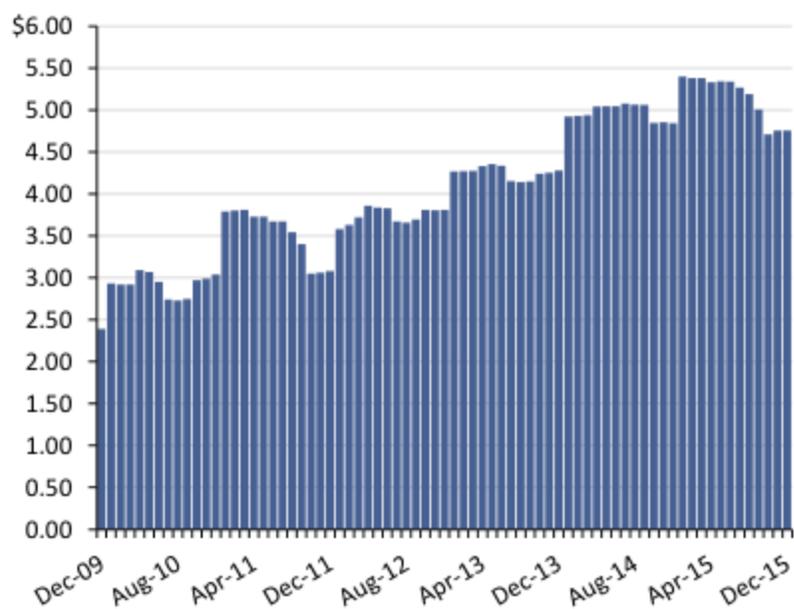
¹ 2013 multiples include the following firms: APAM, BPFH, CLMS, CNS, DHIL, EV, GBL, JNS, PZN, SAMG, VRTS, WDR and WHG. 2014 multiples include the following firms: APAM, BPFH, CLMS, CNS, DHIL, EV, GBL, JNS, PZN, SAMG, VRTS, WDR and WHG. 2015 multiples include APAM, BPFH, CLMS, CNS, DHIL, EV, GBL, JNS, PZN, SAMG, VRTS, WDR and WHG.

Rockefeller Financial Services, Inc.

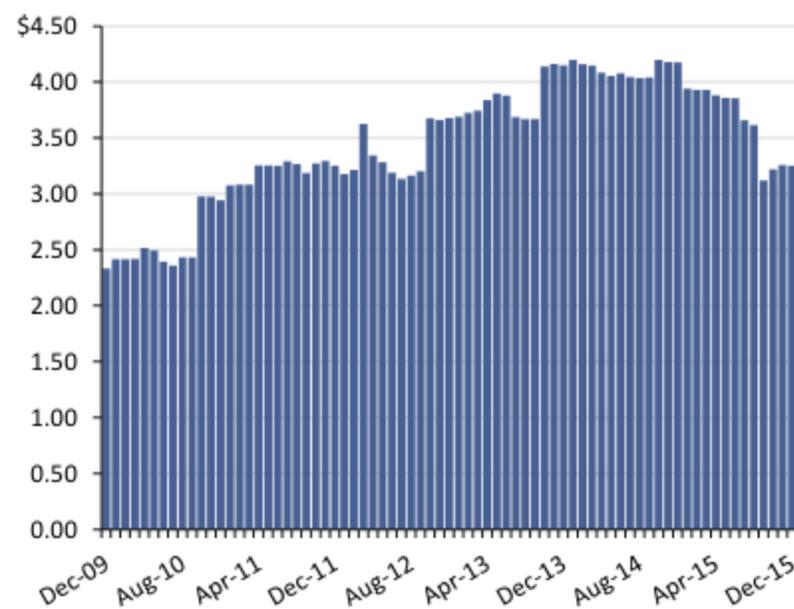
Market & Industry Overview

Earnings estimates have rebounded from their 2009 lows due to the sustained market rebound and an increasingly optimistic economic outlook. However, estimates remain volatile due to uncertainty around U.S. fiscal policy and the global economic recovery, with fourth quarter 2015 estimates decreasing in the face of this uncertainty.

Forward EPS Estimates – T. Rowe Price



Forward EPS Estimates – Franklin Resources



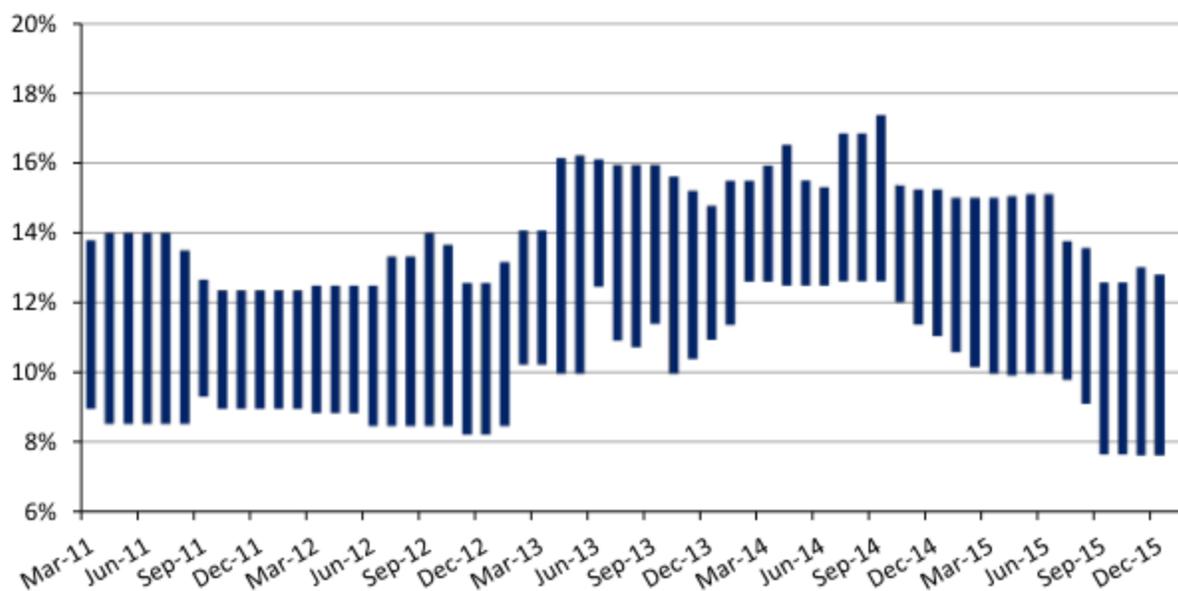
Source: SNL Database, Berkshire Capital research

Rockefeller Financial Services, Inc.

Market & Industry Overview

While investment manager five-year EPS growth expectations increased throughout the first three quarters of 2014, expectations have declined from the fourth quarter of 2014 and throughout 2015 due to increased uncertainty in the global economy.

Five-Year Estimated EPS Growth Rates – Investment Managers



Ranges defined by 25th and 75th percentile projected growth rates.

Index includes AMG, APAM (as of 3/13), ART (3/11 through 12/12), BEN, BLK, CLMS, CNS, EPHC (3/11 through 11/12), EV, FII, GBL, GROW (3/11 through 4/12), IVZ, JNS, LM, MN (as of 6/12), OMAM (as of 10/14), PZN, SAMG (as of 9/13), TROW and WDR.

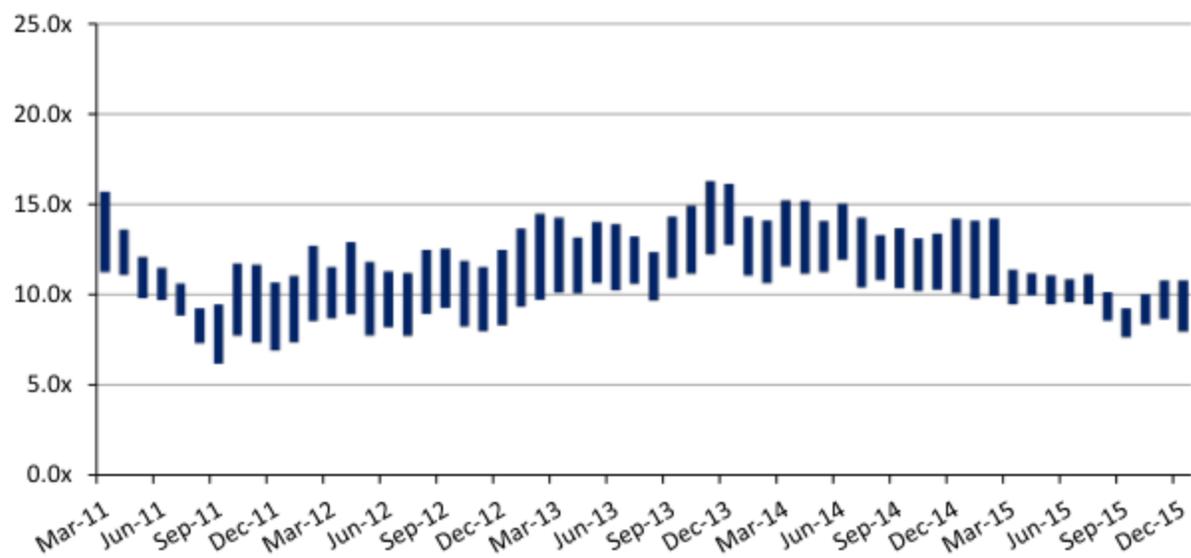
Source: SNL Database, Berkshire Capital research

Rockefeller Financial Services, Inc.

Market & Industry Overview

After steadily rising since 2011, multiples began a steady decline in the second half of 2014 and into 2015, with investment managers currently trading at LTM pre-tax of 8.1x – 10.0x as of December 2015, compared to 10.2x – 12.3x one year ago.

Price / LTM Pre-Tax Multiples – Investment Managers



Ranges defined by 25th and 75th percentile Price / LTM Pre-Tax Multiples.

Index includes AMG, APAM (as of 3/13), ART (3/11 through 12/12), BEN, BLK, CLMS, CNS, EPHC (3/11 through 11/12), EV, FII, GBL, GROW (10/09 through 4/12), IVZ, JNS, LM, MN (as of 6/12), OMAM (as of 10/14), PZN, SAMG (as of 9/13), TROW and WDR.

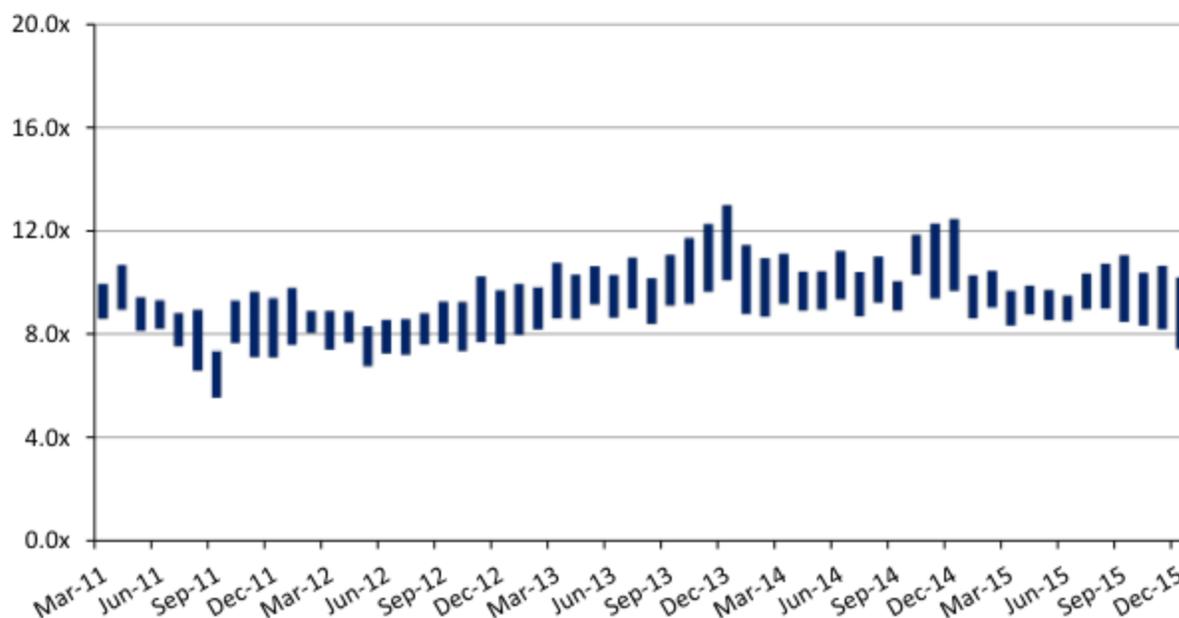
Source: SNL Database, Berkshire Capital research

Rockefeller Financial Services, Inc.

Market & Industry Overview

When viewed on a forward-looking basis, relative valuations increased steadily throughout 2012 and 2013 but fell slightly in 2014 and continued to decline in 2015. At the end of December 2015, firms were valued at 7.5x – 10.2x forward fiscal year projected pre-tax income, compared to 9.7x – 12.4x one year ago.

Price / Forward Fiscal Year Projected Pre-Tax Multiples – Investment Managers



Ranges defined by 25th and 75th percentile Price / Forward Fiscal Year Pre-Tax multiples.

Index includes AMG, APAM (as of 3/13), ART (3/11 through 12/12), BEN, BLK, CLMS, CNS, EPHC (3/11 through 11/12), EV, FII, GBL, GROW (10/09 through 4/12), IVZ, JNS, LM, MN (as of 6/12), OMAM (as of 10/14), PZN, SAMG (as of 9/13), TROW and WDR.

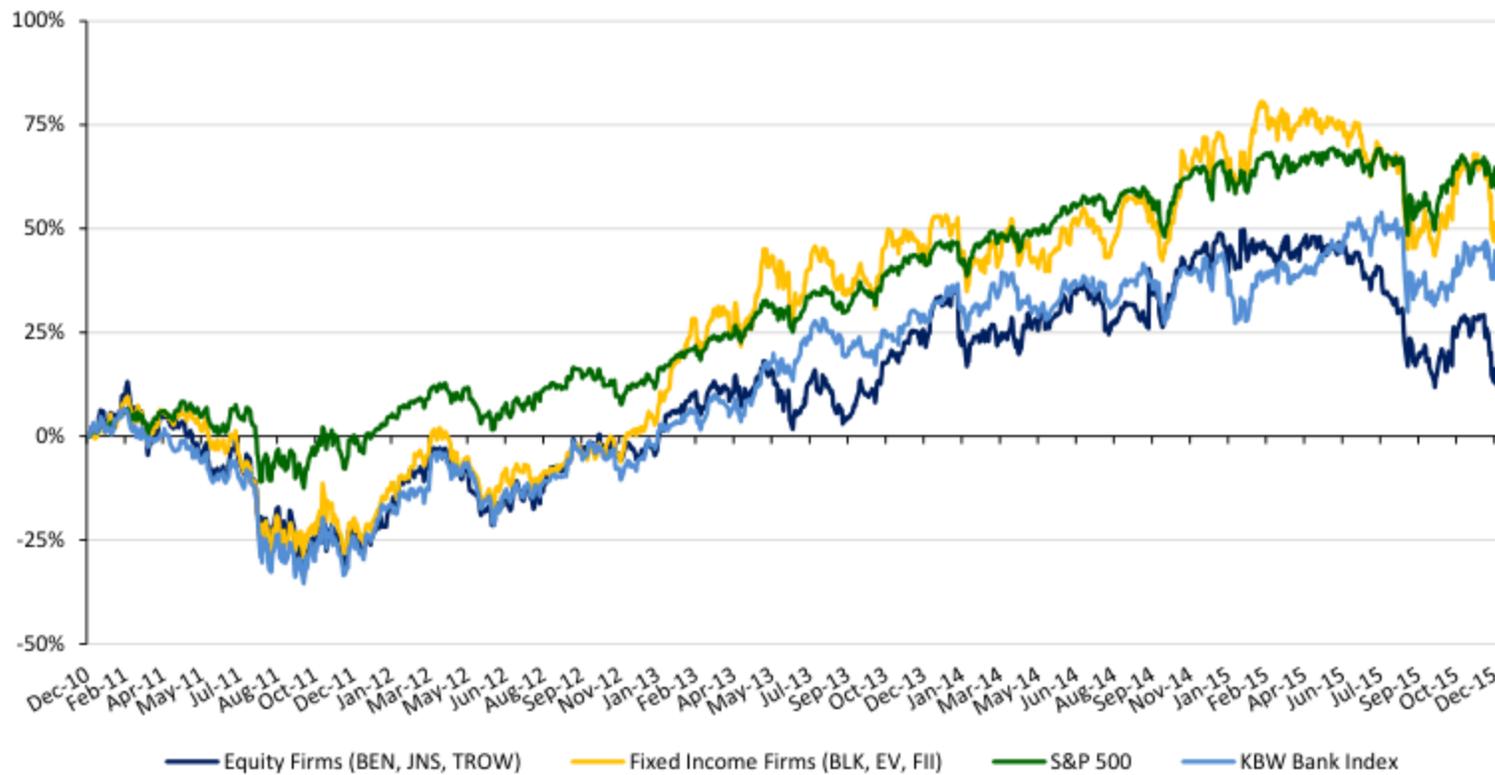
Source: SNL Database, Berkshire Capital research

Rockefeller Financial Services, Inc.

Market & Industry Overview

Investment managers have experienced a decline in market performance in 2015. As of the end of December 2015, equity managers were down 19.2% relative to their December 2014 levels, while fixed income managers were down 10.4% over the same period. Banks, in comparison, were only down 1.6% relative to their December 2014 levels.

Indexed Stock Price Performance

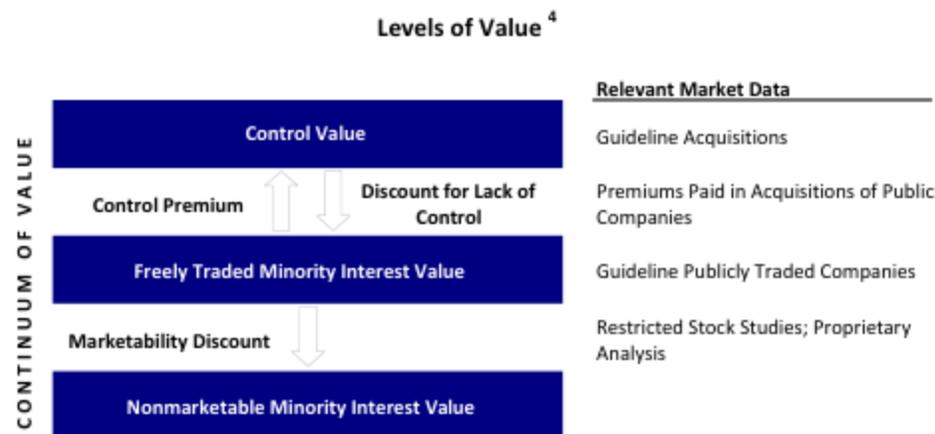


Source: Bloomberg

LEVELS OF VALUE

In general, a security can be valued on one of three levels: control interest value; marketable minority interest value; or nonmarketable minority interest value.²

- A **control interest value** represents the value of the enterprise as a whole, as if the enterprise were sold to a hypothetical buyer. The control interest value can be derived directly from the valuation multiples paid for comparable companies in recent acquisition transactions or indirectly by applying control premiums paid in recent acquisitions of comparable publicly traded companies to the current valuation multiples of comparable companies the securities of which are currently publicly traded.³
- A **marketable minority interest value** reflects quoted prices on a stock exchange or in the over-the-counter market.
- The **nonmarketable minority interest value** of a privately held company reflects the value of a security for which there is no active market or other ability to convert readily into cash or cash equivalents. By definition, these interests lack indicia of control over the affairs of the subject company.



² Abrams, Jay B., *Quantitative Business Valuation*, McGraw-Hill, 2001.

³ Hitchner, James R., *Financial Valuation: Applications and Models*, John Wiley & Sons, 2003.

⁴ Mercer, Z. Christopher, *Quantifying Marketability Discounts*, Peabody Publishing, 2001.

VALUATION METHODOLOGIES

Current valuation theory encompasses three distinct approaches: the income, market and asset-based (or cost) approaches to valuation.^{5,6}

- The **income approach** involves discounting projected cash flows and terminal value at an appropriate discount rate.
- The **market approach** involves capitalizing earnings, revenues, cash flow or other measures at multiples drawn from current market valuations of publicly traded companies or recent acquisition transactions.
- The **asset-based approach** involves marking to market tangible and intangible assets.

Berkshire Capital's valuation model focuses on the income and market approaches and derives indicated values from (1) current market multiples for publicly traded investment management firms; (2) transaction multiples for recent acquisitions of investment management firms; and (3) a discounted cash flow analysis incorporating the current financial condition and prospects of the subject company. The asset-based approach is not considered to be relevant in most cases due to (i) the characteristics of the investment management industry and (ii) the fact that the asset-based approach is primarily used when valuing not-for-profit organizations, holding companies, manufacturing companies, asset-intensive companies, such as family limited partnerships, or companies in bankruptcy proceedings.^{5,7}

MARKET APPROACH

The market approach is based on the premise that the fair market value of securities for which no trading market exists can be inferred from recent sales of securities of guideline companies. These sales can take the form of (i) trades of minority interests of registered securities on a securities exchange or in the over-the-counter market and (ii) the sale of control in mergers or acquisitions. For purposes of this Valuation, Berkshire Capital applied guideline publicly traded company multiples of current fiscal year (2015E) pre-tax income, forward fiscal year (2016E) pre-tax income and current fiscal year (2015E) revenues to the Company's pro forma financial statistics for 2015E pre-tax income, 2016E pre-tax income and 2015E revenues, respectively. Berkshire Capital

⁵ *ASA Business Valuation Standards*, American Society of Appraisers, 2002.

⁶ Statement on Standards for Valuation Services No. 1, *Valuation of a Business, Business Ownership Interest, Security, or Intangible Asset*, American Institute of Certified Public Accountants, 2007.

⁷ Trugman, Gary R., *Understanding Business Valuation*, American Institute of Certified Public Accountants, 1998.

Rockefeller Financial Services, Inc.

Valuation Methodologies

applied the guideline acquisition multiples of last twelve months' ("LTM") pre-tax income and LTM revenues to the Company's pro forma financial statistics for 2015E pre-tax income and 2015E revenues, respectively.

Berkshire Capital compares the subject firm's financial condition to the guideline publicly traded companies and guideline acquired companies in order to select the appropriate percentile multiples within the ranges defined by the respective peer groups. Berkshire Capital selected the median multiples from the guideline publicly traded companies and the median multiples from the guideline acquisitions for purposes of valuing the Company.

Berkshire Capital assigns weightings to the indicated values derived from each of the reference guideline company multiples. In this Valuation, the weightings assigned for the guideline publicly traded companies were 35% on 2015E pre-tax income, 35% on 2016E pre-tax income and 30% on 2015E revenues. For the guideline acquisitions, the weightings assigned were 60% on 2015E pre-tax income and 40% on 2015E revenues.

Adjustments to the Financial Statements. Where appropriate, Berkshire Capital may make certain adjustments to the historical, current and/or forward fiscal year financial statements in order to make the financial statements more meaningful for the valuation process. Adjustments may be appropriate for the following reasons, among others: (1) to present financial data of the subject and guideline companies on a consistent basis; (2) to adjust reported values to current values; (3) to adjust revenues and expenses to levels which are reasonably representative of continuing results; and (4) to adjust for non-operating assets and liabilities and the related revenue and expenses.⁸ For purposes of this Valuation, Berkshire Capital made adjustments for the current fiscal year income statement, forward fiscal year income statement and current balance sheet to reflect the sale of the Rockit Solutions, LLC.

INCOME APPROACH

Financial Projections. Berkshire Capital prepares five- and ten-year financial projections of free cash flow and estimated terminal values at the end of the fifth and tenth years. The projections of free cash flow are intended to estimate cash available to pay dividends on basic shares of the Company.

Present Value Analysis. The after-tax cash flows and terminal value are then discounted to present value at the estimated cost of equity capital, on both a five- and ten-year basis. The five- and ten-year DCF values are weighted 60%/40%. The disproportionate weighting attributed to the five-year DCF values is a function of the relatively greater level of confidence attached to five-year projections compared to ten-year projections.

⁸ *ASA Business Valuation Standards*, American Society of Appraisers, 2002.

Rockefeller Financial Services, Inc.

Valuation Methodologies

Discount Rate. Berkshire Capital uses a variation of the Capital Asset Pricing Model (“CAPM”) to derive an estimate of the cost of equity capital for a subject firm:^{9,10,11}

$$K_e = R_f + \beta \times ERP + RP_s + RP_u, \text{ where}$$

K_e = estimated cost of equity capital

R_f = risk-free rate

β = beta

ERP = general equity risk premium for the market

RP_s = risk premium for small size

RP_u = risk premium attributable to the specific company, or nonsystematic risk

- **Risk-Free Rate (R_f).** Berkshire Capital uses the long-horizon equity risk premiums published by Morningstar, Inc., which quantifies the return generated by stocks, as measured by the S&P 500, in excess of the 20-year constant maturity Treasury bond. To ensure comparability, Berkshire Capital references the 20-year constant maturity Treasury bond as the risk-free rate. The appropriate time horizon is a function of the indeterminate (i.e., long-term) life of the company being valued as a going concern, as opposed to the investor’s expected holding period.¹²
- **Beta (β).** Berkshire Capital selects the median unlevered beta for the guideline publicly traded companies¹³ and then adjusts the unlevered beta for the subject company’s targeted leverage ratio.¹⁴
- **Equity Risk Premium (ERP).** The equity risk premium is a prospective concept (i.e., an estimate of the premium required by the market in the future in order to accept the uncertain outcomes associated with owning equity securities). Unlike bond yields to maturity, market quotes cannot be obtained for the equity risk premium. Due to a lack of widely accepted forecasting techniques to estimate a forward-looking equity risk premium,^{15,16} Berkshire Capital refers to historical data

⁹ Pratt, Shannon P., Robert F. Reilly and Robert P. Schweihs, *Valuing a Business: The Analysis and Appraisal of Closely Held Companies*, 4th ed., McGraw-Hill, 2000.

¹⁰ Pratt, Shannon P., *Cost of Capital: Estimation and Applications*, John Wiley & Sons, 1998.

¹¹ Reilly, Robert F. and Robert P. Schweihs, *The Handbook of Advanced Business Valuation*, McGraw-Hill, 2000.

¹² *Ibbotson SBBi, 2014 Valuation Yearbook*, Morningstar, Inc., 2014.

¹³ Pratt, Shannon P. and Alina V. Niculita, *Valuing a Business: The Analysis and Appraisal of Closely Held Companies*, McGraw-Hill, 2008.

¹⁴ Pratt, Shannon P., *Cost of Capital: Estimation and Applications*, John Wiley & Sons, 1998.

¹⁵ *Equity Risk Premium Forum*, sponsored by the Association for Investment Management and Research, November 8, 2001.

¹⁶ Damodaran, Aswath, *Equity Risk Premiums (ERP): Determinants, Estimation and Implications – The 2011 Edition*, Stern School of Business, 2011.

for insights into the magnitude of the equity risk premium.¹⁷ Berkshire Capital uses the 30-year average long-horizon equity risk premium published by Morningstar in the *Stocks, Bonds, Bills and Inflation* ("SBBBI") series, reduced by the historical P/E multiple effect in order to eliminate the upward bias in historical data introduced by changes in investor expectations.^{18,19} This approach is consistent with a recent valuation opinion issued by the Delaware Chancery Court.²⁰

The equity risk premium component of the estimated cost of equity capital represents the expected premium that holders of similar securities can expect to achieve on average in the future. The total return on the S&P 500 reflects both periodic distributions on, and capital appreciation or depreciation reflected by continuous trades in, minority interests of component stocks. While a control shareholder may be able to improve the cash flows generated by the acquired company, such improvements may not necessarily have an impact on the general risk level of the cash flows. Adjustments for minority or controlling interest value are more suitably made to the projected cash flows rather than to the discount rate. So long as there is no disproportionate return to certain shareholders, either through the enterprise cash flows or the equity rights, there is no distinction between minority owners and control owners in the estimation of costs of equity capital.^{21, 22}

- **Size Premium (RP_s).** Research published by Morningstar and others offers compelling statistical evidence of small firm premiums.^{12,23,24} Morningstar's annual small capitalization study sorts the universe of eligible stocks traded on the NYSE into deciles ranked by market capitalization, with deciles rebalanced quarterly, and calculates (1) betas for each decile since 1926 and (2) returns predicted by beta for each decile based on the average risk-free rate over the time horizon. If CAPM were functioning properly for small companies, all the decile portfolios would fall on the security market line. Instead, Morningstar's research shows that smaller stocks consistently generate returns in excess of the returns that would be predicted by CAPM. Berkshire Capital has developed a size premium calculator using the Morningstar data that

¹⁷ Reilly, Robert F. and Robert P. Schweih, *The Handbook of Advanced Business Valuation*, McGraw-Hill, 2000.

¹⁸ Ibbotson, Roger G. and Peng Chen, "Long-Run Stock Returns: Participating in the Real Economy," *Financial Analysts Journal*, vol. 59, no. 1 (January/February 2003).

¹⁹ Kasper, Larry J., "S Corporation Valuations – An Analysis in Search of a Solution," *Business Valuation Review* (Winter 2007).

²⁰ *Global CT LP v Golden Telecom, Inc.*, 2010 WL 1663987 (Del. Ch.)(April 23, 2010).

²¹ Speech at the 2004 Thirty-Second AICPA National Conference on Current SEC and PCAOB Developments, by Todd E. Hardiman, Associate Chief Accountant, Division of Corporate Finance, Securities and Exchange Commission, Washington, DC, December 6, 2004.

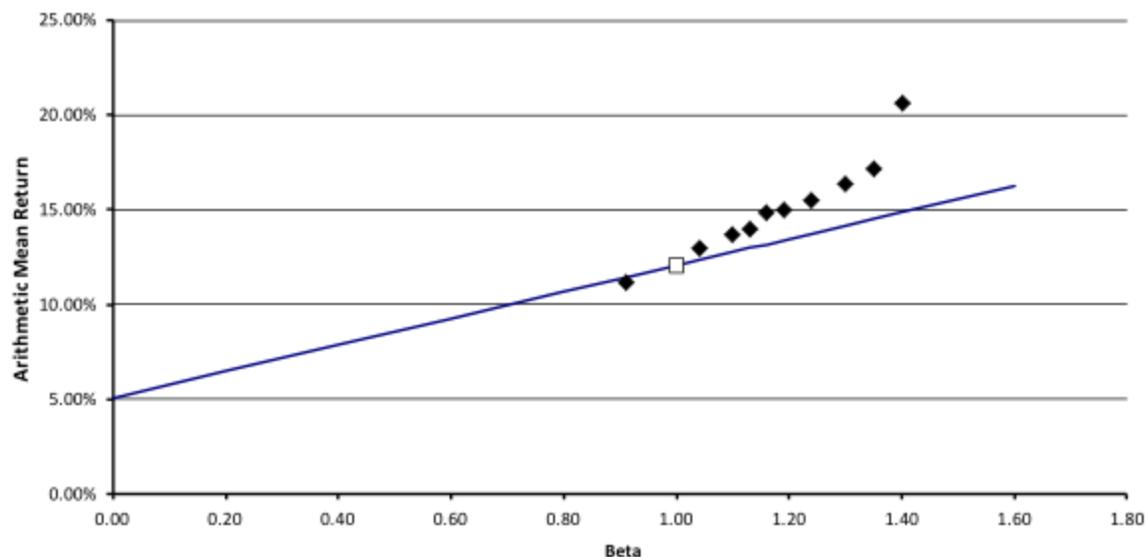
²² *Ibbotson SBBBI, 2014 Valuation Yearbook*, Morningstar, Inc., 2014.

²³ Banz, R., "The Relationship between Return and Market Value of Common Stocks," *Journal of Financial Economics* (1981).

²⁴ Pratt, Shannon P. and Alina V. Niculita, *Valuing a Business: The Analysis and Appraisal of Closely Held Companies*, McGraw-Hill, 2008.

estimates the size premiums for the subject firm as well as the guideline publicly traded companies. This approach is consistent with a recent valuation opinion issued by the Delaware Chancery Court.²⁵

Security Market Line & Size Premium by Decile, 1926 - 2014



- **Company-Specific Risk Premium (RP_u)**. This risk premium accounts for additional elements of risk not captured by the systematic, or market, risk factor beta, such as: (1) relatively higher or lower volatility of economic income; (2) concentration of customer base; (3) key person dependence or small management base; (4) key supplier dependence; (5) abnormal present or pending competition; (6) pending regulatory changes; (7) pending lawsuits; or (8) relatively undiversified operations, by product or by geography.^{26,27} Recent valuation opinions issued by the Delaware Chancery Court have accepted the use of RP_u so long as the risk factors are truly company-specific and not already reflected in

²⁵ *In re Sunbelt Beverage Corporation*, 2010 Consol. C.A. No. 16089-CC (Del. Ch.) (Jan. 5, 2010).

²⁶ Kasper, Larry J., *Business Valuations: Advanced Topics*, Quorum Books, 1997.

²⁷ Reilly, Robert F. and Robert P. Schweihs, *The Handbook of Advanced Business Valuation*, McGraw-Hill, 2000.

projected cash flows, beta or RP_s , and the estimated RP_u is based on specific financial analysis.²⁸ Berkshire Capital incorporates volatility of economic income and risk of insolvency due to limited capital resources in the scenario analysis of the subject firm; as a result, these factors do not influence the magnitude of RP_u . For purposes of this Valuation, Berkshire Capital assumed that there were no material company-specific risk factors, so RP_u is assumed to be nil.

Scenario Analysis. Cash flow projections should be based on the concept of expected cash flows rather than most likely or base-case cash flows.²⁹ The determination of expected cash flows centers on the projection of future cash flows across a range of scenarios, to which probabilities are then attached. Berkshire Capital's valuation model performs the DCF analysis across 25 discrete scenarios. In the case of investment management firms, the scenarios are based on a range of inputs for two key value drivers: total return on managed assets and rate of net new business acquisition. Berkshire Capital has identified these two factors as those with the greatest influence on revenues, profitability and value. The scenario analysis is designed to capture, at least in part, the uncertainty inherent in operating the subject firm's business in the future, and as a result, introduces a broader range of potential outcomes into the ultimate determination of value than offered by a single scenario. The outcomes are then weighted based on an assessment of the appropriate probability distribution in light of the ranges of the respective value drivers relative to historical norms and expectations for the future. This probability distribution is ordinarily designed to reflect the assessment that the scenario outcomes exhibit symmetrical but declining probabilities the more the assumptions underlying a particular scenario diverge from the assumptions underlying the central scenario. Because we run multiple scenarios, we have automated all decision rules governing the subject firm's cost structure to mimic the concept that management teams adjust staffing and expense levels to changes in revenues brought about by market, industry and economic developments.

²⁸ Rosenbloom, Arthur H., Bala G. Dharan and Ihsan Dogramaci, "Using Company-Specific Risk in the Delaware Chancery Court," *Business Valuation Update* (December 2011).

²⁹ Ibbotson SBBi, *2014 Valuation Yearbook, Morningstar, Inc.*, 2014.

VALUATION DISCOUNTS AND PREMIUMS

Where appropriate, Berkshire Capital applies relevant discounts and premiums to values indicated by the income and market approaches.

Discount for Small Size. In many cases, the firm being valued is substantially smaller than the guideline publicly traded companies, as measured by market capitalization. As a result, an adjustment must be made to valuations indicated by guideline publicly traded company valuation multiples in order to account for this differential. The size discount recognizes the direct relationship between P/E ratios and discount rates. Financial theory holds that the price in the numerator of the P/E ratio equals the PV of the market's consensus estimate of future free cash flows and terminal value discounted at the market's consensus estimate of the firm's cost of equity capital. For a given set of free cash flows, if the discount rate is higher due to the size premium, then the P/E ratio will be correspondingly lower. As a result, Berkshire Capital estimates the appropriate small-firm discount to be applied to public market multiples by calculating the percentage difference between the DCF calculated at the subject firm cost of equity capital and the DCF calculated at the median guideline company cost of equity capital.

Berkshire Capital's approach is conceptually consistent with methodologies published by Goeldner³⁰, Hitchner³¹ and Mercer.³² Goeldner proposed that the principal factors influencing the difference between capitalization rates, or the inverse of P/E multiples, for public and private firms are differences in risk factors ($\Delta_{\text{risk premium}}$) and earnings growth (Δ_{growth}), where:

$$P/E_{\text{subject}} = 1 / (\text{Cap Rate}_{\text{guideline}} + \Delta_{\text{risk premium}} + \Delta_{\text{growth}})$$

The $\Delta_{\text{risk premium}}$ factor is captured in the difference in estimated K_e . At the time, assuming that the private firm beta is equal to the public firm median, Goeldner maintained that $\Delta_{\text{risk premium}}$ can be reduced to the difference in RP_u . Peters³³ elaborated on Goeldner's equation by expanding the definition of risk factors to include a proxy for the size premium, which was later adopted by Goeldner through the inclusion of RP_s as a risk factor.³⁴ Goeldner's fundamental discount does not adjust for other value impairments, such as illiquidity or lack of control.

³⁰ Goeldner, Richard, "Bridging the Gap Between Public and Private Market Multiples," *Business Valuation Review* (September 1998).

³¹ Hitchner, James R., *Financial Valuation: Applications and Models*, John Wiley & Sons, 2006.

³² Mercer, Z. Christopher, *Valuing Enterprise and Shareholder Cash Flows – The Integrated Theory of Business Valuation*, Peabody Publishing, 2004.

³³ Peters, Jerry O., "Adjusting Price/Earnings Ratios for Difference in Company Size," *Business Valuation Review* (June 1999).

³⁴ Goeldner, Richard, "Practical Application of the Fundamental Discount," *Business Valuation Review* (September 2000).

Similarly, Hitchner proposed that:

$$P/E_{\text{subject}} = 1 / [(1 / P/E_{\text{guideline}}) + \theta],$$

where “ θ ” equals the difference between the respective costs of equity capital for the guideline companies and the subject company, reflected primarily in the difference between respective size premiums published in *SBBI*. Mercer uses the CAPM with differential RP_u and growth rates to estimate differential capitalization rates and implied multiples. For purposes of this Valuation, RFS has fewer assets under management and lower pre-tax income than all of the guideline publicly traded companies, warranting the use of a discount for small size. In this Valuation, the discount for small size is 17.0%.

Discount for Lack of Marketability. The principal risks associated with lack of marketability include the inability to sell shares (A) in the face of deteriorating fundamentals, which would have otherwise prompted a decision to sell; (B) when the contemplated means of disposing of the stock through an IPO or sale of the company does not materialize; or (C) when the investor’s personal circumstances require liquidity.³⁵ Many factors affect the extent to which the marketability of a security in a privately held firm differs from the marketability found in active, freely traded securities markets: (1) put rights; (2) dividends or distributions; (3) size of potential market of buyers, including limitations on who can own shares; (4) prospects for going public or being acquired; (5) restrictive transfer provisions; (6) absolute and relative size of the block to be sold; and (7) size and financial strength of the firm.^{36,37} In theory, investors who own nonmarketable securities must be compensated in the form of a higher expected return for the incremental risk introduced by the inability to readily convert such an investment into cash.

Purchases and sales of minority interests in publicly traded companies, and the valuation multiples that result, are based on the buyers’ and sellers’ ability to execute a trade virtually at any time, with cash settlement in three trading days. With no readily available data on pricing of minority interests in privately held firms, Berkshire Capital draws from other empirical data in order to arrive at a credible adjustment to public market multiples to reflect the fact that the holder of a minority interest in a private firm does not enjoy the same ability to achieve liquidity when desired.

For guidance on this issue, valuation practitioners have routinely referenced studies of (a) discounts on restricted stock transactions, and (b) pricing of pre-IPO common stock sales.³⁸ Berkshire Capital has not incorporated the pre-IPO common stock sale studies in its analysis due to potential conflicting biases, and resulting lack of reliability, introduced by survivorship bias, potential “friends and

³⁵ Revenue Ruling 77-287, C.B. 1977-2, 319.

³⁶ Pratt, Shannon P., *Business Valuation: Discounts and Premiums*, John Wiley & Sons, 2001.

³⁷ Mercer, Z. Christopher, *Quantifying Marketability Discounts*, Peabody Publishing, 2001.

³⁸ Heidt, Paul, ed., *BVR’s Guide to Discounts for Lack of Marketability*, Business Valuation Resources, 2009.

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family” pricing discounts on pre-IPO stock, underpricing of IPOs,³⁹ underwriter hype resulting in post-IPO underperformance,⁴⁰ earnings accretion⁴¹ and non-contemporaneous price comparisons. Berkshire Capital also noted the potential bias introduced as a result of (a) significantly higher RP_s and RP_u for pre-IPO companies compared to the subject company due to the early development stage of most IPO companies and (b) likely significant change (i.e., reduction) in RP_s and RP_u between the date of issuance of pre-IPO shares and the IPO due to the subject company’s advances in corporate development and reduction of business risk. Facebook’s valuation history is a prime example of the inapplicability of pre-IPO pricing data.

Facebook Valuation History

Date	Enterprise Valuation (\$B)	Est Price Per Share ¹	Holding Period (Months)	Implied Discount for Lack of Marketability	Event
May 2012	81.2	38.00	NA	NA	IPO
Mar 2011	65.0	37.95	14	0%	General Atlantic purchases shares from Facebook employees
Feb 2011	52.0	30.36	15	20%	Kleiner Perkins invests \$38MM for <1% stake
Jan 2011	50.0	29.19	16	23%	Raises \$500MM from Goldman Sachs and DST
Nov 2010	35.0	20.43	18	46%	Accel sells approx. 17% of its stake
Jun 2010	23.0	14.26	23	62%	Elevation Partners buys \$120MM of secondary shares
Jan 2010	14.0	8.68	28	77%	Secondary trades on SecondMarket
Nov 2009	9.0	5.58	30	85%	Elevation Partners invests \$90MM

¹ Based on shares of convertible preferred stock, Class A common stock and Class B common stock outstanding as of most recent balance sheet date.

Sources: Facebook prospectus, *The New York Times*, Benjamin Christine, Berkshire Capital analysis

Berkshire Capital estimated the discount for lack of marketability through the use of simulation analysis incorporating the reported discounts on restricted stock transactions and estimates of stock price expected return, stock price volatility, dividend yield, the

³⁹ Ibbotson, Roger G., Jody L. Sindelar and Jay R. Ritter, “The Market’s Problems with the Pricing of Initial Public Offerings,” *Journal of Applied Corporate Finance* (Spring 1994).

⁴⁰ Rajan, Raghuram and Henri Servaes, “Analyst Following of Initial Public Offerings,” *Journal of Finance* (June 1997).

⁴¹ Paulson, Jon, “Quantifying Lack of Marketability and Minority Interest Discounts,” *TAXES, The Tax Magazine* (August 1996).

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probable length of the restriction period and discount rates reflective of the risks of holding illiquid stock. A restricted stock discount refers to the contemporaneous discount on the pricing of a restricted stock private placement to the reported sales price of the issuer's publicly traded stock. Based on restricted stock pricing data obtained from a commercial database,⁴² Berkshire Capital estimated that the implied illiquidity risk premium, or excess return required by purchasers of restricted stock to compensate for the incremental risk associated with the inability to freely sell the stock during the lock-out period, was 11.0% during the sample period. Berkshire Capital limited the analysis to restricted stock transactions completed between April 1997 and February 2008 on the theory that the Securities and Exchange Commission's relaxation of the minimum holding period under Rule 144 from two years to one year in April 1997 and to six months in February 2008 materially altered investors' perceptions of holding period risk.

Berkshire Capital also examined historical volatility, estimated costs of equity capital, payout ratios, dividend yields and price/earnings multiples for selected publicly traded investment management firms in order to develop a current estimate for the appropriate discount for lack of marketability for a private investment management firm. Berkshire Capital's use of historical volatility as a proxy for expected volatility is consistent with research showing that historical stock volatilities exhibit a high degree of persistency.⁴³ Statement of Financial Accounting Standards No. 123 also directs preparers to use historical volatility in estimating the fair value of employee stock grants.⁴⁴ Berkshire Capital constructed a hypothetical private firm with the same expected total return as the median guideline public company expected total return but with an assumed payout ratio of 80%, which Berkshire Capital's experience suggests is typical of a private investment management firm. Because the timing of sale is unknown and cannot be known with certainty, Berkshire Capital assumed that the timing of the future liquidity event would be subject to a uniform probability distribution following a three-year lock-out, with a 10-year maximum holding period. Berkshire Capital also (i) imposed the same implied illiquidity risk premium of 11.0% to the private stock cash flows and (ii) assumed that the holder of the public stock would choose to sell the stock in the absence of any restrictions once the stock appreciated 100% or declined in value by 25%. These buy/sell decision rules are conceptually consistent with those routinely employed by investment management firms, based on Berkshire Capital's experience. This framework also captures the two principal components of price risk: (i) the risk that the realized price is lower than the purchase price and (ii) the opportunity loss that occurs when the asset increases in price during the period of non-marketability and then declines to a lower value before the asset can be liquidated.⁴⁵ Based on the foregoing, Berkshire Capital derived an implied discount for lack of marketability of 21.5% for a minority interest in the private stock.

⁴² *The FMV Restricted Stock Study*, FMV Opinions, Inc. (online subscription).

⁴³ Dyl, Edward A. and George J. Jiang, "Valuing Illiquid Common Stock," *Financial Analysts Journal* (July/August 2008).

⁴⁴ Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (Financial Accounting Standards Board, 2008).

⁴⁵ Abbott, Ashok, "Discount for Lack of Liquidity: Understanding and Interpreting Option Models," *Business Valuation Review* (Fall 2009).

Our model is conceptually consistent with methodologies developed by Mercer,⁴⁶ Finnerty,⁴⁷ Stockdale,⁴⁸ Dyl et al⁴⁹ and Seaman.⁵⁰ The Quantitative Marketability Discount Model (“QMDM”) has been developed by Mercer in order to replicate, in quantitative terms, the investment decision-making process of hypothetical investors in nonmarketable securities. The QMDM is a static model that integrates assumptions regarding the current price of the freely traded security, the growth rate of the security’s value, dividends, a point estimate for the probable holding period and the required holding period rate of return into the determination of the appropriate discount for lack of marketability. Mercer has demonstrated that the QMDM produces discounts for lack of marketability that are consistent with the discounts observed in the restricted stock studies. The discount rate is intended to include the analyst’s estimate of the incremental return required by a holder of the nonmarketable security due to holding period uncertainty, uncertainty of a favorable exit and transfer restrictions. Finnerty presented an enhancement to the QMDM in which the discount is a function of stock volatility, the length of the restriction period, the stock dividend yield and the time value of money, where the restriction period assumption is static. Finnerty’s approach is supported by a study by Bajaj et al.,⁵¹ which found that the standard deviation of stock returns was the most important explanatory variable in regressing restricted stock discounts against a variety of statistics including volatility, relative issue size and whether or not the issue was registered.

Stockdale elaborated on Finnerty’s model and posited that the discount for lack of marketability is a function of three factors: (1) the future value as a function of time; (2) the probability of sale as a function of time; and (3) the present value as a function of time. Because the timing of future sale is unknown and cannot be known with certainty, Stockdale maintained that the timing of future sale must be considered through the use of a uniform probability distribution over a defined period of time following a fixed minimum. Stockdale’s model does not explicitly address the incremental risk premium required by investors for the timing uncertainty. Dyl applied an options-based framework developed by Longstaff⁵² based on Longstaff’s insight that liquidity is essentially the option to sell a security at any time and that the cost of illiquidity can therefore be estimated using techniques from options-pricing theory. The Dyl model incorporates stock price volatility and length of the restriction period in determining the

⁴⁶ Mercer, Z. Christopher, *Quantifying Marketability Discounts*, Peabody Publishing, 2001.

⁴⁷ Finnerty, John D., “The Impact of Transfer Restrictions on Stock Prices,” presented at the 22nd Annual Advanced Business Valuation Conference (Chicago, IL, October 2003).

⁴⁸ Stockdale, Jr., John J., “Time is of the Essence,” *Business Valuation Review* (Fall 2006).

⁴⁹ Dyl, Edward A. and George J. Jiang, “Valuing Illiquid Common Stock,” *Financial Analysts Journal* (July/August 2008).

⁵⁰ Seaman, Ronald M., “Minimum Marketability Discounts, 3rd Edition,” *Business Valuation Review* (Spring 2008).

⁵¹ Bajaj, M., D.J. Denis, S.P. Ferris and A. Sarin, “Firm Value and Marketability Discounts,” *Journal of Corporation Law* (Fall 2001).

⁵² Longstaff, F.A., “How Much Can Marketability Affect Security Values?” *Journal of Finance* (December 1995).

maximum applicable discount, which is then adjusted based on parameters in the Bajaj regression⁵¹ to arrive at an estimated discount for lack of marketability.

Similar to Longstaff, Seaman examined pricing of Long-Term Equity Anticipation Securities (“LEAPS”), which are actively traded put and call options on common stock with maturities of up to 32 months, in order to gain insight into minimum marketability discounts. Consistent with these other studies, Seaman found that the costs of LEAPS were negatively correlated with company size and positively correlated with company risk (as measured by Value Line Safety Ratings) and option maturity. Stockdale also tested the effectiveness of various mathematical DLOM models in replicating observed restricted stock discounts⁵³ and found that the Finnerty model produced results that fall within the scatter of restricted stock discounts for both one- and two-year time horizons. Abbott tested Black-Scholes put options, Asian put options and maximum price strike look-back put options against observed restricted stock discounts based on uniform assumptions regarding risk-free rate, annual volatility and liquidation period.⁵⁴ Asian put options provide a payout based on the average price achieved for the asset during the life of the option (examined by Finnerty), while the look-back put option provides a payout based on the highest value for the underlying asset achieved over the lifetime of the option (examined by Longstaff). Abbott found that the look-back option provided estimated discounts closest to the reported discounts.

In general, Berkshire Capital does not apply a discount for lack of marketability in the case of a control interest valuation for the following reasons: (i) a controlling shareholder can unilaterally elect to pursue a sale of the enterprise with the expectation that a sale could be consummated within three to nine months and (ii) the market approach based on guideline acquisition transactions and control premiums draws on pricing data that explicitly reflects the anticipated time between signing of a definitive agreement and closing.⁵⁵

For purposes of this Valuation, Berkshire Capital applied 20.0% of the implied discount for lack of marketability of 21.5%, which is 4.3%, due to existing internal buy/sell arrangements for RFS shares that include certain rules and restrictions.

Control Premium. Generally, control is defined as the ownership of more than 50% of the vote and value of a firm. Control confers, among other things, the ability to: (1) select officers, directors and employees; (2) hire and fire management; (3) set compensation policies; (4) set policy and change the course of business; (5) decide with whom to do business and enter into binding contracts; (6) alter the capital structure, including repurchasing outstanding shares or issuing new shares; (7) declare dividends; (8) acquire or liquidate assets; (9) register with the SEC for an IPO; (10) make acquisitions; (11) liquidate or sell the company, including sale of a

⁵³ Stockdale, John J., “A Test of DLOM Computational Models,” *Business Valuation Review* (Fall 2008). See also Stockdale, John J., “Time is of the Essence: A Proposed Model for Computing the Discount for Lack of Marketability,” *Business Valuation Review* (Fall 2006).

⁵⁴ Abbott, Ashok, “Discount for Lack of Liquidity: Understanding and Interpreting Option Models,” *Business Valuation Review* (Fall 2009).

⁵⁵ Mercer, Z. Christopher, *Quantifying Marketability Discounts*, Peabody Publishing, 1997.

controlling interest with or without the participation of minority shareholders; (12) change the articles of incorporation or bylaws; or (13) block any of the preceding actions.⁵⁶

The topic of control premium has generated ongoing debate within the valuation profession. As far back as 1990, Nath observed that most publicly traded companies must trade at or near their controlling interest value in light of the fact that so few publicly traded companies are taken over in any year.⁵⁷ Pratt, an early proponent of applying control premiums to public market multiples, has recently shifted to the position that valuers must be cautious in applying a control premium to public market values, explicitly acknowledging Nath's argument.⁵⁸ Pratt offers a caveat for the use of transaction multiples, reflecting available synergies, in industries undergoing consolidation where there is a diverse pool of synergistic buyers.⁵⁸ While the investment management industry has experienced 14 takeovers of publicly traded firms within the past 17 years, Berkshire Capital notes that a financial buyer, Madison Dearborn, paid a 20% premium for Nuveen Investments in 2007. As a result, Berkshire Capital estimates the applicable control premium by analyzing premiums paid in acquisitions of publicly traded financial services companies.

As noted above, no distinction is made between minority shareholders and majority shareholders in the estimation of costs of equity capital. The cash flows in the DCF analysis are typically prepared on an enterprise basis, presuming the owner has the ability to exercise some or all of the indicia of control and the minority owners participate in distributions and terminal value on a pro rata basis. As a result, no control premium or discount for lack of control is applied to the DCF values. In the case of a control interest valuation using the market approach, an adjustment to the indicated valuation based on public market multiples is made by citing premiums paid in recent acquisitions of publicly traded companies. This approach is consistent with a recent valuation opinion issued by the Delaware Chancery Court.⁵⁹

Discount for Lack of Control. In the case of a nonmarketable minority interest valuation, a corresponding adjustment is made to the indicated valuation based on acquisition multiples to reflect lack of control. The discount for lack of control is equal to:

$$1 - 1 / (1 + d),$$

where "d" is equal to the 40th percentile control premium (or 29.9%). In this Valuation, the discount for lack of control is equal to 23.0%.

⁵⁶ Pratt, Shannon P. and Alina V. Niculita, *Valuing a Business: The Analysis and Appraisal of Closely Held Companies*, 5th ed., McGraw-Hill, 2008.

⁵⁷ Nath, Eric W., "Control Premiums and Minority Interest Discounts in Private Companies," *Business Valuation Review* (June 1990).

⁵⁸ Pratt, Shannon P., *Business Valuation Discounts and Premiums*, 2nd ed., John Wiley & Sons, 2009.

⁵⁹ *Berger v. Pubco Corporation, et al.*, 2010 C.A. No. 3414-CC (Del. Ch.) (May 10, 2010).

VALUATION METHODOLOGY WEIGHTINGS

Berkshire Capital assigns weightings to the guideline publicly traded companies (20%), guideline acquisitions (40%) and DCF (40%) methodologies based on a number of factors relevant to this Valuation, including but not limited to: (1) the lack of direct comparability in terms of range of business activities and relative valuation between the subject company and the guideline publicly traded companies; (2) the greater degree of comparability in terms of relative valuation between the subject company and the guideline acquired companies; and (3) the degree to which the DCF analysis best incorporates the particular financial characteristics, and hence future prospects, of the subject company.⁶⁰

ADJUSTMENTS TO THE WEIGHTED AVERAGE ENTERPRISE VALUE TO DERIVE FAIR MARKET VALUE OF EQUITY

After calculating the weighted average enterprise value of the Company to be \$108.0 million based on the weightings indicated in the preceding paragraph, Berkshire Capital made the following adjustments to derive the fair market value of RFS:

- Added excess working capital: Assumes working capital required to operate the business is equal to 16.7% (or two months) of annual operating expenses excluding the stock incentive plan and bonus pool, so any working capital on the Company's balance sheet as of November 30, 2015 above this minimum requirement is a positive adjustment to the enterprise value of the Company.
- Added long-term assets: Equals the non-current assets on the Company's balance sheet as of November 30, 2015.
- Added the present value of the tax benefit due to accumulated tax loss carryforwards: Tax loss carryforwards are a valuable asset because they reduce a subject company's future tax payments. Berkshire Capital calculated the present value of the annual tax savings due to the Company's accumulated tax loss carryforwards under each of the 25 discrete scenarios utilized in the DCF methodology. The outcomes were then weighted based on the same probability distribution used in the DCF methodology. The annual tax benefit or savings were discounted at the Company's estimated cost of equity capital of 15.5%. The total nominal tax benefit attributable to the tax loss carryforwards as of December 31, 2015 is \$14.3 million.
- Deducted long-term debt obligations: Equals the accrued post-retirement benefits on the Company's balance sheet as of November 30, 2015.

After making the adjustments listed above to the weighted average enterprise value of RFS, Berkshire Capital calculated the fair market value of the Company on a non-marketable minority interest basis to be \$188.9 million.

⁶⁰ *Cede & Co. v. JRC Acquisition Corp.*, Civil Action No. 18658-NC, 2004 WL 286963, at 2 (Del. Ch. Feb. 10, 2004).

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Valuation Analysis: Nonmarketable Minority Interest Basis

As of 12/31/15

Key Assumptions:

- Company valued utilizing three methodologies: Guideline Publicly Traded Companies (20.0%), Guideline Acquisitions (40.0%) and DCF Analysis (40.0%)
- Guideline Publicly Traded Companies analysis applies multiples to:
 - 2015 Projected Pre-Tax Income
 - 2016 Projected Pre-Tax Income
 - 2015 Projected Revenues
- Guideline Acquisitions analysis applies multiples to:
 - 2015 Projected Pre-Tax Income
 - 2015 Projected Revenues
- DCF analysis is based on 5 and 10 year projected income and cash flow statements. See Projected Income Statements & Discounted Cash Flow Analysis
- 2016 Pro Forma Income Statement is based on the 2016 preliminary budget provided by management

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Summary of Valuation as of 12/31/15: Nonmarketable Minority Interest Basis

Dollars in thousands, except number of shares and per share data

Rockefeller Financial Services, Inc.		
Final Valuation of RFS Equity Interests		188,894

Class A Shares (Voting Shares)		
	Number	% of Total
Outstanding	36,800	32.95%
Aggregate Value		73,603
Price / Share Outstanding		2,000.08

Class B Shares ¹ (Non-Voting Shares)		
	Number	% of Total
Outstanding	74,869	67.05%
Aggregate Value		115,291
Price / Share Outstanding ²		1,539.90

Notes:

(1) Due to variances of rights associated with different Class B non-voting shares, there may be additional economic value associated with share ownership that is not reflected in the per share price represented on this page.

(2) Reflects a discount for lack of control, relative to the Class A Shares, of 23.0%.

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Valuation as of 12/31/15: Nonmarketable Minority Interest Basis

Dollars in thousands

Methodologies	Methodology Weightings	Indicated Values
ROCKEFELLER FINANCIAL SERVICES		
A. Guideline Publicly Traded Companies	20.0%	110,399
B. Guideline Acquisitions	40.0%	101,246
C. DCF Analysis	40.0%	113,616
WEIGHTED AVERAGE ENTERPRISE VALUE BEFORE ADJUSTMENTS		108,025
Plus: Excess Working Capital		72,154
Plus: Long-Term Assets		3,258
Plus: Present Value of Tax Benefit Due to Accumulated Tax Loss Carryforwards (1)		9,752
Minus: Long-Term Debt Obligations		(4,295)
FAIR MARKET VALUE OF EQUITY - ROCKEFELLER FINANCIAL SERVICES		188,894
Plus 10.0%		207,783
Minus 10.0%		170,005

Note:

- (1) Represents the weighted average value across 25 discrete scenarios of the total nominal tax benefit attributable to the Tax Loss Carryforwards of \$14 million as of 12/31/2015, discounted at the estimated cost of equity capital for RFS of 15.46%. Please refer to footnote 7 on page 6 for the weightings applied across the 25 discrete scenarios.

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Summary Results of Valuation Methodologies as of 12/31/15: Nonmarketable Minority Interest Basis

Dollars in thousands

Rockefeller Financial Services		
Methodology Weightings	Methodologies	Indicated Values / Multiples
20.0%	A. Based on Median Multiples for Guideline Publicly Traded Investment Management Firms:	110,399
	Price / 2015E Pre-Tax Income	15.4x
	Price / 2015E Revenues	1.29x
	Price / Assets Under Management	1.06%
40.0%	B. Based on Median Multiples for Guideline Acquisitions of Investment Management Firms:	101,246
	Price / 2015E Pre-Tax Income	14.1x
	Price / 2015E Revenues	1.18x
	Price / Assets Under Management	0.97%
40.0%	C. Discounted Cash Flow Analysis:	113,616
	Price / 2015E Pre-Tax Income	15.9x
	Price / 2015E Revenues	1.33x
	Price / Assets Under Management	1.09%
WEIGHTED AVERAGE VALUE		108,025
	Price / 2015E Pre-Tax Income	15.1x
	Price / 2015E Revenues	1.26x
	Price / Assets Under Management	1.03%

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RFS Summary of Indicated Values as of 12/31/15: Nonmarketable Minority Interest Basis

Dollars in thousands

Methodologies	Reference Multiples	Pro Forma Statistics	Indicated Values				
A. Based on Median Multiples for Guideline Publicly Traded Investment Management Firms (1):							
Price / Current Fiscal Year Projected (2015E) Pre-Tax Income (35% Weighting)	9.8x	7,159	70,247				
Price / Forward Fiscal Year Projected (2016E) Pre-Tax Income (35% Weighting)	8.9x	10,371	92,362				
Price / Current Fiscal Year Projected (2015E) Revenues (30% Weighting)	3.19x	85,700	273,763				
		Small Firm Discount (2)	-17.0%				
		Discount for Lack of Marketability (3)	-4.3%				
		WEIGHTED AVERAGE VALUE	110,399				
B. Based on Median Multiples for Guideline Acquisitions of Investment Management Firms (4):							
Price / Current Fiscal Year Projected (2015E) Pre-Tax Income (60% Weighting)	9.5x	7,159	67,788				
Price / Current Fiscal Year Projected (2015E) Revenues, (40.0% Weighting):	2.82x	85,700	241,879				
		Discount for Lack of Marketability (3)	-4.3%				
		Discount for Lack of Control (5)	-23.0%				
		WEIGHTED AVERAGE VALUE	101,246				
C. Discounted Cash Flow Analysis (6):							
	New Business Scenario (10-Year Annual Average, % of Beginning AUM)						
Total Return Scenario (10-Year Annual Average)	Optimistic	Outperform	Neutral	Underperform	Pessimistic		
	11.90%	9.90%	7.90%	5.91%	3.91%		
Optimistic	4.00%	295,307	238,348	187,967	140,424	95,525	
Outperform	2.00%	246,747	195,216	149,769	102,716	65,383	
Neutral	0.00%	203,338	158,476	111,295	71,583	46,040	
Underperform	-2.00%	166,367	120,639	79,458	49,307	33,628	
Pessimistic	-4.00%	131,310	88,095	55,426	36,790	21,953	
						Indicated Value Based on Weighted Average of Scenario Analyses (7)	118,733
						Discount for Lack of Marketability (3)	-4.3%
						WEIGHTED AVERAGE VALUE	113,616

Project Vega

RFS Summary of Indicated Values as of 12/31/15: Nonmarketable Minority Interest Basis

Dollars in thousands

Notes:

- (1) Based on market prices as of December 31, 2015. See Exhibit A.
- (2) Represents the weighted average discount, applying 60% / 40% weightings to the 5-year and 10-year discounts, where the discount equals the ratio of DCF_5 divided by DCF_{10} , minus one. DCF_5 equals the base-case DCF calculated at the subject firm's estimated cost of equity capital and DCF_{10} equals the base-case DCF calculated at the median industry cost of equity capital. See Exhibits C and D. RFS has lower AUM than any of the publicly traded comparable companies, warranting the use of a discount for small size. See Exhibit A.
- (3) In the case of a nonmarketable minority interest valuation, represents the estimated discount for lack of marketability for a representative investment management firm. 20.0% of the total discount is applied to RFS due to existing internal buy/sell arrangements for RFS shares. See Exhibit F.
- (4) The multiples are based on guideline acquisitions for which pricing data is available. See Exhibit B.
- (5) The discount for lack of control, if applicable, is equal to $1 - 1 / (1 + d)$, where d is equal to the 40th percentile control premium.
- (6) See "Net New Business & Total Return Scenarios" for a description of the net new business and total return scenarios.
- (7) Based on the joint probability distribution below. The independent probability of occurrence for each scenario is included in italics.

		New Business Scenario				
Total Return Scenario	Probability	Optimistic	Outperform	Neutral	Underperform	Pessimistic
		<i>10.0%</i>	<i>20.0%</i>	<i>40.0%</i>	<i>20.0%</i>	<i>10.0%</i>
Optimistic	<i>10.0%</i>	1.000%	2.000%	4.000%	2.000%	1.000%
Outperform	<i>20.0%</i>	2.000%	4.000%	8.000%	4.000%	2.000%
Neutral	<i>40.0%</i>	4.000%	8.000%	16.000%	8.000%	4.000%
Underperform	<i>20.0%</i>	2.000%	4.000%	8.000%	4.000%	2.000%
Pessimistic	<i>10.0%</i>	1.000%	2.000%	4.000%	2.000%	1.000%
						100.000%

Project Vega

RFS Consolidated Historical Income Statements

Dollars in thousands, unless noted

	Year Ended December 31,						2009 - 2015E	
	2009	2010	2011	2012	2013	2014	2015E	CAGR
REVENUES								
Investment Management Fees	27,310	29,939	32,813	36,490	48,354	47,890	49,889	10.6%
Professional and Administrative Services Fees	20,770	21,996	22,974	23,875	25,244	26,533	23,965	2.4%
Trust Services Fees	9,928	11,386	12,131	12,505	13,481	15,075	14,905	7.0%
Partnership Income (Losses), net	258	181	(33)	(24)	(18)	52	38	-27.3%
Interest and Other	302	514	299 (1)	356	505	750	566	11.0%
Total Revenues	58,568	64,016	68,184	73,202	87,566	90,300	89,363	7.3%
EXPENSES								
Compensation (Pre Bonus) & Benefits	40,935	38,216	43,188	45,071	44,892	43,647	44,118	1.3%
Professional Fees	8,571	6,499	5,828	5,711	6,622	7,167	7,335	-2.6%
Occupancy	7,378	7,002	6,770	6,966	7,253	7,033	7,121	-0.6%
Marketing & Communications	3,874	3,749	3,516	4,002	4,690	4,673	5,021	4.4%
Travel & Entertainment	722	834	1,392	1,342	1,261	975	1,083	7.0%
General & Administrative	3,304	3,483	3,636	4,754	4,800	4,850	5,168	7.7%
Other Expenses	927	1,141	1,226	432	834	190	140	-27.0%
Subtotal Expenses	65,711	60,924	65,556	68,278	70,352	68,535	69,986	1.1%
EBITDA (Pre Bonus)	(7,143)	3,092	2,628	4,924	17,214	21,765	19,377	NM
Bonus Pool	(10,054)	(10,627)	(10,466)	(9,464)	(11,151)	(12,102)	(12,500)	3.7%
Depreciation & Amortization	(1,871)	(2,719)	(2,435)	(1,904)	(1,735)	(1,396)	(1,167)	-7.6%
Interest Expense	-	-	-	-	-	-	-	NM
PRE-TAX INCOME	(19,068)	(10,254)	(10,273)	(6,444)	4,328	8,267	5,710	NM
Special Items	5,000	-	1,000 (1)	-	-	-	-	
Pre-Tax Income after Special Items	(14,068)	(10,254)	(9,273)	(6,444)	4,328	8,267	5,710	NM
FINANCIAL RATIOS								
Pre-Tax Margin	-32.6%	-16.0%	-15.1%	-8.8%	4.9%	9.2%	6.4%	
Total Compensation / Revenues	87.1%	76.3%	78.7%	74.5%	64.0%	61.7%	63.4%	
Occupancy / Revenues	12.6%	10.9%	9.9%	9.5%	8.3%	7.8%	8.0%	
Bonus Pool / Revenues	17.2%	16.6%	15.3%	12.9%	12.7%	13.4%	14.0%	
% Change in Total Revenues	NA	9.3%	6.5%	7.4%	19.6%	3.1%	-1.0%	
ASSETS UNDER MANAGEMENT (\$MM)								
ASSETS UNDER MANAGEMENT (\$MM)	6,569	7,071	7,085	10,437	10,549	9,591	10,443	8.0%
ASSETS UNDER ADVISEMENT (\$MM)	8,907	10,364	12,115	16,023	16,699	15,591	16,306	10.6%
ASSETS UNDER ADMINISTRATION (\$MM)	24,693	25,869	32,129	40,235	43,832	43,094	42,236	9.4%
Average Assets Under Administration (\$MM)	15,173	25,281	28,999	36,182	42,033	43,463	42,665	

Note:

(1) Eliminated a one time receipt of a lease termination fee from "Interest and Other" and added it to "Special Items."

Project Vega

RFS Consolidated Historical Income Statements

% of revenues

	Year Ended December 31,						
	2009	2010	2011	2012	2013	2014	2015E
REVENUES							
Investment Management Fees	46.6%	46.8%	48.1%	49.8%	55.2%	53.0%	55.8%
Professional and Administrative Services Fees	35.5%	34.4%	33.7%	32.6%	28.8%	29.4%	26.8%
Trust Services Fees	17.0%	17.8%	17.8%	17.1%	15.4%	16.7%	16.7%
Partnership Income (Losses), net	0.4%	0.3%	0.0%	0.0%	0.0%	0.1%	0.0%
Interest and Other	0.5%	0.8%	0.4%	0.5%	0.6%	0.8%	0.6%
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
EXPENSES							
Compensation (Pre Bonus) & Benefits	69.9%	59.7%	63.3%	61.6%	51.3%	48.3%	49.4%
Professional Fees	14.6%	10.2%	8.5%	7.8%	7.6%	7.9%	8.2%
Occupancy	12.6%	10.9%	9.9%	9.5%	8.3%	7.8%	8.0%
Marketing & Communications	6.6%	5.9%	5.2%	5.5%	5.4%	5.2%	5.6%
Travel & Entertainment	1.2%	1.3%	2.0%	1.8%	1.4%	1.1%	1.2%
General & Administrative	5.6%	5.4%	5.3%	6.5%	5.5%	5.4%	5.8%
Other Expenses	1.6%	1.8%	1.8%	0.6%	1.0%	0.2%	0.2%
Subtotal Expenses	112.2%	95.2%	96.1%	93.3%	80.3%	75.9%	78.3%
EBITDA (Pre Bonus)	-12.2%	4.8%	3.9%	6.7%	19.7%	24.1%	21.7%
Bonus Pool	-17.2%	-16.6%	-15.3%	-12.9%	-12.7%	-13.4%	-14.0%
Depreciation & Amortization	-3.2%	-4.2%	-3.6%	-2.6%	-2.0%	-1.5%	-1.3%
Interest Expense	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
PRE-TAX INCOME	-32.6%	-16.0%	-15.1%	-8.8%	4.9%	9.2%	6.4%
Special Items	8.5%	0.0%	1.5%	0.0%	0.0%	0.0%	0.0%
Pre-Tax Income after Special Items	-24.0%	-16.0%	-13.6%	-8.8%	4.9%	9.2%	6.4%

Project Vega

RFS Consolidated Balance Sheet, as of 11/30/15

Dollars in thousands

	RFS Pre-Sale	RockIT Adj. (1)	RFS Post-Sale	% of Total Assets		RFS Pre-Sale	RockIT Adj. (1)	RFS Post-Sale	% of Total Assets
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and Cash Equivalents	65,202	1,542	66,744	62.8%	Payables and Accrued Liabilities	3,005	(672)	2,333	2.9%
Held-to-Maturity Securities - Trust Companies	21,215	-	21,215	20.4%	Deferred Revenue	2,316	(333)	1,983	2.2%
Restricted Cash	533	(533)	-	0.5%	Accrued Bonus	11,001	(889)	10,112	10.6%
Trading Securities	4,999	-	4,999	4.8%	Total Current Liabilities	16,322	(1,894)	14,428	15.7%
Receivables, net, and Income Tax Receivables	4,904	(217)	4,687	4.7%					
Total Current Assets	96,853	792	97,645	93.2%					
FIXED ASSETS					NON-CURRENT LIABILITIES				
Property and Equipment, net	3,342	(1,190)	2,152	3.2%	Deferred Rent Expense	2,537	(743)	1,794	2.4%
Total Fixed Assets, net	3,342	(1,190)	2,152	3.2%	Accrued Post-Retirement Benefits	4,295	-	4,295	4.1%
					Total Non-Current Liabilities	6,832	(743)	6,089	6.6%
NON-CURRENT ASSETS					TOTAL LIABILITIES				
Investments in Partnerships, at fair value	304	-	304	0.3%		23,154	(2,637)	20,517	22.3%
Deferred Tax Assets, net	72	-	72	0.1%	EQUITY				
Other	3,323	(441)	2,882	3.2%	Common Stock - Class A Shares, \$1 par value	37	-	37	0.0%
Total Non-Current Assets	3,699	(441)	3,258	3.6%	Common Stock - Class B Shares, \$1 par value	75	-	75	0.1%
TOTAL ASSETS	103,894	(839)	103,055	100.0%	Additional Paid-in Capital	136,697	(25,052)	111,645	131.6%
					Retained Earnings (Accumulated Deficit)	(55,335)	26,850	(28,485)	-53.3%
					Accumulated Other Comprehensive Income	1,491	-	1,491	1.4%
					Note Receivable from Class A Stockholder	(1,600)	-	(1,600)	-1.5%
					Treasury Stock, at cost (Class B common)	(625)	-	(625)	-0.6%
WORKING CAPITAL	80,531	2,686	83,217		Total Equity	80,740	1,798	82,538	77.7%
					TOTAL LIABILITIES + EQUITY	103,894	(839)	103,055	100.0%

Notes:

(1) Adjustments from RockIT transaction provided to Berkshire Capital by Vega management team. Estimated \$2.0mm cash proceeds from sale reflected on pro forma balance sheet.

Project Vega

RFS Consolidated Pro Forma Income Statement - Basis for Valuation

Dollars in thousands, unless noted

	Projected Year Ending December 31, 2015					Projected Year Ending December 31, 2016		
	RFS Consolidated	RockIT Adjustments (a)	RFS Consolidated	Pro Forma Adjustments	Pro Forma	RFS Consolidated	Pro Forma Adjustments	Pro Forma
REVENUES								
Investment Management Fees	49,889	-	49,889	-	49,889	53,540	-	53,540
Professional & Administrative Services Fees	23,965	(3,625)	20,340	-	20,340	21,351	-	21,351
Trust & Estate Services Fees	14,905	-	14,905	-	14,905	15,529	-	15,529
Partnership Income (Losses), net	38	-	38	(38) b.	-	-	-	-
Interest & Other	566 (1)	-	566	-	566	399 (2)	-	399
Total Revenues	89,363	(3,625)	85,738	(38)	85,700	90,819	-	90,819
EXPENSES								
Salaries	32,653	(7,564)	25,089	-	25,089	27,365	-	27,365
401(k) Plan & Post-Retirement Benefits	1,907	(458)	1,449	-	1,449	1,720	-	1,720
Other Employee Benefits	3,712	(994)	2,718	-	2,718	2,836	-	2,836
Stock Incentive Plan	2,830	-	2,830	(2,830) c.	-	3,794	(3,794) c.	-
Other Compensation	2,808 (3)	(674)	2,134	-	2,134	2,174 (4)	-	2,174
Severance	208	(8)	200	(200) d.	-	360	(360) d.	-
Compensation (Pre Bonus) & Benefits	44,118	(9,698)	34,420	(3,030)	31,390	38,249	(4,154)	34,095
Occupancy	7,121	(1,012)	6,109	-	6,109	5,608	-	5,608
Marketing	663	-	663	-	663	721	-	721
Communications	4,358	(1,841)	2,517	-	2,517	2,574	-	2,574
Professional Fees	7,335	(1,109)	6,226	-	6,226	5,752	-	5,752
Servicing Fees	-	13,881	13,881	-	13,881	14,000	-	14,000
Travel & Entertainment	1,083	(35)	1,048	-	1,048	1,026	-	1,026
General & Administrative	5,168	(746)	4,422	-	4,422	4,453	-	4,453
Other Expenses	140	(20)	120	-	120	114	-	114
Total Operating Expenses	69,986	(580)	69,406	(3,030)	66,376	72,497	(4,154)	68,343
EBITDA (Pre Bonus)	19,377	(3,045)	16,332	2,992	19,324	18,322	4,154	22,476
Bonus Pool	(12,500)	1,085	(11,415)	5 e.	(11,410)	(11,573)	-	(11,573)
Depreciation & Amortization	(1,167)	412	(755)	-	(755)	(532)	-	(532)
PRE-TAX INCOME	5,710	(1,548)	4,162	2,997	7,159	6,217	4,154	10,371
FINANCIAL RATIOS								
Pre-Tax Margin	6.4%		4.9%		8.4%	6.8%		11.4%
Total Compensation / Revenues	63.4%		53.5%		49.9%	54.9%		50.3%
Employee Benefits / Salaries	17.2%		16.6%		16.6%	16.6%		16.6%
Occupancy / Revenues	8.0%		7.1%		7.1%	6.2%		6.2%
Marketing & Communications / Revenues	5.6%		3.7%		3.7%	3.6%		3.6%
Professional Fees / Revenues	8.2%		7.3%		7.3%	6.3%		6.3%
Servicing Fees / Revenues	0.0%		16.2%		16.2%	15.4%		15.4%
Travel & Entertainment / Revenues	1.2%		1.2%		1.2%	1.1%		1.1%
General & Administrative / Revenues	5.8%		5.2%		5.2%	4.9%		4.9%
Bonus Pool / Revenues	14.0%		13.3%		13.3%	12.7%		12.7%
ASSETS UNDER MANAGEMENT (\$MM)								
ASSETS UNDER MANAGEMENT (\$MM)	10,443	-	10,443	-	10,443	11,295	-	11,295
ASSETS UNDER ADVISEMENT (\$MM)								
ASSETS UNDER ADVISEMENT (\$MM)	16,306	-	16,306	-	16,306	17,628	-	17,628
ASSETS UNDER ADMINISTRATION (\$MM)								
ASSETS UNDER ADMINISTRATION (\$MM)	42,236	(13,587)	28,649	-	28,649	30,958	-	30,958
Average Assets Under Administration (\$MM)	42,665	(14,557)	28,108	-	28,108	29,804	-	29,804

Project Vega

RFS Consolidated Pro Forma Income Statement - Basis for Valuation

Dollars in thousands, unless noted

Notes:

- a. Adjusted to reflect go-forward revenue and cost basis post-sale of RockIT Solutions, LLC. Source: Vega Management.
- b. Adjusted to account for capitalization of partnership assets.
- c. Adjusted to eliminate non-cash stock incentive plan expense; the cash taxes related to this expense are deducted in the DCF analysis.
- d. Eliminates non-recurring expenses.
- e. Adjusted bonus pool to equal the same percentage of revenues as the unadjusted percentage under the "RFS Consolidated" columns for each respective fiscal year.

Line Item Details:

- (1) Interest and Other includes: (i) Gains (Losses) on Trading Securities, net; (ii) Interest and Dividends; and (iii) Other.
- (2) Interest and Other includes: (i) Interest and Dividends and (ii) Other.
- (3) Other Compensation includes: (i) Commissions; (ii) Payroll Taxes; and (iii) Other Compensation.
- (4) Other Compensation includes: (i) Payroll Taxes and (ii) Other Compensation.

Project Vega

RFS Projected Income Statements & Discounted Cash Flow Analysis

Dollars in thousands, unless noted

	GAAP		Projected Year Ending December 31,									2015-2020	2015-2025
	Adjusted 2015	Adjusted 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	CAGR	CAGR
REVENUES													
Investment Management Fees	49,889	53,540	57,965	62,806	68,065	73,878	80,291	87,276	94,661	102,219	109,892	8.2%	8.2%
Professional & Administrative Services Fees	20,340	21,351	22,044	23,241	24,509	25,851	27,266	28,759	30,266	31,700	33,031	4.9%	5.0%
Trust & Estate Services Fees	14,905	15,529	16,771	18,113	19,562	21,127	22,817	24,643	26,550	28,472	30,392	7.2%	7.4%
Interest & Other	566	399	411	434	461	489	520	554	590	629	670	-2.9%	1.7%
Total Revenues	85,700	90,819	97,191	104,594	112,597	121,345	130,894	141,231	152,067	163,020	173,984	7.2%	7.3%
% change from prior year	NA	6.0%	7.0%	7.6%	7.7%	7.8%	7.9%	7.9%	7.7%	7.2%	6.7%		
EXPENSES													
Salaries	25,089	27,365	29,093	31,087	33,228	35,552	38,070	40,775	43,591	46,417	49,226	7.2%	7.0%
401(k) Plan & Post-Retirement Benefits	1,449	1,720	1,829	1,954	2,089	2,235	2,393	2,563	2,740	2,917	3,094	9.0%	7.9%
Other Employee Benefits	2,718	2,836	3,015	3,222	3,444	3,684	3,945	4,226	4,518	4,810	5,102	6.3%	6.5%
Stock Incentive Plan	a. 2,830	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794	6.0%	3.0%
Other Compensation	2,134	2,174	2,311	2,470	2,640	2,824	3,024	3,239	3,463	3,688	3,911	5.8%	6.2%
Compensation (Pre Bonus) & Benefits	34,220	37,889	40,042	42,527	45,194	48,089	51,226	54,597	58,106	61,626	65,127	7.0%	6.6%
Occupancy	6,109	5,608	5,661	5,724	5,725	5,729	5,765	5,791	5,823	5,903	5,932	-1.3%	-0.3%
Marketing	663	721	901	1,127	1,408	1,760	2,200	2,750	3,438	4,297	5,372	21.6%	23.3%
Communications	2,517	2,574	2,703	2,838	2,980	3,129	3,285	3,449	3,622	3,803	3,993	4.4%	4.7%
Professional Fees	6,226	5,752	5,925	6,102	6,285	6,474	6,668	6,868	7,074	7,286	7,505	0.8%	1.9%
Servicing Fees	13,881	14,000	14,983	16,042	17,183	18,417	19,749	21,186	22,689	24,211	25,739	5.8%	6.4%
Travel & Entertainment	1,048	1,026	1,129	1,241	1,366	1,502	1,652	1,818	1,999	2,199	2,419	7.5%	8.7%
General & Administrative	4,422	4,453	4,587	4,724	4,866	5,012	5,162	5,317	5,477	5,641	5,810	2.5%	2.8%
Other Expenses	120	114	122	131	141	152	164	177	191	205	218	4.9%	6.2%
Total Operating Expenses	69,206	72,137	76,052	80,457	85,148	90,263	95,873	101,954	108,419	115,172	122,115	5.5%	5.8%
EBITDA (Pre Bonus)	16,494	18,682	21,140	24,137	27,449	31,082	35,022	39,277	43,649	47,848	51,868	13.5%	12.1%
Bonus Pool	a. (12,500)	(11,573)	(11,663)	(12,551)	(13,512)	(14,561)	(15,707)	(16,948)	(18,248)	(19,562)	(20,878)	3.1%	5.3%
Depreciation & Amortization	(755)	(532)	(559)	(587)	(616)	(647)	(679)	(713)	(749)	(786)	(825)	-3.1%	0.9%
PRE-TAX INCOME	3,239	6,577	8,918	10,999	13,321	15,874	18,635	21,616	24,652	27,499	30,165	37.4%	25.0%
% change from prior year	NA	103.1%	35.6%	23.3%	21.1%	19.2%	17.4%	16.0%	14.0%	11.5%	9.7%		
FINANCIAL RATIOS													
Pre-Tax Margin	3.8%	7.2%	9.2%	10.5%	11.8%	13.1%	14.2%	15.3%	16.2%	16.9%	17.3%		
Total Compensation / Revenues	54.5%	54.5%	53.2%	52.7%	52.1%	51.6%	51.1%	50.7%	50.2%	49.8%	49.4%		
Occupancy / Revenues	7.1%	6.2%	5.8%	5.5%	5.1%	4.7%	4.4%	4.1%	3.8%	3.6%	3.4%		
Marketing / Revenues	0.8%	0.8%	0.9%	1.1%	1.3%	1.5%	1.7%	1.9%	2.3%	2.6%	3.1%		
Communications / Revenues	2.9%	2.8%	2.8%	2.7%	2.6%	2.6%	2.5%	2.4%	2.4%	2.3%	2.3%		
Professional Fees / Revenues	7.3%	6.3%	6.1%	5.8%	5.6%	5.3%	5.1%	4.9%	4.7%	4.5%	4.3%		
Servicing Fees / Revenues	16.2%	15.4%	15.4%	15.3%	15.3%	15.2%	15.1%	15.0%	14.9%	14.9%	14.8%		
Travel & Entertainment / Revenues	1.2%	1.1%	1.2%	1.2%	1.2%	1.2%	1.3%	1.3%	1.3%	1.3%	1.4%		
General & Administrative / Revenues	5.2%	4.9%	4.7%	4.5%	4.3%	4.1%	3.9%	3.8%	3.6%	3.5%	3.3%		
Bonus Pool / Revenues	14.6%	12.7%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%		
TOTAL MANAGED ASSETS (\$MM)	10,443	11,295	12,239	13,259	14,373	15,617	16,973	18,449	19,966	21,512	23,075	8.4%	8.3%
% change from prior year		8.2%	8.4%	8.3%	8.4%	8.7%	8.7%	8.7%	8.2%	7.7%	7.3%		
TOTAL ADVISED ASSETS (\$MM)	16,306	17,628	19,078	20,645	22,349	24,232	26,277	28,498	30,768	33,071	35,385	8.2%	8.1%
% change from prior year		8.1%	8.2%	8.2%	8.3%	8.4%	8.4%	8.5%	8.0%	7.5%	7.0%		
TOTAL ADMINISTERED ASSETS (\$MM)	28,649	30,958	33,475	36,194	39,142	42,368	45,864	49,652	53,509	57,403	61,299	8.1%	7.9%
% change from prior year		8.1%	8.1%	8.1%	8.1%	8.2%	8.3%	8.3%	7.8%	7.3%	6.8%		

Notes:

a. Line items reflect unadjusted figures for 2014E and 2015E

Project Vega

RFS Projected Income Statements & Discounted Cash Flow Analysis

Dollars in thousands, unless noted

	Pro Forma	Projected Year Ending December 31,										
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Taxes Paid	(1)	-	2,631	3,567	4,400	5,328	6,349	7,454	8,647	9,861	11,000	12,066
5-YEAR CASH FLOW ANALYSIS												
Net Income	(1)	-	3,946	5,351	6,600	7,993	9,524					
Stock Incentive Plan		-	3,794	3,794	3,794	3,794	3,794					
Stock Incentive Plan - Cash Taxes		-	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)					
Depreciation & Amortization		-	532	559	587	616	647					
Capital Expenditures		-	(1,000)	(587)	(616)	(647)	(679)					
Additions to Working Capital	(2)	-	(328)	(652)	(734)	(782)	(853)					
Distributions		-	5,944	7,465	8,630	9,974	11,433					
Terminal Value		-	-	-	-	-	175,197					
		-	5,944	7,465	8,630	9,974	186,630					
10-YEAR CASH FLOW ANALYSIS												
Net Income	(1)	-	3,946	5,351	6,600	7,993	9,524	11,181	12,970	14,791	16,499	18,099
Stock Incentive Plan		-	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794
Stock Incentive Plan - Cash Taxes		-	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Depreciation & Amortization		-	532	559	587	616	647	679	713	749	786	825
Capital Expenditures		-	(1,000)	(587)	(616)	(647)	(679)	(713)	(749)	(786)	(825)	(867)
Additions to Working Capital	(2)	-	(328)	(652)	(734)	(782)	(853)	(935)	(1,014)	(1,077)	(1,126)	(1,157)
Distributions		-	5,944	7,465	8,630	9,974	11,433	13,006	14,715	16,470	18,129	19,695
Terminal Value		-	-	-	-	-	-	-	-	-	-	233,914
		-	5,944	7,465	8,630	9,974	11,433	13,006	14,715	16,470	18,129	253,609

TERMINAL MULTIPLE / VALUES			
		5th Year	10th Year
Maximum Terminal Multiple	(3)	10.50x	10.50x
Minimum Terminal Multiple	(3)	5.00x	5.00x
Maximum Growth Rate	(5)	20.00%	20.00%
Minimum Growth Rate	(5)	5.00%	5.00%
3-Year Pre-Tax Income CAGR		15.66%	10.15%
Multiple of Pre-Tax Income	(6)	8.91x	6.89x
Percentile Rank vs. Guideline Companies		48.0%	14.5%
Terminal Value	(7)	175,197	233,914

PRESENT VALUE ANALYSIS		
	A	B
Discount Rate (4)	11.82%	15.46%
Five-Year PV	130,571	112,929
% of PV Represented by PV of Terminal Value	76.7%	75.6%
Discount Relative to PV at Industry K_e	NA	13.5%
Ten-Year PV	140,074	108,843
% of PV Represented by PV of Terminal Value	54.6%	51.1%
Discount Relative to PV at Industry K_e	NA	22.3%
Weighted Average PV (8)	134,372	111,295
Weighted Average Discount at Industry K_e	NA	17.0%

Footnotes on following page.

Project Vega

RFS Projected Income Statements & Discounted Cash Flow Analysis

Dollars in thousands, unless noted

Notes:

- (1) In the case of a nonmarketable minority interest valuation of a C corporation, the DCF analysis utilizes the effective tax rate of the subject firm (40.0%).
- (2) Additions based on the increase in annual operating expenses.
- (3) Compared to 25th and 75th percentile multiples for guideline acquisitions of 8.3x and 11.6x, respectively, and the 25th and 75th percentile multiples for guideline publicly traded firms, after applicable discounts and premiums, of 6.4x and 8.0x, respectively.
- (4) Case A corresponds to the subject firm's cash flows discounted at the median estimated cost of equity capital of the guideline publicly traded companies, reflecting actual leverage ratios and applicable size premiums. Case B corresponds to the subject firm's cash flows discounted at an estimated cost of equity capital reflecting a 573 basis point size premium based on the subject firm's relative valuation and a 0 basis point company-specific risk premium.
- (5) Compared to 25th and 75th percentile five-year estimated EPS growth rates for publicly traded companies of 6.4% and 15.0%, respectively.
- (6) Terminal multiples are equal to $TM_{MIN} + (TM_{MAX} - TM_{MIN}) \times (G - G_{MIN}) / (G_{MAX} - G_{MIN})$, where
 - TM_{MIN} = minimum terminal multiple
 - TM_{MAX} = maximum terminal multiple
 - G = 3-year trailing CAGR for pre-tax income plus non-cash add backs (i.e., stock incentive plan).
 - G_{MIN} = minimum growth rate
 - G_{MAX} = maximum growth rate
- (7) Prior to applying a multiple to pre-tax income, the stock incentive plan pre-tax expense is added back to the 5th and 10th year pre-tax income.
- (8) 60% weighting applied to 5-year DCF, 40% weighting applied to 10-year DCF.

Project Vega

Working Capital & Other Assumptions

Dollars in thousands, unless noted

		Projected Year Ending December 31,										
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
WORKING CAPITAL												
	Opening Balance	83,217	11,063	11,391	12,043	12,777	13,559	14,412	15,346	16,360	17,437	18,563
	Distribution of Excess Working Capital	(72,154)										
	Additions to Working Capital	(1)	328	652	734	782	853	935	1,014	1,077	1,126	1,157
	Closing Balance	11,063	11,391	12,043	12,777	13,559	14,412	15,346	16,360	17,437	18,563	19,720
	Portfolio Interest Income	(2)	399	411	434	461	489	520	554	590	629	670
			Cumulative Additions to Working Capital:				8,658					
ASSUMPTIONS												
	Portfolio Interest Income Yield	(2)	3.61%	3.61%	3.61%	3.61%	3.61%	3.61%	3.61%	3.61%	3.61%	3.61%
	% Change in Total Revenues		5.97%	7.02%	7.62%	7.65%	7.77%	7.87%	7.90%	7.67%	7.20%	6.73%
	% Change in Salaries	(3)	90.00%	90.00%	9.07%	6.31%	6.85%	6.89%	6.99%	7.08%	7.11%	6.91%
	401(k) Plan & Post-Retirement Benefits as % of Salaries	(4)			6.29%	6.29%	6.29%	6.29%	6.29%	6.29%	6.29%	6.29%
	Other Employee Benefits as % of Salaries	(5)			10.36%	10.36%	10.36%	10.36%	10.36%	10.36%	10.36%	10.36%
	Other Compensation as % of Salaries	(6)			7.94%	7.94%	7.94%	7.94%	7.94%	7.94%	7.94%	7.94%
	% Change in Office Rent	(7)			-8.20%	0.95%	1.12%	0.01%	0.07%	0.63%	0.45%	0.55%
	% Change in Marketing				8.75%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
	% Change in Communications				2.26%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
	% Change in Professional Fees				-7.61%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	% Change in Servicing Fees				0.86%	7.02%	7.07%	7.11%	7.18%	7.24%	7.27%	7.10%
	% Change in Travel & Entertainment				-2.10%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
	% Change in General & Administrative				0.70%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	% Change in Stock Incentive Plan				34.06%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Other Expenses as % of Revenues				0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%
	Bonus Pool as % of Revenues	(8)			12.74%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
	% Change in Depreciation & Amortization	(9)	5.00%		-29.54%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
	% Change in Stock Incentive Plan Cash Taxes				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Capital Expenditures	(10)	1.05x		1,000	587	616	647	679	713	749	786
	Non-Cash Add Backs											
	Stock Incentive Plan		2,830	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794
	Total		2,830	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794	3,794

Notes:

- (1) Equal to the amount necessary to increase (decrease) working capital to 16.67% of RFS total operating expenses excluding the stock incentive plan and bonus pool.
- (2) Portfolio interest income based on opening balance of working capital. Assumes 100.00% of working capital balance bears interest at 3.61%.
- (3) Salaries increase 9.07% in 2016 and then grow at 90.00% of revenue growth through 2020. In 2021 and 2022, revenues grow at 90.00% and 90.00% of revenue growth. After 2022, salaries grow at 90.00% of revenue growth.
- (4) 401(k) plan and post-retirement benefits equal stated percentage of salaries.
- (5) Other employee benefits equal stated percentage of salaries.
- (6) Other compensation equals stated percentage of salaries.
- (7) Office rent increases or decreases by stated percentage based on actual lease agreement and growth in variable costs of 3.00%. The decrease from 2015 to 2016 is due to space coming off lease that will not be replaced.
- (8) Bonus pool equals 12.74% of revenues in 2016 and 12.00% of revenues from 2017 onwards.
- (9) Depreciation and amortization matches management's expectations in 2016 and increases by 5.00% per year thereafter.
- (10) Capital expenditures are estimated by management for 2016 and are assumed to equal 1.05x depreciation expense from 2017 onwards.

Project Vega

Client Growth Rate Assumptions

Dollars in millions, unless otherwise noted

FINANCIAL SERVICES - CLIENT ACCOUNTS

	2015	Projected At or For the Year Ending December 31,										5 Year Average / CAGR	10 Year Average / CAGR
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
Existing Accounts		345	361	379	398	418	439	461	484	506	526		
New Accounts (1)		15	18	19	20	21	22	23	22	20	18		
Total Accounts	345	361	379	398	418	439	461	484	506	526	544	4.91%	4.65%
New Accounts (% of Beginning Accounts)		4.5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.5%	4.0%	3.5%		
Fee Per Account (\$000)		51	51	51	51	51	51	51	51	51	51		
Total Annual Fees (\$000)	17,572	18,445	18,905	19,851	20,848	21,896	22,996	24,147	25,297	26,371	27,343	4.50%	4.52%
Fee Per Account Annual Growth		0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
UHNW Service Fees (\$000)	17,572	18,445	18,905	19,851	20,848	21,896	22,996	24,147	25,297	26,371	27,343		

Notes:

[1] Assumes new accounts booked ratably throughout the year.

Project Vega

External Servicing Expense Rollforward

Dollars in millions, unless otherwise noted

	At Nov. 30,	Projected At or For the Year Ending December 31,										5 Year	10 Year
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Average / CAGR	Average / CAGR
SERVICING EXPENSE													
UNHW & Wealth Management Assets	22,148	23,920	25,834	27,900	30,132	32,543	35,147	37,958	40,805	43,661	46,499	8.00%	7.70%
Fee Basis	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%		
Servicing Fee (\$000s)	7,362	7,656	8,269	8,930	9,645	10,416	11,250	12,150	13,090	14,038	14,984	7.19%	7.37%
Partnership Assets	2,044	2,208	2,384	2,575	2,781	3,003	3,244	3,503	3,766	4,029	4,291	8.00%	7.70%
Fee Basis	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%		
Multiplier	3.70x	3.70x	3.70x	3.70x	3.70x	3.70x	3.70x	3.70x	3.70x	3.70x	3.70x		
Servicing Fee (\$000s)	3,025	3,146	3,398	3,670	3,963	4,280	4,623	4,993	5,379	5,768	6,157	7.19%	7.37%
Sub-Advisory / Institutional Assets	1,620	1,766	1,947	2,144	2,369	2,653	2,971	3,328	3,710	4,119	4,551	10.37%	10.88%
Fee Basis	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%		
Servicing Fee (\$000s)	324	339	371	409	451	502	562	630	704	783	867	9.16%	10.35%
Account Fee (\$000s)	3,170	2,859	2,945	3,033	3,124	3,218	3,314	3,414	3,516	3,622	3,730	0.30%	1.64%
Assumed Growth		-9.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%		
Total Assets	25,812	27,894	30,165	32,620	35,282	38,199	41,361	44,789	48,281	51,809	55,342	8.16%	7.93%
Servicing Fees (\$000s)	13,881	14,000	14,983	16,042	17,183	18,417	19,749	21,186	22,689	24,211	25,739	5.82%	6.37%

Project Vega

Partnership Servicing Fees

Dollars in millions, unless otherwise noted

	At Nov. 30, 2015	Projected At or For the Year Ending December 31,										5 Year Average / CAGR	10 Year Average / CAGR	
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025			
TOTAL PARTNERSHIP ASSETS														
Beginning Partnership Assets		2,044	2,208	2,384	2,575	2,781	3,003	3,244	3,503	3,766	4,029			
Net New Business		164	177	191	206	222	240	259	263	264	262			
Total Return		-	-	-	-	-	-	-	-	-	-			
Ending Partnership Assets	2,044	2,208	2,384	2,575	2,781	3,003	3,244	3,503	3,766	4,029	4,291	8.00%	7.70%	
% Change From Prior Year		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%			
Net New Business		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%	8.00%	7.70%	
Total Return		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Total Return on Net New Business (1)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Net Asset Growth		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%	8.00%	7.70%	
Average Partnership Assets	2,064	2,126	2,296	2,479	2,678	2,892	3,123	3,373	3,634	3,898	4,160			
Average Fee Basis	0.134%	0.137%	0.137%	0.137%	0.137%	0.137%	0.137%	0.137%	0.137%	0.137%	0.137%			
Partnership Fees (000s)	2,768	2,906	3,139	3,390	3,661	3,954	4,270	4,612	4,969	5,329	5,688	7.39%	7.47%	

Notes:

(1) Assumes net new business booked ratably throughout the year.

Project Vega

Investment Management AUA Growth Rate Assumptions

Dollars in millions, unless otherwise noted

	At Nov. 30,	Projected At or For the Year Ending December 31,										5 Year	10 Year	
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Average / CAGR	Average / CAGR	
TOTAL INVESTMENT MANAGEMENT ASSETS														
Beginning IM Assets		23,768	25,686	27,781	30,045	32,501	35,196	38,118	41,286	44,516	47,780			
Net New Business		1,918	2,095	2,264	2,456	2,695	2,922	3,168	3,230	3,265	3,270			
Total Return		-	-	-	-	-	-	-	-	-	-			
Ending IM Assets		<u>23,768</u>	<u>25,686</u>	<u>27,781</u>	<u>30,045</u>	<u>32,501</u>	<u>35,196</u>	<u>38,118</u>	<u>41,286</u>	<u>44,516</u>	<u>47,780</u>	8.17%	7.94%	
% Change From Prior Year			8.07%	8.16%	8.15%	8.18%	8.29%	8.30%	8.31%	7.82%	7.33%	6.84%		
Net New Business			8.07%	8.16%	8.15%	8.18%	8.29%	8.30%	8.31%	7.82%	7.33%	6.84%	8.17%	7.95%
Total Return			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Return on Net New Business			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Asset Growth			8.07%	8.16%	8.15%	8.18%	8.29%	8.30%	8.31%	7.82%	7.33%	6.84%	8.17%	7.95%
Average Investment Management Assets		24,727	26,734	28,913	31,273	33,848	36,657	39,702	42,901	46,148	49,415			
Average Fee Basis			0.217%	0.217%	0.217%	0.218%	0.218%	0.219%	0.220%	0.221%	0.222%	0.222%		
Management Fees (000s)		19,627	21,340	23,250	25,345	27,741	30,462	33,461	36,680	40,039	43,521			
Administration Fees (000s)		33,913	36,626	39,556	42,720	46,138	49,829	53,815	57,981	62,179	66,371			
Total Investment Management Fees (000s)		<u>49,889</u>	<u>53,540</u>	<u>57,965</u>	<u>62,806</u>	<u>68,065</u>	<u>73,878</u>	<u>80,291</u>	<u>87,276</u>	<u>94,661</u>	<u>102,219</u>	8.17%	8.22%	

Project Vega

Investment Management AUA Growth Rate Assumptions

Dollars in millions, unless otherwise noted

	At Nov. 30,	Projected At or For the Year Ending December 31,										5 Year	10 Year
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Average / CAGR	Average / CAGR
UHNW AUM													
Beginning Balance -- Existing AUM		5,485	5,485	5,485	5,485	5,485	5,485	5,485	5,485	5,485	5,485		
Total Return		-	-	-	-	-	-	-	-	-	-		
Ending Balance -- Existing AUM	5,485	5,485	5,485	5,485	5,485	5,485	5,485	5,485	5,485	5,485	5,485		
Beginning Balance -- New AUM		-	439	913	1,425	1,977	2,574	3,219	3,915	4,620	5,328		
Net New Business		439	474	512	553	597	645	696	705	707	703		
Total Return		-	-	-	-	-	-	-	-	-	-		
Ending Balance -- New AUM		439	913	1,425	1,977	2,574	3,219	3,915	4,620	5,328	6,031		
Ending Balance -- Total AUM	5,485	5,924	6,398	6,909	7,462	8,059	8,704	9,400	10,105	10,813	11,515	8.00%	7.70%
% Change From Prior Year		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%		
% of Total IM Assets	23.08%	23.06%	23.03%	23.00%	22.96%	22.90%	22.83%	22.77%	22.70%	22.63%	22.56%		
Net New Business		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%		
Total Return		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Total Return on Net New Business (1)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Net New Assets Growth		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%		
Average Managed Assets		5,704	6,161	6,654	7,186	7,761	8,382	9,052	9,753	10,459	11,164		
Average Fee Basis		0.196%	0.196%	0.196%	0.196%	0.196%	0.196%	0.196%	0.196%	0.196%	0.196%		
Management Fees (000s)		11,163	12,056	13,020	14,062	15,187	16,402	17,714	19,085	20,467	21,847		
% of Total		20.8%	20.8%	20.7%	20.7%	20.6%	20.4%	20.3%	20.2%	20.0%	19.9%		
UHNW NON-MANAGED ASSETS													
Beginning Balance -- Existing AUAdministration		16,663	16,663	16,663	16,663	16,663	16,663	16,663	16,663	16,663	16,663		
Total Return		-	-	-	-	-	-	-	-	-	-		
Ending Balance -- Existing AUAdministration	16,663	16,663	16,663	16,663	16,663	16,663	16,663	16,663	16,663	16,663	16,663		
Beginning Balance -- New AUAdministration		-	1,333	2,773	4,328	6,007	7,821	9,779	11,895	14,037	16,186		
Net New Business		1,333	1,440	1,555	1,679	1,814	1,959	2,115	2,142	2,149	2,135		
Total Return		-	-	-	-	-	-	-	-	-	-		
Ending Balance -- New AUAdministration		1,333	2,773	4,328	6,007	7,821	9,779	11,895	14,037	16,186	18,321		
Ending Balance -- Total AUAdministration	16,663	17,996	19,436	20,991	22,670	24,484	26,443	28,558	30,700	32,849	34,984	8.00%	7.70%
% Change From Prior Year		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%		
% of Total IM Assets	70.11%	70.06%	69.96%	69.87%	69.75%	69.56%	69.37%	69.17%	68.96%	68.75%	68.53%		
Net New Business		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%		
Total Return		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Total Return on Net New Business (1)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Net New Assets Growth		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%		
Average Administered Assets		17,330	18,716	20,214	21,831	23,577	25,463	27,500	29,629	31,774	33,916		
Average Fee Basis		0.196%	0.196%	0.196%	0.196%	0.196%	0.196%	0.196%	0.196%	0.196%	0.196%		
Administration Fees (000s)		33,913	36,626	39,556	42,720	46,138	49,829	53,815	57,981	62,179	66,371		
% of Total		63.3%	63.2%	63.0%	62.8%	62.5%	62.1%	61.7%	61.3%	60.8%	60.4%		

Notes:

(1) Assumes net new business booked ratably throughout the year.

Project Vega

Investment Management AUA Growth Rate Assumptions

Dollars in millions, unless otherwise noted

	At Nov. 30,	Projected At or For the Year Ending December 31,										5 Year	10 Year
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Average / CAGR	Average / CAGR
SUBADVISORY / INSTITUTIONAL ASSETS													
Beginning Balance -- Existing AUM		1,505	1,505	1,505	1,505	1,505	1,505	1,505	1,505	1,505	1,505		
Total Return		-	-	-	-	-	-	-	-	-	-		
Ending Balance -- Existing AUM	1,505	1,505	1,505	1,505	1,505	1,505	1,505	1,505	1,505	1,505	1,505		
Beginning Balance -- New AUM		-	181	383	610	863	1,148	1,466	1,822	2,205	2,613		
Net New Business		181	202	227	254	284	318	357	383	408	432		
Total Return		-	-	-	-	-	-	-	-	-	-		
Ending Balance -- New AUM		181	383	610	863	1,148	1,466	1,822	2,205	2,613	3,046		
Ending Balance -- Total AUM	1,505	1,686	1,888	2,115	2,369	2,653	2,971	3,328	3,710	4,119	4,551	12.00%	11.70%
% Change From Prior Year		12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	11.50%	10.50%		
% of Total AUM	6.33%	6.56%	6.80%	7.04%	7.29%	7.54%	7.79%	8.06%	8.34%	8.62%	8.91%		
Net New Business		12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	11.50%	11.00%	10.50%		
Total Return		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Total Return on Net New Business (1)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Net New Assets Growth		12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	11.50%	11.00%	10.50%		
Average Managed Assets		1,596	1,787	2,002	2,242	2,511	2,812	3,149	3,519	3,914	4,335		
Average Fee Basis		0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%		
Management Fees (000s)		7,978	8,935	10,008	11,209	12,554	14,060	15,747	17,595	19,572	21,674		
% of Total		14.9%	15.4%	15.9%	16.5%	17.0%	17.5%	18.0%	18.6%	19.1%	19.7%		
SUBADVISORY ASSETS - NIKKO													
Beginning Balance -- Existing AUM		114	114	114	114	114	114	114	114	114	114		
Total Return		-	-	-	-	-	-	-	-	-	-		
Ending Balance -- Existing AUM	114	114	114	114	114	114	114	114	114	114	114		
Beginning Balance -- New AUM		-	(34)	(55)	(85)	(114)	(114)	(114)	(114)	(114)	(114)		
Net New Business		(34)	(21)	(30)	(30)	-	-	-	-	-	-		
Total Return		-	-	-	-	-	-	-	-	-	-		
Ending Balance -- New AUM		(34)	(55)	(85)	(114)	(114)	(114)	(114)	(114)	(114)	(114)		
Ending Balance -- Total AUM	114	80	59	30	-	-	-	-	-	-	-	-100.00%	-100.00%
% Change From Prior Year		-29.89%	-26.20%	-50.00%	-100.00%	NM	NM	NM	NM	NM	NM		
% of Total AUM	0.48%	0.31%	0.21%	0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Net New Business		-29.89%	-26.20%	-50.00%	-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Total Return		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Total Return on Net New Business (1)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Net New Assets Growth		-29.89%	-26.20%	-50.00%	-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Average Managed Assets		97	70	44	15	-	-	-	-	-	-		
Average Fee Basis		0.500%	0.500%	0.500%	0.500%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%		
Management Fees (000s)		486	348	222	74	-	-	-	-	-	-		
% of Total		0.9%	0.6%	0.4%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		

Notes:

(1) Assumes net new business booked ratably throughout the year.

Project Vega

Trust AUA Growth Rate Assumptions

Dollars in millions, unless otherwise noted

	At Nov. 30,	Projected At or For the Year Ending December 31,										5 Year	10 Year
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Average / CAGR	Average / CAGR
TOTAL TRUST ASSETS													
Beginning Trust Assets		4,881	5,272	5,694	6,149	6,641	7,172	7,746	8,366	8,993	9,623		
Net New Business		391	422	455	492	531	574	620	627	630	625		
Total Return		-	-	-	-	-	-	-	-	-	-		
Ending Trust Assets	<u>4,881</u>	<u>5,272</u>	<u>5,694</u>	<u>6,149</u>	<u>6,641</u>	<u>7,172</u>	<u>7,746</u>	<u>8,366</u>	<u>8,993</u>	<u>9,623</u>	<u>10,248</u>	8.00%	7.70%
% Change From Prior Year		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%		
Net New Business		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%	8.00%	7.70%
Total Return		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Return on Net New Business		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Asset Growth		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%	8.00%	7.70%
Average Trust Assets		5,077	5,483	5,921	6,395	6,907	7,459	8,056	8,679	9,308	9,935		
Average Fee Basis		0.306%	0.306%	0.306%	0.306%	0.306%	0.306%	0.306%	0.306%	0.306%	0.306%		
Management Fees (000s)		10,620	11,470	12,388	13,379	14,449	15,605	16,853	18,158	19,473	20,785		
Administration Fees (000s)		4,909	5,301	5,725	6,183	6,678	7,212	7,789	8,392	9,000	9,607		
Total Trust Fees (000s)	<u>14,905</u>	<u>15,529</u>	<u>16,771</u>	<u>18,113</u>	<u>19,562</u>	<u>21,127</u>	<u>22,817</u>	<u>24,643</u>	<u>26,550</u>	<u>28,472</u>	<u>30,392</u>	7.23%	7.38%

Project Vega

Trust AUA Growth Rate Assumptions

Dollars in millions, unless otherwise noted

	At Nov. 30,	Projected At or For the Year Ending December 31,										5 Year	10 Year
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Average / CAGR	Average / CAGR
TRUST AUM													
Beginning Balance -- Existing AUM		3,338	3,338	3,338	3,338	3,338	3,338	3,338	3,338	3,338	3,338		
Total Return		-	-	-	-	-	-	-	-	-	-		
Ending Balance -- Existing AUM	3,338	3,338	3,338	3,338	3,338	3,338	3,338	3,338	3,338	3,338	3,338		
Beginning Balance -- New AUM		-	267	556	867	1,203	1,567	1,959	2,383	2,812	3,243		
Net New Business		267	288	312	336	363	392	424	429	431	428		
Total Return		-	-	-	-	-	-	-	-	-	-		
Ending Balance -- New AUM		267	556	867	1,203	1,567	1,959	2,383	2,812	3,243	3,670		
Ending Balance -- Total AUM	3,338	3,605	3,894	4,205	4,542	4,905	5,298	5,721	6,150	6,581	7,009	8.00%	7.70%
% Change From Prior Year		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%		
% of Total Trust Assets	68.39%	68.39%	68.39%	68.39%	68.39%	68.39%	68.39%	68.39%	68.39%	68.39%	68.39%		
Net New Business		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%		
Total Return		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Total Return on Net New Business (1)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Net New Assets Growth		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%		
Average Managed Assets		3,472	3,750	4,050	4,374	4,723	5,101	5,509	5,936	6,366	6,795		
Average Fee Basis		0.306%	0.306%	0.306%	0.306%	0.306%	0.306%	0.306%	0.306%	0.306%	0.306%		
Management Fees (000s)		10,620	11,470	12,388	13,379	14,449	15,605	16,853	18,158	19,473	20,785		
% of Total Trust Fees		68.4%	68.4%	68.4%	68.4%	68.4%	68.4%	68.4%	68.4%	68.4%	68.4%		
TRUST NON-MANAGED ASSETS													
Beginning Balance -- Existing AUAAdministration		1,543	1,543	1,543	1,543	1,543	1,543	1,543	1,543	1,543	1,543		
Total Return		-	-	-	-	-	-	-	-	-	-		
Ending Balance -- Existing AUAAdministration	1,543	1,543	1,543	1,543	1,543	1,543	1,543	1,543	1,543	1,543	1,543		
Beginning Balance -- New AUAAdministration		-	123	257	401	556	724	906	1,101	1,300	1,499		
Net New Business		123	133	144	155	168	181	196	198	199	198		
Total Return		-	-	-	-	-	-	-	-	-	-		
Ending Balance -- New AUAAdministration		123	257	401	556	724	906	1,101	1,300	1,499	1,696		
Ending Balance -- Total AUAAdministration	1,543	1,666	1,800	1,944	2,099	2,267	2,448	2,644	2,843	3,042	3,239	8.00%	7.70%
% Change From Prior Year		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%		
% of Total Trust Assets	31.61%	31.61%	31.61%	31.61%	31.61%	31.61%	31.61%	31.61%	31.61%	31.61%	31.61%		
Net New Business		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%		
Total Return		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Total Return on Net New Business (1)		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Net New Assets Growth		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%		
Average Administered Assets		1,605	1,733	1,872	2,021	2,183	2,358	2,546	2,743	2,942	3,140		
Average Fee Basis		0.306%	0.306%	0.306%	0.306%	0.306%	0.306%	0.306%	0.306%	0.306%	0.306%		
Administration Fees (000s)		4,909	5,301	5,725	6,183	6,678	7,212	7,789	8,392	9,000	9,607		
% of Total Trust Fees		31.6%	31.6%	31.6%	31.6%	31.6%	31.6%	31.6%	31.6%	31.6%	31.6%		

Notes:

(1) Assumes net new business booked ratably throughout the year.

Project Vega

Net New Business & Total Return Assumptions

		Projected Year Ending December 31,										Arithmetic Avg Total Return
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
NET NEW BUSINESS - UHNW AUM												
3	Pessimistic	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	3.50%	3.00%	2.50%	
	Underperform	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	5.50%	5.00%	4.50%	
	Neutral	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%	
	Outperform	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	9.50%	9.00%	8.50%	
	Optimistic	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	11.50%	11.00%	10.50%	
	Neutral	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%	
NET NEW BUSINESS - UHNW Non-Managed Assets												
3	Pessimistic	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	3.50%	3.00%	2.50%	
	Underperform	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	5.50%	5.00%	4.50%	
	Neutral	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%	
	Outperform	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	9.50%	9.00%	8.50%	
	Optimistic	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	11.50%	11.00%	10.50%	
	Neutral	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%	
NET NEW BUSINESS - Trust AUM												
3	Pessimistic	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	3.50%	3.00%	2.50%	
	Underperform	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	5.50%	5.00%	4.50%	
	Neutral	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%	
	Outperform	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	9.50%	9.00%	8.50%	
	Optimistic	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	11.50%	11.00%	10.50%	
	Neutral	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%	
NET NEW BUSINESS - Trust Non-Managed Assets												
3	Pessimistic	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	3.50%	3.00%	2.50%	
	Underperform	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	5.50%	5.00%	4.50%	
	Neutral	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%	
	Outperform	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	9.50%	9.00%	8.50%	
	Optimistic	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	11.50%	11.00%	10.50%	
	Neutral	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%	

Project Vega

Net New Business & Total Return Assumptions

		Projected Year Ending December 31,									Arithmetic Avg Total Return
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
NET NEW BUSINESS - Subadvisory / Institutional Assets											
3	Pessimistic	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%
	Underperform	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	9.50%	9.00%	8.50%
	Neutral	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	11.50%	11.00%	10.50%
	Outperform	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.50%	13.00%	12.50%
	Optimistic	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%	15.50%	15.00%	14.50%
	Neutral	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	11.50%	11.00%	10.50%
CUMULATIVE NEW BUSINESS - Nikko Run-Off [1]											
3	Pessimistic	-64.95%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%
	Underperform	-34.89%	-74.13%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%
	Neutral	-29.89%	-48.26%	-74.13%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%
	Outperform	-24.89%	-40.19%	-65.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%
	Optimistic	-19.89%	-32.11%	-56.73%	-78.36%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%
	Neutral	-29.89%	-48.26%	-74.13%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%
NET NEW BUSINESS - Partnership Assets											
3	Pessimistic	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	3.50%	3.00%	2.50%
	Underperform	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	5.50%	5.00%	4.50%
	Neutral	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%
	Outperform	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	9.50%	9.00%	8.50%
	Optimistic	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	11.50%	11.00%	10.50%
	Neutral	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.50%	7.00%	6.50%

Note:

(1) Management provided run-off schedule for the Nikko account acquired at year end 2012. The neutral scenario reflects management's projected cumulative run-off of the Nikko assets.

Project Vega

Net New Business & Total Return Assumptions

		Projected Year Ending December 31,										Arithmetic
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Avg Total
		Return										
TOTAL RETURN - UHNW Assets												
3	Pessimistic	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%
	Underperform	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%
	Neutral	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Outperform	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	Optimistic	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
	Neutral	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL RETURN - Trust Assets												
3	Pessimistic	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%
	Underperform	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%
	Neutral	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Outperform	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	Optimistic	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
	Neutral	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL RETURN - Subadvisory / Institutional Assets												
3	Pessimistic	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%
	Underperform	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%
	Neutral	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Outperform	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	Optimistic	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
	Neutral	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL RETURN - Partnership Assets												
3	Pessimistic	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%
	Underperform	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%
	Neutral	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Outperform	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	Optimistic	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
	Neutral	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Project Vega

Exhibits

- Exhibit A: Market Statistics & Financial Data for Guideline U.S. Publicly Traded Investment Management Firms
- Exhibit B: Selected Acquisitions of Investment Management Firms
- Exhibit C: Estimated Cost of Equity Capital for Guideline U.S. Publicly Traded Investment Management Firms
- Exhibit D: Estimated Cost of Equity Capital Calculator for RFS
- Exhibit E: Premiums Paid in Acquisitions of Selected U.S. Publicly Traded Investment Management Firms
- Exhibit F: Estimated Discount for Lack of Marketability Based on Simulation Analysis

Exhibit A: Market Statistics & Financial Data

Guideline U.S. Publicly Traded Investment Management Firms

Dollars in thousands, except where noted and per share amounts

Firm	Stock Price, Market Value & AUM						Valuation Parameters										EV / EBITDA Multiples (g)			
	Price 12/31/15	52-Week		YTD Price Change	Market Value (a)	AUM (\$MM)	Market / AUM	Market / Revs (b)	Market / Pre-Tax (c)	LTM	P/E Ratios (d)				2015			2016		
		High	Low								2015	2015 FY	Forward	2016	2016 FY	LTM	FY Est (e)	FY Est (e)	LTM	FY Est (e)
Eaton Vance Corp. (l)	32.43	44.18	31.02	-20.8%	3,760,226	311,354	1.21%	2.71x	8.4x	14.1x	13.8x	8.7x	13.8x	12.5x	7.9x	8.3x	8.4x	7.6x		
Artisan Partners Asset Management Inc. (m)	36.06	49.89	33.24	-28.6%	2,650,410	96,968	2.73%	3.23x	8.4x	12.8x	13.3x	8.8x	13.8x	13.5x	8.9x	8.8x	9.2x	9.0x		
Waddell & Reed Financial, Inc. (n)	28.66	51.80	27.07	-42.5%	2,392,222	106,192	2.25%	1.56x	5.6x	9.1x	9.7x	6.2x	9.9x	9.9x	6.3x	6.4x	6.7x	7.4x		
Janus Capital Group Inc. (o)	14.09	18.98	13.12	-12.6%	2,626,376	185,000	1.42%	2.56x	9.3x	15.2x	15.5x	9.8x	14.2x	13.6x	8.6x	8.5x	8.6x	7.9x		
Cohen & Steers, Inc. (p)	30.48	46.39	25.42	-27.6%	1,396,898	49,744	2.81%	4.34x	11.4x	18.8x	17.8x	11.3x	16.3x	16.0x	10.1x	11.0x	10.3x	10.0x		
Virtus Investment Partners, Inc. (q)	117.46	165.95	94.52	-31.1%	1,030,712	47,938	2.15%	3.19x	7.3x	12.2x	15.9x	10.1x	15.1x	14.1x	8.9x	6.9x	9.5x	9.0x		
Boston Private Financial Holdings, Inc. (r)	11.34	13.82	10.55	-15.8%	945,407	27,406	3.45%	2.74x	9.1x	17.4x	15.0x	11.5x	14.7x	14.3x	11.0x	NA	NA	NA		
GAMCO Investors, Inc. (s)	31.04	48.13	28.52	-65.1%	783,481	39,575	1.98%	1.90x	5.1x	8.2x	9.3x	5.9x	10.7x	10.7x	6.8x	2.9x	3.0x	3.0x		
Calamos Asset Management, Inc. (t)	9.68	13.70	8.77	-27.3%	757,577	22,454	3.37%	3.27x	17.2x	24.2x	38.7x	24.5x	20.8x	20.0x	12.7x	21.3x	20.6x	15.4x		
Diamond Hill Investment Group (u)	189.00	231.85	123.55	36.9%	638,669	15,914	4.01%	4.46x	10.7x	16.6x	NM	NM	NM	NM	NM	9.6x	NA	NA		
Pzena Investment Management, Inc. (v)	8.60	12.25	7.66	-9.1%	585,111	25,500	2.29%	4.95x	10.0x	16.6x	17.9x	11.3x	16.5x	17.6x	11.1x	9.6x	9.9x	9.9x		
Westwood Holdings Group, Inc. (w)	52.09	64.09	48.30	-15.7%	418,651	20,375	2.05%	3.28x	9.2x	14.2x	NM	NM	NM	NM	NM	9.0x	NA	NA		
Silvercrest Asset Management Group Inc. (x)	11.89	16.14	10.19	-24.0%	162,370	17,621	0.92%	2.21x	8.1x	14.7x	14.5x	9.2x	16.6x	17.4x	11.0x	8.7x	8.7x	8.6x		
MAXIMUM				36.9%	3,760,226	311,354	4.01%	4.95x	17.2x	24.2x	38.7x	24.5x	20.8x	20.0x	12.7x	21.3x	20.6x	15.4x		
75TH PERCENTILE				-15.7%	2,392,222	96,968	2.81%	3.28x	10.0x	16.6x	16.9x	11.3x	16.4x	16.7x	11.0x	9.6x	9.8x	9.7x		
60TH PERCENTILE				-19.8%	1,103,949	48,299	2.38%	3.24x	9.2x	15.5x	15.5x	10.1x	15.1x	14.3x	10.1x	8.9x	9.3x	9.0x		
MEDIAN				-24.0%	945,407	39,575	2.25%	3.19x	9.1x	14.7x	15.0x	9.8x	14.7x	14.1x	8.9x	8.8x	8.9x	8.8x		
40TH PERCENTILE				-27.4%	778,300	27,025	2.13%	2.73x	8.4x	14.2x	14.5x	9.2x	14.2x	13.6x	8.9x	8.6x	8.6x	8.3x		
25TH PERCENTILE				-28.6%	638,669	22,454	1.98%	2.56x	8.1x	12.8x	13.5x	8.7x	13.8x	13.0x	8.2x	8.0x	8.4x	7.6x		
MINIMUM				-65.1%	162,370	15,914	0.92%	1.56x	5.1x	8.2x	9.3x	5.9x	9.9x	9.9x	6.3x	2.9x	3.0x	3.0x		
COEFFICIENT OF VARIATION							38%	32%	33%	28%	48%			21%						
INTER-QUARTILE RATIO							37%	23%	22%	26%	22%			26%						
Project Vega						10,443														
Percentile Rank						MIN														

Footnotes appear near the end of the exhibit.

Exhibit A: Market Statistics & Financial Data
Guideline U.S. Publicly Traded Investment Management Firms

Firm	Valuation Parameters		Profitability Ratios, Revenue Mix & Compensation Expense							Capital Ratios		AUM Composition (%)				
	2016 Estimated Revenue	Market / 2016 Est. Revenue	ROAE	Mgmt Fees /			% of Revenues (b)			LTM Effective Tax Rate	Intang / Common Equity	LT Debt / Total Equity	Equity	Fixed Income	Money Market	Other
				AUM	Fees	Comp	Amort	EBITDA	Pre-Tax Income							
Eaton Vance Corp. (l)	1,342,882	2.80x	38.1%	0.38%	86.3%	34.9%	0.7%	35.4%	31.7%	37.7%	47.2%	156.1%	28.9%	16.8%	0.0%	54.3%
Artisan Partners Asset Management Inc. (m)	794,250	3.34x	192.8%	0.85%	100.0%	50.7%	0.0%	41.9%	38.5%	17.4%	0.0%	169.1%	100.0%	0.0%	0.0%	0.0%
Waddell & Reed Financial, Inc. (n)	1,450,133	1.65x	32.2%	0.69%	47.6%	13.0%	0.0%	29.6%	27.8%	38.4%	18.9%	22.7%	79.3%	18.7%	2.0%	0.0%
Janus Capital Group Inc. (o)	1,160,771	2.26x	9.9%	0.48%	87.2%	41.3%	NA	33.5%	27.6%	36.7%	117.7%	NA	74.9%	22.5%	0.7%	1.9%
Cohen & Steers, Inc. (p)	333,917	4.18x	31.0%	0.64%	99.6%	33.1%	0.0%	38.8%	38.0%	39.7%	8.0%	0.0%	24.3%	0.0%	0.0%	75.7%
Virtus Investment Partners, Inc. (q)	274,611	3.75x	7.8%	0.74%	109.8%	42.4%	NA	45.6%	43.5%	50.0%	9.0%	1.7%	67.5%	32.5%	0.0%	7.7%
Boston Private Financial Holdings, Inc. (r)	371,415	2.55x	8.4%	0.30%	23.5%	46.3%	1.9%	34.9%	28.4%	33.7%	25.2%	76.7%	77.0%	16.0%	0.0%	7.0%
GAMCO Investors, Inc. (s)	NA	NA	16.6%	0.90%	86.7%	43.0%	NA	39.6%	37.5%	38.3%	0.9%	NA	95.7%	4.3%	4.1%	0.0%
Calamos Asset Management, Inc. (t)	213,359	3.55x	7.3%	0.85%	81.9%	39.3%	0.0%	15.2%	19.0%	6.9%	2.0%	12.2%	44.5%	10.0%	0.0%	45.5%
Diamond Hill Investment Group (u)	NA	NA	43.1%	0.66%	73.0%	31.0%	0.0%	46.1%	41.7%	36.8%	0.0%	0.0%	98.1%	1.9%	0.0%	0.0%
Pzena Investment Management, Inc. (v)	122,843	4.76x	65.7%	0.46%	99.5%	39.1%	0.0%	49.6%	49.3%	6.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
Westwood Holdings Group, Inc. (w)	NA	NA	24.6%	0.63%	100.1%	48.0%	0.8%	36.4%	35.0%	34.1%	39.2%	0.0%	95.1%	5.0%	0.0%	0.0%
Silvercrest Asset Management Group Inc. (x)	79,283	2.05x	21.1%	0.40%	95.1%	57.9%	2.0%	29.7%	25.3%	37.8%	68.1%	NA	100.0%	0.0%	0.0%	0.0%
MAXIMUM	1,450,133	4.76x	192.8%	0.90%	109.8%	57.9%	2.0%	49.6%	49.3%	50.0%	117.7%	169.1%	100.0%	32.5%	4.1%	75.7%
75TH PERCENTILE	1,069,141	3.70x	38.1%	0.74%	99.6%	46.3%	0.8%	41.9%	38.5%	38.3%	39.2%	63.2%	98.1%	16.8%	0.0%	7.7%
60TH PERCENTILE	540,549	3.42x	31.2%	0.66%	96.0%	42.5%	0.3%	38.9%	37.6%	37.7%	20.2%	16.4%	95.2%	11.2%	0.0%	2.9%
MEDIAN	352,666	3.07x	24.6%	0.64%	87.2%	41.3%	0.0%	36.4%	35.0%	36.8%	9.0%	6.9%	79.3%	5.0%	0.0%	0.0%
40TH PERCENTILE	310,195	2.70x	20.2%	0.60%	86.6%	39.3%	0.0%	35.3%	31.1%	36.1%	6.8%	1.0%	76.6%	3.8%	0.0%	0.0%
25TH PERCENTILE	228,672	2.33x	9.9%	0.46%	81.9%	34.9%	0.0%	33.5%	27.8%	33.7%	0.9%	0.0%	67.5%	0.0%	0.0%	0.0%
MINIMUM	79,283	1.65x	7.3%	0.30%	23.5%	13.0%	0.0%	15.2%	19.0%	6.0%	0.0%	0.0%	24.3%	0.0%	0.0%	0.0%
COEFFICIENT OF VARIATION				32%					25%							
INTER-QUARTILE RATIO				43%					30%							
Project Vega	90,819		5.3%		58.2%	49.9%		9.2%	8.4%							
Percentile Rank	3%		MIN		12%	89%		MIN	MIN							
Project Vega - 5th Year						51.6%			13.1%							
Percentile Rank						93%			MIN							

Footnotes appear near the end of the exhibit.

Exhibit A: Market Statistics & Financial Data

Guideline U.S. Publicly Traded Investment Management Firms

Dollars in thousands, except where noted and per share amounts

Firm	Historical Growth Rates & Revenue Volatility (h)							Earnings Per Share & EPS Growth Rates						Performance Ratios			
	3-Yr Growth Rates			Operating Leverage	5-Yr Rev Volatility	Estimated 1-Yr Revenue Growth	Latest FY	EPS Estimates				Estimated 5-Yr EPS Growth (e)	AUM / Empl	Revs / Empl	Pre-Tax / Empl		
	AUM	Revenues	Pre-Tax Income					Diluted EPS	Current FY (e)	Forward FY (e)	Forward 4Q (e)					% Ch (i)	
Eaton Vance Corp. (l)	16.5%	6.2%	11.2%	6.7%	1.82x	9.3%	-3.2%	2.29	2.29	2.36	2.60	2.35	10.4%	7.6%	293,453	1,308	415
Artisan Partners Asset Management Inc. (m)	23.6%	23.5%	29.9%	NM	1.27x	8.5%	-3.1%	3.17	2.82	2.71	2.67	2.61	-1.2%	15.0%	281,067	2,375	914
Waddell & Reed Financial, Inc. (n)	14.1%	12.9%	21.3%	23.1%	1.65x	4.7%	-5.6%	3.77	3.15	2.94	2.89	2.90	-1.9%	2.6%	64,437	932	259
Janus Capital Group Inc. (o)	7.8%	0.3%	3.4%	1.3%	NM	11.2%	13.1%	0.81	0.93	0.91	1.04	0.99	14.3%	18.4%	153,019	849	235
Cohen & Steers, Inc. (p)	8.8%	9.8%	12.0%	10.2%	1.22x	15.8%	3.8%	1.65	1.62	1.71	1.91	1.87	11.6%	11.2%	189,141	1,223	465
Virtus Investment Partners, Inc. (q)	17.9%	30.8%	118.9%	-13.7%	3.86x	10.0%	-14.9%	10.87	9.63	7.37	8.34	7.76	13.2%	-0.4%	116,921	787	343
Boston Private Financial Holdings, Inc. (r)	16.1%	2.4%	49.0%	18.0%	NM	7.7%	7.6%	0.72	0.65	0.76	0.79	0.77	4.6%	NA	30,519	384	109
GAMCO Investors, Inc. (s)	11.7%	11.4%	14.0%	16.2%	1.23x	7.7%	NA	4.28	3.79	3.33	2.89	2.90	-13.2%	15.0%	184,930	1,925	722
Calamos Asset Management, Inc. (t)	-10.5%	-10.2%	-22.9%	-2.7%	-2.24x	11.9%	-8.0%	0.58	0.40	0.25	0.48	0.47	93.2%	10.0%	61,857	639	121
Diamond Hill Investment Group (u)	21.8%	19.7%	29.9%	25.8%	1.51x	9.8%	NA	9.11	11.36	NA	NA	NA	NA	NA	148,729	1,337	558
Pzena Investment Management, Inc. (v)	27.1%	10.0%	12.6%	12.7%	1.27x	12.3%	4.0%	0.51	0.52	0.48	0.49	0.52	2.1%	NA	314,815	1,458	719
Westwood Holdings Group, Inc. (w)	15.5%	18.0%	21.2%	18.1%	1.18x	5.9%	NA	3.51	3.66	NA	NA	NA	NA	NA	156,731	982	344
Silvercrest Asset Management Group Inc. (x)	21.0%	17.8%	4.0%	NA	0.23x	2.5%	7.7%	0.86	0.81	0.82	0.69	0.72	-16.5%	NA	181,660	759	192
MAXIMUM	27.1%	30.8%	118.9%	25.8%	3.86x	15.8%	13.1%						93.2%	18.4%	314,815	2,375	914
75TH PERCENTILE	21.0%	18.0%	29.9%	18.0%	1.58x	11.2%	6.7%						12.4%	15.0%	189,141	1,337	558
60TH PERCENTILE	16.8%	13.9%	21.3%	16.2%	1.27x	9.8%	3.9%						10.4%	12.0%	182,314	1,240	425
MEDIAN	16.1%	11.4%	14.0%	12.7%	1.27x	9.3%	0.4%						4.6%	10.6%	156,731	982	344
40TH PERCENTILE	15.3%	9.9%	12.5%	10.2%	1.23x	8.3%	-3.1%						2.1%	9.5%	152,161	916	326
25TH PERCENTILE	11.7%	6.2%	11.2%	4.0%	1.20x	5.9%	-5.0%						-1.5%	6.4%	116,921	787	235
MINIMUM	-10.5%	-10.2%	-22.9%	-13.7%	-2.24x	1.1%	-14.9%						-16.5%	-0.4%	30,519	384	109
Project Vega	0.0%	6.9%	NM			6.9%	6.0%							37.4%			
Percentile Rank	5%	27%	MAX			30%	73%							MAX			

Footnotes appear near the end of the exhibit.

Exhibit A: Market Statistics & Financial Data
Guideline U.S. Publicly Traded Investment Management Firms

Dollars in thousands, except where noted and per share amounts

Firm	Income Statement Data				Balance Sheet Data				AUM Composition (\$MM)				
	Total Revs (b)	Amort	Pre-Tax Income	Net Income	Total Assets	Intangibles	LT Debt (j)	Common Equity	Equity	Fixed Income	Money Market	Other	Total
Eaton Vance Corp. (i)	1,387,593	9,693	440,317	271,149	2,116,471	293,394	573,811	620,231	90,013	52,373	-	168,968	311,354
Artisan Partners Asset Management Inc. (m)	819,500	-	315,300	206,600	1,010,829	-	200,000	122,451	96,968	-	-	-	96,968
Waddell & Reed Financial, Inc. (n)	1,536,753	-	427,613	263,509	1,442,789	158,118	190,000	836,937	84,233	19,867	2,092	-	106,192
Janus Capital Group Inc. (o)	1,026,600	NA	283,720	173,827	2,857,700	1,947,000	297,100	1,568,600	138,600	41,600	1,300	3,500	185,000
Cohen & Steers, Inc. (p)	321,558	89	122,279	74,370	296,023	19,798	-	245,942	12,089	-	-	37,655	49,744
Virtus Investment Partners, Inc. (q)	322,658	NA	140,479	87,675	826,763	48,321	-	539,626	32,357	15,581	-	3,682	47,938
Boston Private Financial Holdings, Inc. (r)	345,038	6,436	97,929	54,290	7,180,528	186,684	568,262	689,860	21,103	4,385	-	1,918	27,406
GAMCO Investors, Inc. (s)	411,898	NA	154,454	96,122	872,669	5,358	106,750	562,645	37,893	1,682	1,637	-	39,575
Calamos Asset Management, Inc. (t)	231,796	-	43,981	31,619	545,980	7,351	45,955	194,505	10,003	2,236	-	10,215	22,454
Diamond Hill Investment Group (u)	143,054	-	59,688	37,771	145,624	-	-	108,045	15,615	299	-	-	15,914
Pzena Investment Management, Inc. (v)	118,130	-	58,222	35,268	117,750	-	-	16,484	25,500	-	-	-	25,500
Westwood Holdings Group, Inc. (w)	127,635	1,040	44,674	29,746	166,217	50,957	-	130,137	19,380	1,020	-	-	20,375
Silvercrest Asset Management Group Inc. (x)	73,636	1,477	18,647	11,188	101,946	40,519	-	45,560	17,621	-	-	-	17,621
MAXIMUM	1,536,753		440,317		7,180,528			1,568,600					
75TH PERCENTILE	819,500		283,720		1,442,789			620,231					
60TH PERCENTILE	358,410		143,274		900,301			544,230					
MEDIAN	322,658		122,279		826,763			245,942					
40TH PERCENTILE	303,606		90,281		495,989			181,631					
25TH PERCENTILE	143,054		58,222		166,217			122,451					
MINIMUM	73,636		18,647		101,946			16,484					
Project Vega	85,700		7,159		103,894			80,740					
Percentile Rank	2%		MIN		1%			13%					

Footnotes appear near the end of the exhibit.

Exhibit A: Market Statistics & Financial Data
Guideline U.S. Publicly Traded Investment Management Firms

Dollars and shares in thousands, except where noted and per share amounts

Firm	EBITDA			Other Data								
	LTM	2015 FY Est	2016 FY Est	Fiscal Yr End	LTM as of	Investment Advisory Fees	Recent Quarter Dividend	Indicated Dividend Yield	Shares Outstanding (k)	Ownership		Employees
									Insider	Institutional		
Eaton Vance Corp. (l)	491,072	486,333	539,000	October 31	October 31	1,196,866	0.27	3.27%	115,949	4.2%	75.1%	1,061
Artisan Partners Asset Management Inc. (m)	343,300	329,667	336,500	December 31	September 30	819,477	0.60	6.66%	73,500	NA	NA	345
Waddell & Reed Financial, Inc. (n)	454,945	434,500	389,667	December 31	September 30	731,895	0.46	6.42%	83,469	3.6%	87.9%	1,648
Janus Capital Group Inc. (o)	344,020	342,400	371,200	December 31	September 30	895,700	0.09	2.56%	186,400	NA	NA	1,209
Cohen & Steers, Inc. (p)	124,730	132,600	137,600	December 31	September 30	320,119	0.25	3.28%	45,830	56.5%	41.0%	263
Virtus Investment Partners, Inc. (q)	147,187	108,033	113,000	December 31	September 30	354,349	0.45	1.53%	8,775	NA	NA	410
Boston Private Financial Holdings, Inc. (r)	120,333	NA	NA	December 31	September 30	81,207	0.09	3.17%	83,369	NA	92.3%	898
GAMCO Investors, Inc. (s)	163,053	159,000	157,000	December 31	September 30	357,015	0.07	0.90%	25,241	18.9%	66.7%	214
Calamos Asset Management, Inc. (t)	35,338	36,600	48,900	December 31	September 30	189,794	0.15	6.20%	78,262	21.1%	62.2%	363
Diamond Hill Investment Group (u)	65,943	NA	NA	December 31	September 30	104,405	NA	NA	3,379	11.6%	57.3%	107
Pzena Investment Management, Inc. (v)	58,588	57,000	57,000	December 31	September 30	117,495	0.03	1.40%	68,036	20.4%	59.1%	81
Westwood Holdings Group, Inc. (w)	46,475	NA	NA	December 31	September 30	127,773	0.57	4.38%	8,037	10.9%	63.1%	130
Silvercrest Asset Management Group Inc. (x)	21,848	21,950	22,250	December 31	September 30	70,031	0.12	4.04%	13,656	24.0%	68.0%	97
MAXIMUM								6.66%		56.5%	92.3%	
75TH PERCENTILE								4.83%		21.1%	73.4%	
60TH PERCENTILE								3.73%		20.1%	67.2%	
MEDIAN								3.27%		18.9%	64.9%	
40TH PERCENTILE								3.21%		13.1%	62.7%	
25TH PERCENTILE								2.30%		10.9%	59.8%	
MINIMUM								0.90%		3.6%	41.0%	

Footnotes appear on the following page.

Exhibit A: Market Statistics & Financial Data

Guideline U.S. Publicly Traded Investment Management Firms

Notes:

- (a) Includes publicly traded investment management firms with market values in excess of \$100 million.
- (b) Revenues include net interest income.
- (d) The following companies have fiscal years which do not end on December 31: Franklin Resources, Eaton Vance, Legg Mason, and Value Line. Please see the
- (c) Ratio based on pre-tax income before amortization of intangibles and goodwill, net of minority interest.
previous page for the appropriate year end.
- (f) Multiples on current and forward fiscal year pre-tax income are based on estimates from Thomson First Call and median LTM effective tax rate for the industry sector.
- (g) Enterprise value adjusted for excess working capital. Assumes required working capital is equal to LTM expenses multiplied by the median working capital as a percent of LTM expenses.
Investments in mutual funds are excluded from working capital.
- (e) Source: Thomson First Call.
- (h) Based on most recent fiscal year end. Revenue volatility is the standard deviation of annual changes in total revenues. Revenues include net interest income.
- (k) Weighted average diluted shares outstanding, as of most recent quarter.
- (i) Represents change from current fiscal year estimate to forward fiscal year estimate.
- (j) Includes long-term debt and convertible debt.
- (l) Income adjusted to eliminate operating income of consolidated closed-end funds, closed end fund structuring fees, non-controlling interest value adjustments, loss on extinguishment of debt and settlement of state tax audit.
- (m) Pre-tax income, net income and EPS are adjusted for extinguishment of debt, net income attributable to noncontrolling interests, offering related compensation, gain and net losses on tax receivable agreements and gain on value of contingent rights.
- (n) Reflects adjustments for the launch of the Ivy High Income Opportunity Fund.
- (o) Income adjusted to add back expenses associated with the early retirement of debt and net charge on mark to market.
- (p) Revenue, pre-tax income, net income and EPS reflect non-GAAP metrics as reported in public filings.
- (q) Cash net income, cash EPS and cash pre-tax income reflect add-back of amortization, cost of restructuring and severance, consolidated sponsored investment product expenses, stock based compensation and Newfleet transition related expenses.
- (r) Income adjusted for discontinued operations and allocation to participating securities.
- (s) Income adjusted to reflect the elimination of non-operating items, including shareholder-designated charitable contributions and extinguishment of debt.
- (t) Net income, EPS and diluted shares outstanding assume minority interests in Calamos Holdings LLC converted into Class A shares. Calculation of shares outstanding conforms to CLMS's computation of market capitalization. Effective tax rate calculated including valuation allowance. Net income is adjusted for deferred tax amortization on intangible assets, minority interest - partnership investments and deferred tax valuation allowance.
- (u) Pre-tax, net income and EPS represent net operating income before investment returns, less applicable taxes.
- (v) Income adjusted to reflect pro forma results as reported in public filings.
- (w) Reflects adjustments for intangible amortization and deferred taxes on goodwill.
- (x) Income, EPS and EBITDA adjusted to reflect pro forma results as reported in public filings.

Sources: SNL Financial, Bloomberg, Thomson First Call, company filings.

Exhibit A: Market Statistics & Financial Data

U.S. Publicly Traded Investment Management Firms

Firm	Valuation Parameters								
	Market / AUM	Market / Revs	Market / Pre-Tax	P/E Ratios				Enterprise Value / EBITDA	
				LTM	Current FY Estimate	Current FY Pre-Tax	Forward FY Estimate		Forward FY Pre-Tax

**Multiples for Publicly Traded Investment Management Companies,
After Applicable Premiums & Discounts: -20.6% Adjustment Factor**

MAXIMUM	3.19%	3.93x	13.7x	19.2x	30.7x	19.4x	15.9x	10.1x	16.4x
75TH PERCENTILE	2.23%	2.60x	8.0x	13.2x	13.4x	9.0x	13.2x	8.7x	7.8x
60TH PERCENTILE	1.89%	2.57x	7.3x	12.3x	12.3x	8.0x	11.4x	8.0x	7.4x
MEDIAN	1.79%	2.54x	7.2x	11.7x	11.9x	7.8x	11.2x	7.1x	7.1x
40TH PERCENTILE	1.69%	2.17x	6.7x	11.3x	11.5x	7.3x	10.8x	7.1x	6.9x
25TH PERCENTILE	1.57%	2.03x	6.4x	10.2x	10.8x	6.9x	10.3x	6.5x	6.7x
MINIMUM	0.73%	1.24x	4.0x	6.5x	7.4x	4.7x	7.9x	5.0x	2.4x

Adjustment Factor:

Small Firm Discount	-17.0%
Discount for Lack of Marketability	-4.3%
	-20.6%

Exhibit B: Selected Acquisitions of Investment Management Firms
Transactions Involving Wealth Management and Investment Advisory Firms (Excludes All Minority Stake Transactions)

Date Announced	Seller (Entity Sold)	Buyer	Aggregate Value		Aggregate Value /			Pre-Tax Margin	Avg. Fee Basis
			(\$MM)	AUM (\$MM)	Revs	Pre-Tax	AUM		
11/30/2015	Courier Capital Corporation	Financial Institutions, Inc.	11.6	982	3.42x	8.3x	1.20%	41.2%	0.35%
6/17/2015	Constellation Wealth Advisors, LLC	First Republic Bank		4,294					
4/28/2015	Ozark Trust & Investment Corporation	Simmons First National Corporation	20.7	1,100	3.52x		1.88%	NA	0.53%
4/21/2015	Wells Fargo & Company (Wealth Enhancement Group, LLC)	Lightyear Capital LLC	0.0	4,700		12.0x		NA	NA
2/11/2015	Samson Capital Advisors LLC	Fiera Capital Corporation		7,600					
1/15/2015	Woodway Financial Advisors Inc.	Westwood Holdings Group, Inc.	45.0	1,600	4.29x	9.0x	2.82%	47.7%	0.66%
7/16/2014	Banyan Partners, LLC	Boston Private Financial Holdings, Inc.	81.3	3,729	3.25x	11.6x	2.18%	28.0%	0.67%
6/30/2014	Geneva Capital Management Ltd.	Henderson Group Plc	179.1	6,300	6.02x	11.6x	2.84%	51.7%	0.47%
6/4/2014	Legg Mason, Inc. (Legg Mason Investment Counsel & Trust Co., ■■■)	Stifel Financial Corp.		9,492					
4/16/2014	Crestview Advisors L.L.C. (Munder Capital Management)	Victory Capital Holdings Inc.		18,400					
1/7/2014	Chartwell Investment Partners	TriState Capital Holdings, Inc.	56.3	7,500	2.25x	9.4x	0.75%	24.0%	0.33%
9/3/13	Bel Air Investment Advisors LLC	Fiera Capital Corporation	119	5,960			2.00%	NA	NA
9/3/13	Financial Advice & Management Engineering USA, Inc (Wilkinson O'Grady & Co Inc.)	Fiera Capital Corporation	31	2,086			1.50%	NA	NA
7/15/13	Connor, Clark & Lunn Financial Group	Aston Hill Financial Inc.	16	1,167			1.69%	NA	NA
4/11/13	Invesco Ltd. (Atlantic Trust Group)	Canadian Imperial Bank of Commerce	210	20,300			1.03%	NA	NA
3/27/13	Genworth Financial, Inc. (Genworth Financial Wealth Management and Altegris)	Aquiline Capital Partners, Genstar Capital	413	22,349	1.06x	6.9x	1.85%	15.4%	1.75%
2/21/13	KeyCorp (Victory Capital Mgmt. / Victory Capital Advisors)	Crestview Partners, ■■■	246	22,000	2.20x	7.7x	1.12%	28.6%	0.51%
2/13/13	Artio Global Investors Inc.	Aberdeen Asset Management PLC	113	11,513	1.26x		0.98%	-41.4%	0.78%
10/29/12	RiverPoint Capital Management, Inc.	Bicknell Family Holding Company, LLC		1,300					
10/15/12	ThomasPartners, Inc.	Charles Schwab Corp.	85	2,300			3.70%	NA	NA
6/19/12	The Winthrop Corporation	National Patent Development Corporation	7	1,600			0.41%	NA	NA
4/25/12	Rochdale Corporation	City National Bank		4,442					
4/16/12	Edelman Financial Group Inc.	Lee Equity Partners, LLC	268	16,345	1.54x	12.9x	1.64%	11.9%	1.07%
3/20/12	Veritable, LP.	AMG Wealth Partners	117	11,100			1.32%	NA	NA
5/11/11	CSI Capital Management Inc	SunTrust Banks Inc.		1,500					
2/21/11	Hershey Trust Company (Private Wealth Management Business)	Bryn Mawr Bank Corporation		1,138					
		MAXIMUM		22,349	6.02x	12.9x	3.70%	51.7%	1.75%
		75TH PERCENTILE		10,698	3.52x	11.6x	2.05%	36.7%	0.74%
		60TH PERCENTILE		6,300	3.11x	10.2x	1.85%	28.4%	0.67%
		MEDIAN		4,571	2.82x	9.5x	1.64%	28.0%	0.61%
		40TH PERCENTILE		3,729	2.35x	9.2x	1.55%	25.1%	0.55%
		25TH PERCENTILE		1,600	2.18x	8.3x	1.12%	23.8%	0.52%
		MINIMUM		982	1.06x	5.7x	0.41%	-41.4%	0.33%
		COEFFICIENT OF VARIATION			45%	22%	46%		
		INTER-QUARTILE RATIO			48%	35%	57%		
		Project Vega		10,443				8.4%	
		Percentile Rank		74%				7%	

Notes:

Excludes all minority stake transactions, including RIT's acquisition of a 37% stake in RFS from SG. The discount for lack of marketability and discount for lack of control are applied to the majority stake transaction multiples, so by excluding all minority stake transactions, there is no double counting of discounts due to a valuation prepared on a nonmarketable minority interest basis.

Proprietary information relating to transactions for which Berkshire Capital received confidential data or acted as financial advisor to either the buyer or the seller (denoted in boldface type) is not shown for transactions where transaction pricing data was not disclosed to the public.

The coefficient of variation, a measure of dispersion, is equal to the standard deviation divided by the mean.

Source: Berkshire Capital Investment Management Database.

Exhibit C: Estimated Cost of Equity Capital

Guideline U.S. Publicly Traded Investment Management Firms

Dollars in thousands

Firm	Market Capitalization 12/31/15	Levered Beta	Debt / Equity Ratio W_d / W_e	Unlevered Beta (1)	Adjusted Beta at Target Leverage Ratio (2)	Size Premium (3)	Levered CAPM Cost of Equity Capital (4)
Eaton Vance Corp.	3,760,226	1.22	0.15	1.12	1.12	1.42%	11.84%
Artisan Partners Asset Management Inc.	2,650,410	1.29	0.08	1.24	1.24	1.64%	12.53%
Waddell & Reed Financial, Inc.	2,392,222	1.51	0.08	1.44	1.44	1.64%	13.89%
Janus Capital Group Inc.	2,626,376	1.18	0.11	1.11	1.11	1.64%	11.81%
Cohen & Steers, Inc.	1,396,898	1.02	0.00	1.02	1.02	1.76%	10.88%
Virtus Investment Partners, Inc.	1,030,712	1.18	0.00	1.18	1.18	2.00%	12.14%
Boston Private Financial Holdings, Inc.	945,407	1.02	0.60	0.75	0.75	2.06%	11.23%
GAMCO Investors, Inc.	783,481	1.21	0.14	1.12	1.12	2.18%	12.52%
Calamos Asset Management, Inc.	757,577	1.08	0.06	1.04	1.04	2.21%	11.71%
Diamond Hill Investment Group	638,669	0.97	0.00	0.97	0.97	2.36%	11.20%
Pena Investment Management, Inc.	585,111	0.92	0.00	0.92	0.92	2.43%	10.92%
Westwood Holdings Group, Inc.	418,651	1.14	0.00	1.14	1.14	2.71%	12.60%
M E D I A N	988,059	1.16	0.07	1.11	1.11	2.03%	11.82%

Notes:

(1) $\beta_u = \beta_l / (1 + (1 - t)(W_d / W_e))$, where

β_u = Unlevered beta
 β_l = Levered beta
 $t = 40.00\%$ = Tax rate
 W_d = Percentage of debt capital in the capital structure
 W_e = Percentage of equity capital in the capital structure, based on market value

(2) $\beta_l = \beta_u \times (1 + (1 - t)(W_d / W_e))$, where the targeted leverage ratio is 0.00x. See Exhibit D.

(3) Extrapolated from returns in excess of CAPM by decile for companies traded on NYSE/AMEX/NASDAQ (3,356 companies as of 9/30/14, 1926-2014).

(4) Adjusted Capital Asset Pricing Model: $K_e = R_f + \beta \times ERP + RP_s$, where

$R_f = 2.67\%$ = Current risk-free rate (current yield on constant maturity 20-year Treasury bond as of 12/31/15)
 β = Beta
 $ERP = 6.35\%$ = Equity risk premium, based on historical data (30-year average long-horizon equity risk premium, 1985-2014), net of the P/E expansion effect identified by Ibbotson and Chen in a study that decomposed average annual total returns on large-cap stocks between 1926 and 2000 into supply factors – inflation, real growth in earnings, income return through dividends, and expansion of P/E multiples. An updated study determined that P/E multiple expansion contributed 0.44% to annual total returns of stocks over 1926-2014.
 RP_s = Size premium, based on historical data

Sources: Bloomberg; U.S. Treasury; Morningstar, Inc.; Ibbotson S&P 500 Classic Yearbook; Morningstar, Inc.; Ibbotson S&P 500 Valuation Yearbook; John Wiley & Sons, Duff & Phelps Valuation Handbook; Ibbotson, Roger G. and Peng Chen, 'Long-Run Stock Returns: Participating in the Real Economy', Financial Analysts Journal, vol. 59, no. 1 (January/February 2003); Berkshire Capital analysis.

Exhibit D: Estimated Cost of Equity Capital Calculator

RFS

Dollars in thousands

Adjusted Capital Asset Pricing Model: $K_e = R_f + \beta \times ERP + RP_s + RP_u$

ERP	Equity Risk Premium (1)			6.35%
	Median Industry Unlevered Beta	1.11		
	Targeted W_d / W_e Ratio	0.00x		
β	Levered Beta, where $\beta_l = \beta_u \times (1 + (1 - t) (W_d / W_e))$		x	<u>1.11</u>
	Risk-Adjusted Equity Risk Premium			7.06%
R_f	Current Risk-Free Rate (Current Yield on Constant Maturity 20-Year Treasury Bond)		+	<u>2.67%</u>
				9.73%
RP_s	Size Premium:			
	Estimated Valuation of Subject Firm	150,000		
	Estimated Size Premium (2)		+	5.73%
RP_u	Company-Specific Risk Premium (3)		+	<u>0.00%</u>
	Estimated Cost of Equity Capital for Subject Firm			<u><u>15.46%</u></u>

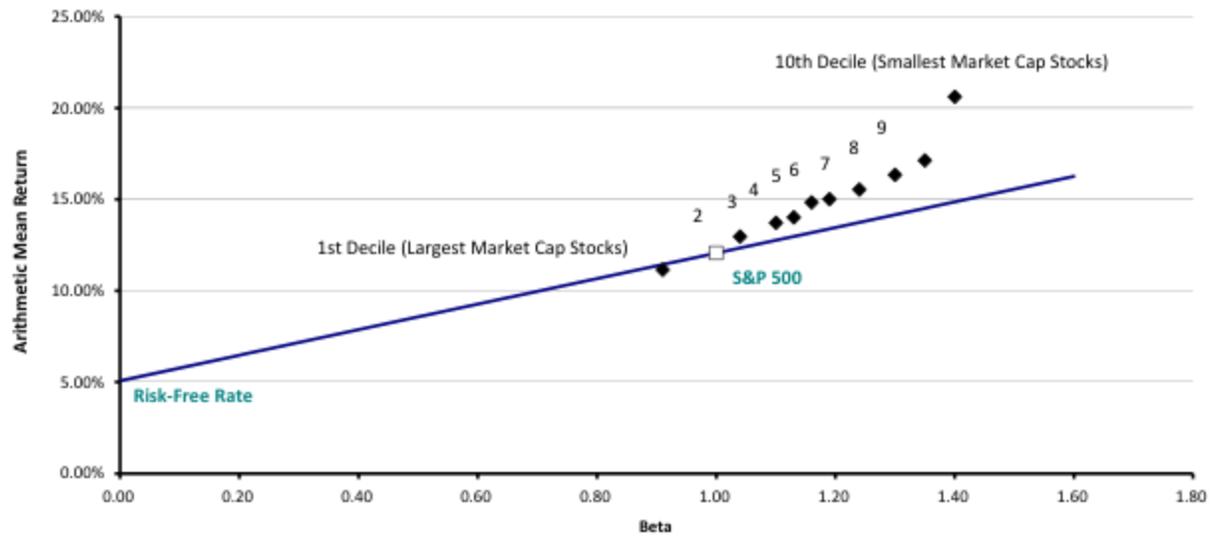
Notes:

- (1) Equity risk premium, based on historical data (30-year average long-horizon equity risk premium, 1985-2014), net of the P/E expansion effect identified by Ibbotson and Chen in a study that decomposed average annual total returns on large-cap stocks between 1926 and 2000 into supply factors – inflation, real growth in earnings, income return through dividends, and expansion of P/E multiples. An updated study determined that P/E multiple expansion contributed 0.44% to annual total returns of stocks over 1926-2014.
- (2) Extrapolated from returns in excess of CAPM by decile for companies traded on NYSE/AMEX/NASDAQ (3,356 companies as of 9/30/14, 1926-2014).
- (3) Assumes no material company-specific risk premium.

Sources: Bloomberg; U.S. Treasury; Morningstar, Inc., Ibbotson SBBI 0 Classic Yearbook; Morningstar, Inc., Ibbotson SBBI 0 Valuation Yearbook; John Wiley & Sons, Duff & Phelps 0 Valuation Handbook; Ibbotson, Roger G. and Peng Chen, 'Long-Run Stock Returns: Participating in the Real Economy', Financial Analysts Journal, vol. 59, no. 1 (January/February 2003); Berkshire Capital analysis.

Exhibit D: Estimated Cost of Equity Capital Calculator

Security Market Line vs. Risk & Return of Size-Decile Portfolios of the NYSE/AMEX/NASDAQ, 1926 - 2014



Source: Morningstar, Inc., Ibbotson S&P 2015 Classic Yearbook

Exhibit E: Premiums Paid in Acquisitions of Selected U.S. Publicly Traded Investment Management Firms

1999 - Present

Announcement Date	Seller	Seller Type	Buyer	Buyer Type	Transaction Price (\$MM)	1-Day Premium	30-Day Premium
2/13/13	Artio Global Investors Inc.	IA	Aberdeen Asset Management Plc	IA	182	28.5%	36.8%
12/6/12	Epoch Holding Corporation	IA	Toronto-Dominion Bank	BK	668	27.8%	28.2%
4/16/12	Edelman Financial Group Inc.	PA	Lee Equity Partners, LLC	FIN	268	43.2%	27.7%
12/14/09	Highbury Financial Inc.	MF	Affiliated Managers Group, Inc.	FIN	114	52.5%	54.4%
6/19/07	Nuveen Investments, Inc.	MF	Madison Dearborn Partners LLC	PE	5,760	19.8%	20.3%
7/21/03	Neuberger Berman Inc.	IA	Lehman Brothers Holdings Inc.	BR	2,947	0.2%	19.3%
7/10/01	Tremont Advisers Inc.	IA	OppenheimerFunds Inc.	MF	145	-3.8%	5.6%
6/27/01	Borel Bank and Trust Company	TR	Boston Private Financial Holdings	TR	113	21.2%	50.6%
10/25/00	Fiduciary Trust Co. International	IA	Franklin Resources, Inc.	MF	825	74.4%	99.8%
6/19/00	United Asset Management Corp.	IA	Old Mutual Plc	IN	1,439	21.6%	39.4%
6/16/00	Nvest L.P., Nvest Companies L.P.	IA	Caisse des Depots et Consignations	BK	1,870	100.0%	109.2%
5/15/00	Pioneer Group, Inc.	MF	Unicredito Italiano SpA	BK	1,270	40.3%	97.7%
1/13/00	U.S. Trust Corporation	TR	Charles Schwab Corp.	BR	2,619	63.5%	67.9%
10/31/99	Pimco Advisors Holdings LP	MF	Allianz AG	IN	3,216	11.7%	17.7%
			MAXIMUM		5,760.0	100.0%	109.2%
			75TH PERCENTILE		2,431.8	50.2%	64.5%
			60TH PERCENTILE		1,405.2	38.0%	48.4%
			MEDIAN		1,047.5	28.2%	38.1%
			40TH PERCENTILE		699.8	22.8%	29.9%
			25TH PERCENTILE		203.5	20.2%	22.2%
			MINIMUM		113.2	-3.8%	5.6%
			COEFFICIENT OF VARIATION			81%	70%
			INTER-QUARTILE RATIO			107%	111%

Source: SNL Financial

Berkshire Capital

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Exhibit F: Estimated Discount for Lack of Marketability Based on Simulation Analysis
Benchmark Analysis Based on Restricted Stock Studies

	<u>Notes</u>	<u>Marketable Minority Interest</u>	<u>Non-Marketable Minority Interest</u>
Security		Publicly Traded Stock	Restricted Stock
Projected Annual Earnings Growth	1	17.08%	17.08%
Standard Deviation of Monthly Capital Appreciation Return	2	10.15%	10.15%
Indicated Dividend Yield		0.00%	0.00%
Payout Ratio		0.00%	0.00%
Estimated Cost of Equity Capital (Ke)		17.08%	17.08%
Implied Illiquidity Risk Premium		NA	11.00%
Discount Rate		17.08%	28.08%
Minimum Holding Period		NA	1 year
Block Size (% of Total Shares Outstanding)		NA	1.00%
Rule 144 Stock (R), Private Stock (P)		NA	R
Maximum Rule 144 Liquidations First Year Post-Lock-Out			4.00%
Maximum Annual Non-Rule 144 Liquidations			99.99%
Maximum Annual Liquidations Post Lock-Out/Liquidity Event (% of Block):	3	NA	100.00%
Sell Decision Trigger Percentage (Upside)	4	100.00%	100.00%
Sell Decision Trigger Percentage (Downside)	4	25.00%	25.00%
Simulation Count			10,000
SIMULATED DISCOUNT FOR LACK OF MARKETABILITY	5		17.9%
MEDIAN DISCOUNT, FMV RESTRICTED STOCK STUDY			17.9%

Notes:

- (1) Analysis assumes that the publicly traded stock and the private stock have identical estimated earnings growth rates. The estimated earnings growth rate for the publicly traded stock, equal to the projected annual capital appreciation, equals the estimated cost of equity capital less the indicated dividend yield. Analysis assumes constant P/E multiples and payout ratios.

	<u>Time Frame</u>	<u>Statistic</u>
Average Annual Total Return, Small-Cap Stocks	1926-2007	17.08%
Standard Deviation of Monthly Total Return, Small-Cap Stocks (2)	2004-2007	10.15%
Median Dividend Yield, Restricted Stock Issuers	1998-2007	0.00%
Median Market Capitalization, Restricted Stock Issuers	1998-2007	\$63MM

- (2) Based on a study of all publicly traded stocks of companies with (a) market cap between \$50MM and \$500MM as of 12/31/03, (b) positive EPS, and (c) 48 months of stock price data, 12/31/03–12/31/07 (661 companies).
- (3) Assumes liquidation of 100% in the month following the liquidity event.
- (4) Represents the percentage price increase or decrease from the purchase price that will trigger sale of the freely traded stock.
- (5) Before taxes and transaction costs. Based on simulation of monthly prices, dividends and cash flows, where capital appreciation returns are lognormally distributed. Assumes no reinvestment upon sale of security.

Sources: Morningstar, Inc. (annual total return and standard deviation data); Bloomberg (monthly stock price volatility data); FMV Restricted Stock Study (median restricted stock discount, annual dividend and market capitalization data); Berkshire Capital research

Exhibit F: Estimated Discount for Lack of Marketability Based on Simulation Analysis
Updated Analysis as of 12/31/07 Based on Representative Payout Ratios & Earnings Growth Rates for Investment Management Firms

	<u>Notes</u>	<u>Marketable Minority Interest</u>	<u>Non-Marketable Minority Interest</u>
Security		Publicly Traded Stock	Private Stock
Projected Annual Earnings Growth	1	10.69%	10.69%
Standard Deviation of Monthly Capital Appreciation Returns	2	6.42%	6.42%
Indicated Dividend Yield	3	1.29%	5.48%
Implied Payout Ratio		23.45%	80.00%
Estimated Cost of Equity Capital (Ke)	4	11.97%	11.97%
Implied Illiquidity Risk Premium	5	NA	11.00%
Discount Rate		11.97%	22.97%
Minimum Holding Period		NA	3 yrs
Liquidity Event Occurs With Equal Probability Over Next # of Years (Maximum of 7 Years)		NA	7 yrs
Block Size (% of Total Shares Outstanding)		NA	5.00%
Maximum Annual Liquidations Post Liquidity Event (% of Block):	6	NA	100.00%
Sell Decision Trigger Percentage (Upside)	7	100.00%	NA
Sell Decision Trigger Percentage (Downside)	7	25.00%	NA
Simulation Count		10,000	10,000
Expected Value	8	110.56	86.74

INDICATED DISCOUNT FOR LACK OF MARKETABILITY

21.5%

Notes:

- (1) Analysis assumes that the publicly traded stock and the private stock have identical estimated earnings growth rates. The estimated earnings growth rate for the publicly traded stock, equal to the projected annual capital appreciation, equals the estimated cost of equity capital less the indicated dividend yield. Analysis assumes constant P/E multiples and payout ratios.
- (2) Based on the median monthly stock price volatility, 12/31/03-12/31/07, for all publicly traded companies with (a) market cap between \$50MM and \$500MM as of 12/31/03, (b) positive EPS, and (c) dividend yield between 3.00% and 8.00% (57 companies).
- (3) In the case of the publicly traded stock, equal to the median indicated dividend yield for the guideline public companies as of 12/31/07. The implied dividend for the private stock is equal to the publicly traded stock dividend yield multiplied by the ratio of the private stock payout ratio divided by the publicly traded stock payout ratio, divided by an estimate for the discount for lack of marketability.
- (4) Based on the median estimated cost of equity capital for the guideline public companies as of 12/31/07.
- (5) The illiquidity risk premium for the non-marketable minority interest is derived in the benchmark analysis.
- (6) Assumes maximum liquidations in the case of private stock of 100% in the month following the buy/sell trigger.
- (7) Represents the percentage price increase or decrease from the purchase price that will trigger sale of the public company stock.
- (8) Before taxes and transaction costs. Based on simulation of monthly prices, dividends and cash flows, where capital appreciation returns are lognormally distributed. Assumes no reinvestment upon sale of security.

Source: Bloomberg, Berkshire Capital research