
From: Diamond, Bob: Barclays Capital
Sent: Sunday, August 24, 2008 4:51 PM
To: Varley, John: Barclays PLC
Cc: Haworth, Richard: Barclays Capital (LDN)

John,

As we had discussed I followed up with Lazard (Jeffrey Rosen and Gary Parr) today regarding the Long Island asset management business.

In their view:

- 1) Long Island must do something to add stability and capital (no surprise) and asset management businesses are an obvious candidate
- 2) The asset management division is more than the NB asset (although it is the bulk of the value) with additional hedge fund and private equity positions accounting for circa 25percent of a total 'asset management' valuation of cUSD 8-9bn
- 3) Long island management would prefer a deal for someone to take over 50percent but not all of the division - they feel this will enable them to take cash on sale portion, mark up remainder of holding to same value in their own valuation and thus take capital/rating pressures off whilst retaining their holding in the strategically important and high quality investment management sector
- 4) Anecdotally that NB management from the original transaction have a say and are unhappy with the performance of the Long Island stock they got as part of original transaction (last of this stock to vest Nov/Dec this year)
- 5) Lazard believe Long Island are seeking a swift resolution and that some information has already been shared with certain parties

I re-iterated that our prime goal in the US was HNW and that as such whilst NB might be useful it is not the pure play we would ideally want. I also believe however that we do not want to be on the outside as there may be pieces here that would be of interest. On this basis I recommend a short period with Lazard to establish more detail on the 'parts' that will enable us to come to a more informed way forward - do you agree?

Bob