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Subject: Project Green / Tonight's Agenda.

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PROJECT GREEN

Update and Plan - 7/9/08

1. Status Quo

- * No significant strategic transactions
- * Increase size / pace of individual asset sales

2. Divestitures and Restructuring

A. Commercial real estate

- * Pulling data together and financing, accounting, tax analysis in process
- * Running traps on spin-off, target potential announcement w/ 3Q earnings
- * Engage in joint venture conversations
- * Entertain sale opportunities following public announcement

B. Asset management

- * Valuation nearly complete
- 1 Several potential structures, including:
 - * Spin / merge w/ public co (LB holds stake in public co)
 - 1 PE sale (cash proceeds)
 - * Identify potential partners and do work required to separate the business

C. Other assets?

3. Strategic Partners

A. Korea: KI consortium vs. KDB

B. Focus on partners with:

- * Balance sheet; attractive currency; strategic need for LB

C. Limited field to engage in substantive senior executive dialogue would include:

- * HS-Co; BA-Co; UB-Co; BN-Co

D. Range of potential conversations

- * Structured transactions
 - * Means to engage in dialogue
 - 1 Focus on business arrangements and meaningful stake in LB
 - * One mechanic would be: contribution of partner assets (e.g., AM or IBD) to LB for LB stock
 - 1 Increases size of LB business and partner becomes significant shareholder of LB

 - * Business combination
 - * Difficult to reverse
 - 1 Willing buyers?
4. Agree on Next Steps