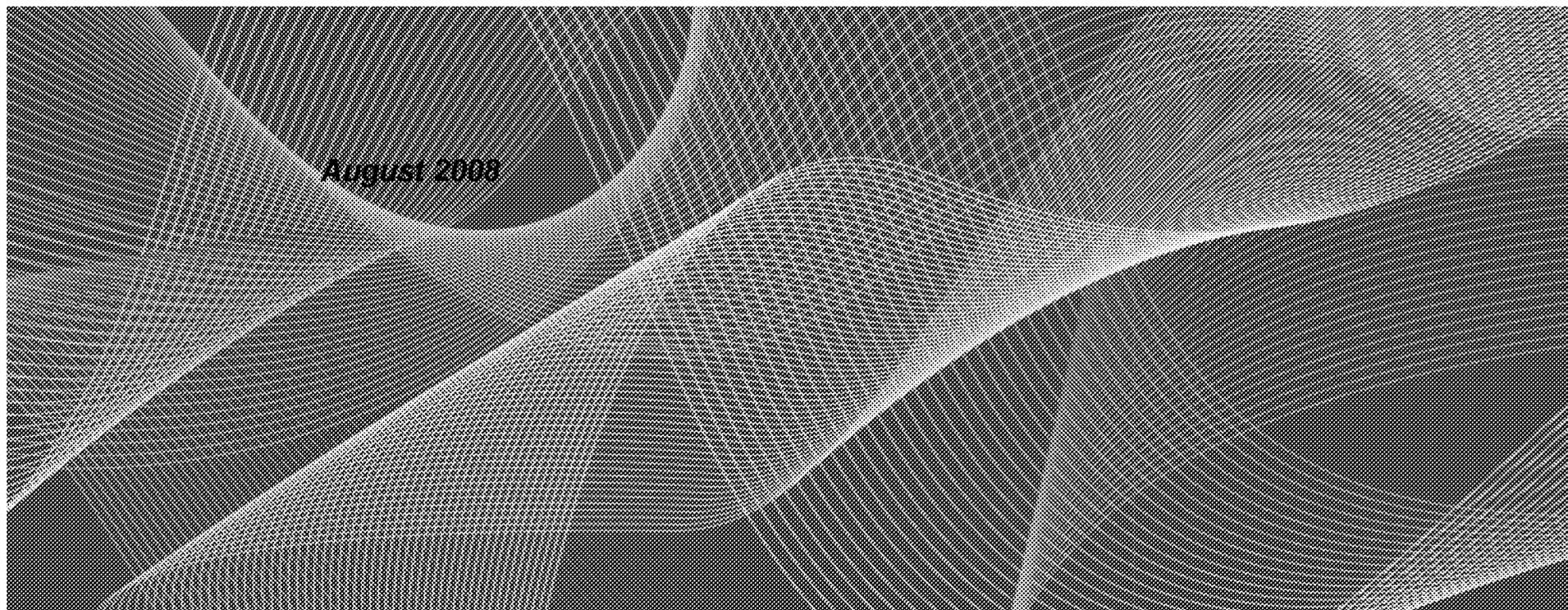


LEHMAN BROTHERS

Project Hercules



Transaction Comparison: Majority Sale vs. IPO

Project Hercules

	51% Sale		20% IPO of IMD ex. HF Minority Stakes
	IMD ex. HF Stakes	All of IMD	
Expected Valuation	\$5.5 - \$6.0bn	\$7.0 - \$8.0bn	<ul style="list-style-type: none"> ◆ \$5.5 - \$6.0bn⁽¹⁾ trading value ◆ \$4.8 - \$5.2bn (post IPO discount)
Proceeds⁽²⁾	\$2.8 - \$3.1bn	\$3.6 - \$4.1bn	◆ \$0.96 - \$1.04bn
Book Gain / (Loss)⁽³⁾	\$0.2 - \$0.3bn	\$0.2 - \$0.5bn	◆ (\$0.02) - \$0.03bn
Leveragable Capital	\$3.4 - \$3.5bn	\$3.4 - \$3.7bn	◆ Adds ~\$1.0bn to non-common equity
Est. Inc. Stmt. Impact	<ul style="list-style-type: none"> ◆ '09 Revenues: ~\$0.1bn ◆ No further of expenses; income on cash proceeds 	<ul style="list-style-type: none"> ◆ ~\$0.2bn 	<ul style="list-style-type: none"> ◆ '09 Revenues: \$2.7bn ◆ Full consolidation of expenses; minority interest
Timing	<ul style="list-style-type: none"> ◆ Target announcement (e.g. LOI) by Sept. 15th ◆ Announcement timing not entirely under LB control ◆ Closing 1Q 09 		<ul style="list-style-type: none"> ◆ Announce intentions on Sept. 15th ◆ Timing to announcement and execution in LB control ◆ Actual IPO 6-8 months from now
Business Impact	<ul style="list-style-type: none"> ◆ Eliminates outcome uncertainty ◆ Buyer would offer retention packages ◆ Private status shields market pressure 		<ul style="list-style-type: none"> ◆ Slightly reduces outcome uncertainty ◆ Plan to roll existing RSUs/NewCo add'l grants ◆ Employee retention risk if stock underperforms
Options for Add'l Value	<ul style="list-style-type: none"> ◆ Potential to structure call option for LB (note: reduces benefits of outcome certainty) ◆ Possible to partner PE with SWF to maximize value for minority stakes / LP positions 		<ul style="list-style-type: none"> ◆ Currency to attract and retain talent ◆ Acquisition currency for continued growth ◆ Possible to partner with SWF in pre-IPO transaction

1. Assumes further realization in PE business and improvement in trading environment at the time of IPO.

2. Assumes available NOLs offset cash tax liability.

3. Calculated as cash proceeds less the book value; assumes tax rate of 41.5%.