

Spinco Talking Points for SEC:

Form 10 Financial Information

- SpinCo is in the process of being organized, as its assets are currently owned across a large number of Lehman Brothers' subsidiaries. Unified historical information with regard to the financial performance of these assets or their cost of administration does not exist.
- Additionally, because SpinCo expects to generate cash primarily from the sale of its assets historical financials are not relevant or meaningful.
- Therefore, we propose the following financial statements be prepared in lieu of historical financials:
 - **Opening balance sheet**
 - **Prospective financial statements for SpinCo, covering the 2008 stub period and three years forward**

Deconsolidation of Spinco from Lehman Brothers

- We would also like to confirm the expected deconsolidation of SpinCo from Lehman Brothers' balance sheet as a result of this transaction.
 - Understand the need that "seller" financing must be on arms-length terms and "at market"
 - No market currently exists to finance many of the assets nor a portfolio of these assets as such rates required by third parties are significantly less attractive than fair value
 - **Seeking flexibility on determination of appropriate financing rates to achieve "market terms" based on an expectation of a more normalized market environment**