

From: Shafir, Mark G <mark.shafir@lehman.com>
Sent: Thursday, August 14, 2008 1:44 AM (GMT)
To: Reilly, Brian <breilly@lehman.com>; McGee III, Hugh E <hmcgee@lehman.com>; Weiss, Jeffrey L <jweiss@lehman.com>; Wieseneck, Larry <lwiesene@lehman.com>; Whitman, Brad <bwhitman@lehman.com>
Cc: Mehta, Punit (NY) <pumehta@lehman.com>
Subject: Re: IMD Update

No forwarding of this e-mail as Brian has suggested. Confidentiality is critical.

----- Original Message -----

From: Reilly, Brian
To: McGee III, Hugh E; Weiss, Jeffrey L; Wieseneck, Larry; Whitman, Brad
Cc: Shafir, Mark G; Mehta, Punit (NY)
Sent: Wed Aug 13 21:03:20 2008
Subject: IMD Update

We have received bid letters from

- Blackstone
- TPG
- MDP
- Bain
- Warburg
- CD&R
- Carlyle
- Hellman & Friedman
- Silverlake

Still waiting on KKR (but just had meeting this afternoon) and Apax (we are not expecting anything from them)

We are summarizing all of the bids side-by-side and will have that in the morning. We also will get on the phone with each of the sponsors in the morning to get clarification on certain things in their respective letters.

Our general observations are the following:

1. Everyone seems to be valuing Asset Management (NB and Fixed Income) in the same range and as we expected -- \$4 to \$5 billion (which is about 10 - 12x EBITDA)
2. Several have put in bids for the entire business (Bain \$7.5 bill; Warburg \$7 - \$8 bill; TPG \$6.25 - \$6.75 bill; CD&R \$9 - \$11 bill; Silverlake \$8 bill) -- However, they have been careful to say they have more interest in Asset Management and need to do more work around PE and the stakes, and several have suggested "two steps" (ie buying asset management first), but they seem to be putting a value on Private Equity
3. MDP was explicit in excluding Private Equity and HF stakes in their bid
4. Others are putting little to no value on private equity despite the fact that it is an included business in their bids (Blackstone, H&F, Carlyle)
5. Carlyle, H&F, Blackstone, MDP have explicitly stated that they have no interest in the hedge fund minority stakes

Also, Blackstone wants to do this at their management company, consideration being "a mix of cash and BX public units"

This is just a high level summary to keep everyone up to date; we are still getting through all the letters, so please be careful about forwarding this on.

Brian and Punit

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