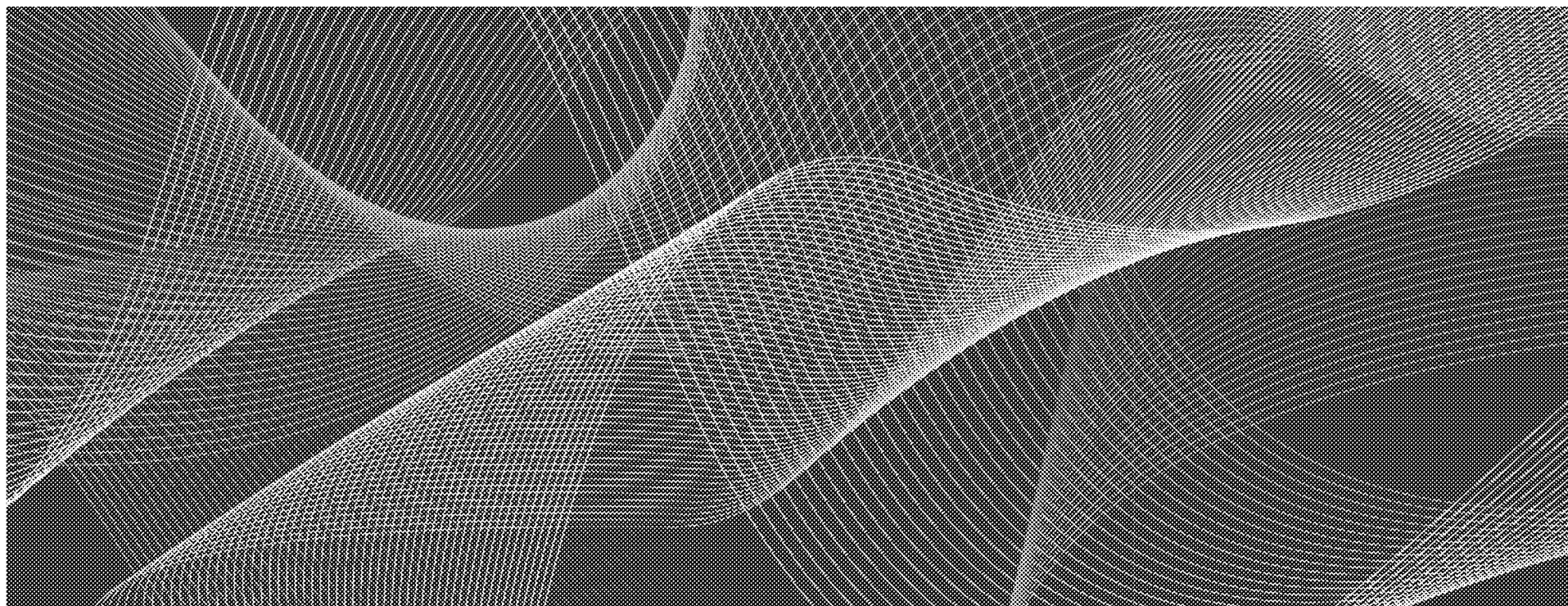


LEHMAN BROTHERS

Investment Banking Division
Financial Institutions Group
Asset Management Coverage
August 2008

Project Hercules: Discussion Materials



Confidential Presentation

Update on Sale Process

◆ Received initial non-binding bids from 9 financial sponsors:

- 4 bids for all of IMD; 5 for certain businesses/assets of IMD
- KKR is yet to bid (engaged in process only on Wednesday); Apax did not bid

◆ Key takeaways / observations from bids received:

- Attractive valuation for all of IMD (~\$7 - 8bn) – level of confidence unclear at this early stage
- Keen interest in *Asset Management* (NB & FI)
 - Nearly all valuing in range of \$4 - \$4.25bn (10x-11x '08E EBITDA)
- Nearly all bids include *PIM* – however, limited value impact
- Many have ascribed little / no value to the *Private Equity* business
- Limited interest in *Minority Stakes in Hedge Funds* – all bidders willing to exclude
- LEH minority ownership welcomed; most willing to consider option to buy back in future




◆ Four strategic participants are still in the process:

- Received confidential overview materials and discussed process
- Key considerations: still confirming interest; challenged to meet timing objectives; complexity of continuing LEH ownership and participation

Initial Bid Summary

	2008 EBITDA	Bain Capital	SILVERLAKE PARTNERS	WARBURG PINCUS
Businesses / Assets	Asset Management	\$395mm	✓	✓
	Europe / Asia Asset Management	(\$72mm)	✓	✓
	PIM	\$17mm	✓	✓
	Private Equity	(\$33mm)	✓	✓
	Min. Stakes	\$407mm	✓	✓
	Other Alternatives	\$24mm	✓	✓
	Start-ups	(\$42mm)	✓	✓
Comments	<ul style="list-style-type: none"> ◆ Comfortable with all ◆ AM / PIM more valuable ◆ Willing to consider value enhancing alternatives for rest 	<ul style="list-style-type: none"> ◆ Limited insight on pieces ◆ May consider using GP capital 	<ul style="list-style-type: none"> ◆ High interest / value for NB ◆ Interested in FI AM as well ◆ Willing to partner with strategic 	
Valuation	◆ \$7.5bn	◆ \$8.0bn	◆ \$7.0 - \$8.0bn	
2008 EBITDA	◆ \$695mm	◆ \$695mm	◆ \$695mm	
Implied Valuation	◆ 10.8x	◆ 11.5x	◆ 10.1x - 11.5x	
LEH Call?	◆ Yes – value impact	◆ Yes – value impact	◆ Yes – value impact or downside protection	
Estimated AM Value	◆ N/A	◆ N/A	◆ N/A	

Initial Bid Summary

	2008 EBITDA	 TPG			
Businesses / Assets	Asset Management	\$395mm	✓ / ✗	✓ / ✓	✓
	Europe / Asia Asset Management	(\$72mm)	✗ / ✗	✗ / ✓	✓
	PIM	\$17mm	✓ / ✗	✓ / ✓	✗
	Private Equity	(\$33mm)	✗ / ✓	✗ / ✓	✗
	Min. Stakes	\$407mm	✗ / ✓	✗ / ✓	✗
	Other Alternatives	\$24mm	✗ / ✓	✗ / ✓	✓
	Start-ups	(\$42mm)	✗ / ✓	✗ / ✓	✗
Comments	<ul style="list-style-type: none"> ◆ 51% + of AM + PIM ◆ 100% of Alternatives at GP level 	<ul style="list-style-type: none"> ◆ Primary interest in AM + PIM ◆ Limited work on remaining pieces – willing to lead transaction, may not hold 	<ul style="list-style-type: none"> ◆ Keep separate from Nuveen ◆ Realize synergies 		
Valuation	◆ \$4.25 - \$4.5bn / \$2.0 - \$2.25bn	◆ \$4.1 - \$5.0bn / \$9.0 - \$11.0bn	◆ \$4.1bn		
2008 EBITDA	◆ \$412mm / \$357mm	◆ \$414mm / \$695mm	◆ \$347mm		
Implied Valuation	◆ 10.3 - 10.9x / 5.6 - 6.3x	◆ 10.0 - 12.0x / 13.0 - 15.8x	◆ 11.8x		
LEH Call?	◆ Yes – challenging with GP deal	◆ Yes	◆ Yes – Makes synergies more challenging		
Estimated AM Value	◆ ~\$4.25bn	◆ ~\$4.5bn	◆ ~\$4.0bn		

Initial Bid Summary

	2008 EBITDA	The Blackstone Group	THE CARLYLE GROUP	HELLMAN & FRIEDMAN LLC	
Businesses / Assets	Asset Management	\$395mm	✓	✓	✓
	Europe / Asia Asset Management	(\$72mm)	✓	✓	✓
	PIM	\$17mm	✓	✓	✓
	Private Equity	(\$33mm)	✓ (ex. carry)	✓	✓
	Min. Stakes	\$407mm	✗	✗	✗
	Other Alternatives	\$24mm	✓	✓	✓
	Start-ups	(\$42mm)	✓	✓	✓
	Comments	<ul style="list-style-type: none"> ◆ May exclude PIM ◆ Limited interest / value in PE, EU / Asia, Start-ups ◆ GP or fund level deal ◆ Preference to own 100% 	<ul style="list-style-type: none"> ◆ Limited interest / value in PE, EU / Asia, Start-ups ◆ Would like to partner with Mubadala 	<ul style="list-style-type: none"> ◆ Limited interest / value in PE, EU / Asia, Start-ups 	
Valuation	◆ \$4.25bn	◆ \$4.0 - \$4.5bn	◆ \$4.4bn		
2008 EBITDA	◆ \$269mm	◆ \$288mm	◆ \$288mm		
Implied Valuation	◆ 15.8x	◆ 13.9 - 15.6x	◆ 15.3x		
LEH Call?	◆ Unlikely	◆ Yes	◆ Perhaps		
Estimated AM Value	◆ ~\$4.0bn	◆ ~\$4.0bn	◆ ~\$4.0bn		