

Approved: May 4, 2009  
Date

MINUTES OF THE HOUSE GOVERNMENT EFFICIENCY AND FISCAL OVERSIGHT  
COMMITTEE

The meeting was called to order by Chairman Jim Morrison at 9:14 a.m. on May 1, 2009, in Room 535-N of the Capitol.

All members were present except:

Representative Broderick Henderson- excused  
Representative Brenda Landwehr- excused  
Representative Judy Loganbill- excused  
Representative Melvin Neufeld- excused  
Representative Charlie Roth- excused  
Representative Louis Ruiz- excused  
Representative Tom Sloan- excused  
Representative Jene Vickrey- excused

Committee staff present:

Renae Jefferies, Office of the Revisor of Statutes  
Daniel Yoza, Office of the Revisor of Statutes  
Mary Galligan, Kansas Legislative Research Department  
Gary Deeter, Committee Assistant

Conferees appearing before the Committee:

George Bilicic, Lazard

Others attending:

See attached list.

The Chair, complimenting the Vice-Chair for his initiative, asked him to introduce the conferee, George Bilicic, who represents Lazard Company, a consulting firm that provides financial assessment and advice for corporations and governments ([Attachment 1](#)). Mr. Bilicic explained that Lazard is an investment bank in New York City with a 150-year history of providing expert advice to corporations and governments. He commented that although the company is listed on the New York Stock Exchange and has clients in 19 countries, it provides only advice; it does not sell bonds or derivatives, is not an equity firm, and does not loan money.

Mr. Bilicic observed that a significant amount of benevolent capital is available to purchase state assets; then, noting the methodical process Lazard has established for evaluating government assets, outlined the services Lazard provides:

- Lazard begins with the *status quo*, providing an inventory of what the state presently owns.
- The second step is analysis, outlining all the options available for a state's assets, including doing nothing. The analysis includes proposals for public-private partnerships and offers filters to assure that the information has strategic value.

## CONTINUATION SHEET

Minutes of the House Government Efficiency and Fiscal Oversight Committee at 9:00 a.m. on May 1, 2009, in Room 535-N of the Capitol.

- Lazard then creates an action plan that is economically sound. The plan includes a comparison with the *status quo* as well as recommendations about what to do with the funds created by the action.

Mr. Bilicic referenced various resources and polls and then responded to members' questions:

- Several years ago the firm saved New York City from bankruptcy by using the process outlined above.
- Any proposed sale of assets must avoid adverse impact and net reduction of revenue. If value is not increased by the sale, Lazard will not recommend it.
- Any asset that is not presently producing revenue will not interest private investors.
- Resources could easily be marshaled to identify political acceptability of a given action by regions of the country.
- Fees for service are flexible. Governments are not charged the same rate as private corporations. Lazard tries to provide advice that is not tainted by the fees the company receives.

The Chair informally polled the members present; all agreed that the services provided by Lazard should be explored further and that the Chair, Vice-Chair, and Ranking Minority should contact House leadership for further action.

The meeting was adjourned at 9:44 a.m. No further meeting was scheduled.



# Table of Contents

<b>I</b>	<b>INTRODUCTION</b>	<b>1</b>
<b>II</b>	<b>OVERVIEW OF LAZARD</b>	<b>2</b>
<b>III</b>	<b>GOVERNMENT INFRASTRUCTURE STRATEGIC CONSIDERATIONS</b>	<b>3</b>
<b>IV</b>	<b>ILLUSTRATIVE NEXT STEPS</b>	<b>11</b>
<b>Appendix</b>		
A	Lazard Qualifications	12
B	Selected Lazard Team Biographies	21
C	Summary Results of Lazard-Sponsored Poll	26

Attachment 1  
5-1-09  
G8FO



# **I Introduction**

---



# Introduction

Today's presentation will address the following topics:

- **An overview of Lazard and its U.S. infrastructure advisory practice**
- **A review of selected factors that could affect the State's formulation of its infrastructure strategy**
  - Overview of infrastructure asset classes and investor universe
  - PPP considerations
  - Proposed analytical framework
- **A discussion of potential next steps**
- **Appendix materials**
  - Lazard qualifications
  - Biographical data on selected Lazard team members
  - Summary of results from a Lazard-sponsored national poll on public perceptions on third-party investing in government-owned infrastructure

13

## II Overview of Lazard

---



## Overview of Lazard

Lazard is a preeminent financial advisory firm with strong market positions throughout the world and a large U.S. infrastructure advisory practice

- **Founded in the U.S., Lazard has been providing financial advice to both corporate and government clients for over 150 years**
  - The Firm is headquartered in New York, where its CEO resides, and is listed on the New York Stock Exchange
  - Lazard is a global firm serving a diverse client base in 24 countries – bringing us deep relationships with most active infrastructure investors in Europe, Asia, Australia and elsewhere
- **Providing independent advice is the cornerstone of Lazard’s franchise, and we have diligently avoided the conflicts that can arise from many of the activities that our competitors undertake**
  - We do not invest in infrastructure as a principal
  - We are not in the public finance business
  - We do not lend capital to potential purchasers of government assets (or others)
- **In addition, we are not undergoing the financial distress that has plagued many of our competitors**
  - Lazard is not a TARP borrower, nor a recipient of any other form of Federal government assistance
- **Lazard has significant experience advising governments, and can help governments access value embedded in the diverse array of assets that they hold, in a manner consistent with the public interest**
  - Lazard’s partnership with a political consultant allows us to better understand politically-sensitive issues and assist governments in developing strategies to best communicate a project’s benefits to the public

Lazard’s objective is to be the *advisor of choice for governments* as they contemplate public policy considerations surrounding their inventory of infrastructure assets

### **III Government Infrastructure Strategic Considerations**

---



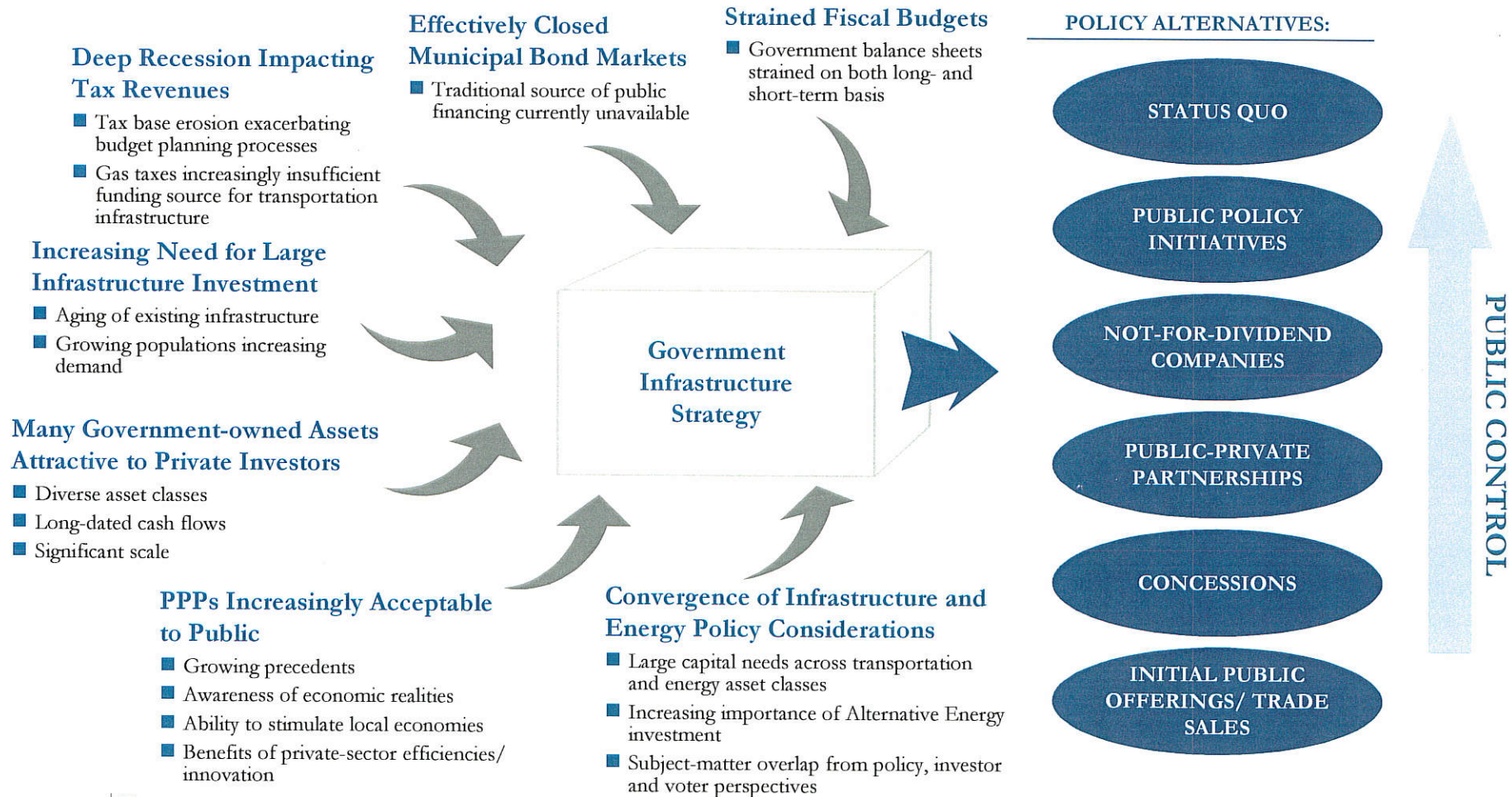


6-1

# Selected Factors Affecting Government Infrastructure Strategy

Numerous trends support the potential for governments to employ PPPs/privatizations as a financing source, including declining contributions from traditional financing sources (e.g., municipal bonds, gas taxes), growing needs for investment, and increasing public awareness of the benefits of private capital's participation in infrastructure

- Many considerations remain, however, including the broad array of public policy objectives that need to be addressed, the potential to realize desired valuations, and voter perceptions of different transaction structures and asset classes











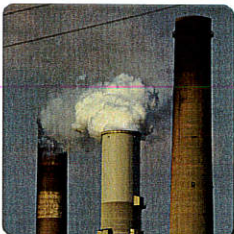
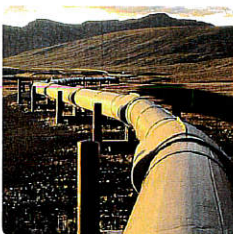









1-8

# Overview of Infrastructure Asset Classes

Infrastructure investors are interested in long-lived assets with stable cash flows that can be found in a variety of asset classes

OVERVIEW OF INFRASTRUCTURE ASSET CLASSES			KEY ASSET CHARACTERISTICS
<p><b>TRANSPORTATION</b></p>  <p>Airports</p>  <p>Bridges/ Roads/Tunnels</p>  <p>Mass Transit</p>  <p>Parking</p>  <p>Ports</p>  <p>Rail</p>	<p><b>POWER/ENERGY/UTILITIES</b></p>  <p>Alternative Energy</p>  <p>Electric &amp; Gas Utilities</p>  <p>Hedged/Contracted Generation</p>  <p>Midstream</p>  <p>Transmission</p>  <p>Water &amp; Wastewater</p>	<p><b>OTHER</b></p>  <p>Communications Infrastructure</p>  <p>Lotteries</p>  <p>Social Infrastructure</p>	<ul style="list-style-type: none"> <li>■ Long-lived, strategic assets</li> <li>■ Essential services</li> <li>■ Strong, stable cash flows</li> <li>■ Limited commodity price risk</li> <li>■ Inflation-hedged</li> <li>■ Manageable operating risk</li> <li>■ Recession resistant</li> <li>■ Typically capital intensive</li> <li>■ Regulated or contracted revenues</li> <li>■ Socially productive</li> <li>■ Low correlation to other asset classes</li> </ul>





1-9

# Infrastructure Private Market Participants

Numerous private entities participate in infrastructure activities

## POWER & ENERGY/WATER

## SERVICES

### POWER & UTILITIES/WATER

### ENERGY COMPANIES

### ENGINEERING & CONSTRUCTION

### TRANSPORTATION & LOGISTICS



## CONCESSIONS

### AIRPORTS

### ROADS

### PORTS

### INVESTORS

### STAKEHOLDERS



Private Equity  
Infrastructure Funds  
Sovereign Wealth Funds  
Pension Funds  
Insurance Companies  
Family Offices  
High Net Worth Individuals

Governments  
NGOs  
Unions  
Community Organizations  
Lobby Groups  
Minority-Owned Businesses

Amsterdam Airport Schiphol

Cheung Kong (Holdings) Limited



ferrovial



OVERSIED















1-10

# Private Market Participation in Infrastructure: Comparative Levels

As compared to other countries, the U.S. has a relatively higher percentage of infrastructure assets owned by government

ASSET CLASS	UNITED STATES	EUROPE	ASIA
 Toll Roads/Bridges	○	◐	◑
 Airports	○	◐	◑
 Parking Garages	◐	●	-
 Ports	◑	◑	-
 Regulated Utilities	◐	◐	-
 Water & Wastewater	◑	◐	-
 Lotteries	○	◑	-
 Prisons	◑	◑	-
 Hospitals	◑	◑	-
 Schools	○	◑	-

○ = More Government Ownership    ● = Less Government Ownership



## Key Issues Raised in Infrastructure Privatization/PPPs

In evaluating the potential for a transaction, the following issues will be key considerations:

PROCESS	<ul style="list-style-type: none"><li>■ A transparent and deliberate process may dictate the difference between success and failure<ul style="list-style-type: none"><li>■ Educating the legislature and the public with well-crafted messages in the early stages of the process will help reduce the risk of surprises later on</li><li>■ Potential alternatives should be continually compared to the status quo and other public policy initiatives to ensure that any outcome is in the public interest</li></ul></li></ul>
VALUATION	<ul style="list-style-type: none"><li>■ Key drivers of value include concession duration, monopoly characteristics, pricing regime, volume growth, cost reduction opportunities and capital requirements</li><li>■ While maximizing value and proceeds is important, public interest considerations may favor other priorities:<ul style="list-style-type: none"><li>■ Aggressive pricing regimes and longer-duration concessions (e.g., 99 years) will increase valuation, but may be less politically palatable</li><li>■ Lower bids from better-capitalized, more-experienced operators may also prove more desirable from an overall perspective, especially if profit sharing is involved</li></ul></li></ul>
USE OF PROCEEDS	<ul style="list-style-type: none"><li>■ The use of transaction proceeds can be more contentious than the transaction itself<ul style="list-style-type: none"><li>■ Voters appear to favor responsible investment of proceeds in social programs or infrastructure, or to reduce debt or taxes (as opposed to using proceeds to fix near-term budget shortfalls)</li></ul></li></ul>
TRANSACTION STRUCTURE	<ul style="list-style-type: none"><li>■ Key structural variations include the following:<ul style="list-style-type: none"><li>■ <i>Duration:</i> Longer duration concessions will increase valuation and proceeds, but may be less politically palatable</li><li>■ <i>Form of Consideration:</i> Upfront vs. over time, fixed vs. variable (should be structured to meet a government's needs)</li><li>■ <i>Profit Recapture Provisions:</i> Prevent buyers from selling assets for a significant profit within several years of closing the transaction</li></ul></li></ul>
TRANSACTION AGREEMENTS	<ul style="list-style-type: none"><li>■ A successful transaction requires a robust concession agreement that dictates the obligations of both the government and the concessionaire<ul style="list-style-type: none"><li>■ <i>Agreement:</i> Addresses purchase price, concession term, pricing regime, non-competes, renewal provisions, transfer rights, tax status, remedies for default and treatment of employees, among others</li><li>■ <i>Operating Standards:</i> Addresses the minimum service and capital investment requirements of the concessionaire</li></ul></li><li>■ While these documents can insulate the government from most risks as a contractual matter, governments nonetheless remain exposed to political risks associated with poor performance, financial distress and other factors, given the fundamental relationship between infrastructure assets and the public</li></ul>
ADVISORS	<ul style="list-style-type: none"><li>■ Governments should retain investment bankers, lawyers and consultants (as appropriate) to advise on the valuation and structuring of a transaction, as well as on the solicitation of bids and management of the transaction process<ul style="list-style-type: none"><li>■ Advisors should have the same breadth of knowledge and experience as potential investors</li><li>■ In order to maximize the chances for a successful process, governments should avoid all actual and perceived conflicts of interest when they retain advisors</li></ul></li></ul>





21-1  
1-12

# Infrastructure Privatization/PPPs: Benefits & Considerations

While public sentiment is increasingly supportive of considering infrastructure opportunities given potential public interest benefits, competing considerations also merit significant attention

## BENEFITS

## CONSIDERATIONS

- Transfers operating and financing risk to the private sector
- Increases funding for other projects (can invest proceeds in a trust or annuity), if applicable
- Reduces stress on government operating budgets
- Improves returns on capital, balance sheet and credit rating
- Increases debt capacity for future projects
- Creates operating and capital expense savings and efficiencies
  - Accelerates implementation of efficiency improvements
- Provides access to additional value
  - Equity participation
  - Aggressive views on growth potential
  - Different capital structures
  - Tax benefits on depreciation expense (if applicable)
- Eases the political nature of asset management and fees
- Accelerates high-priority capital projects

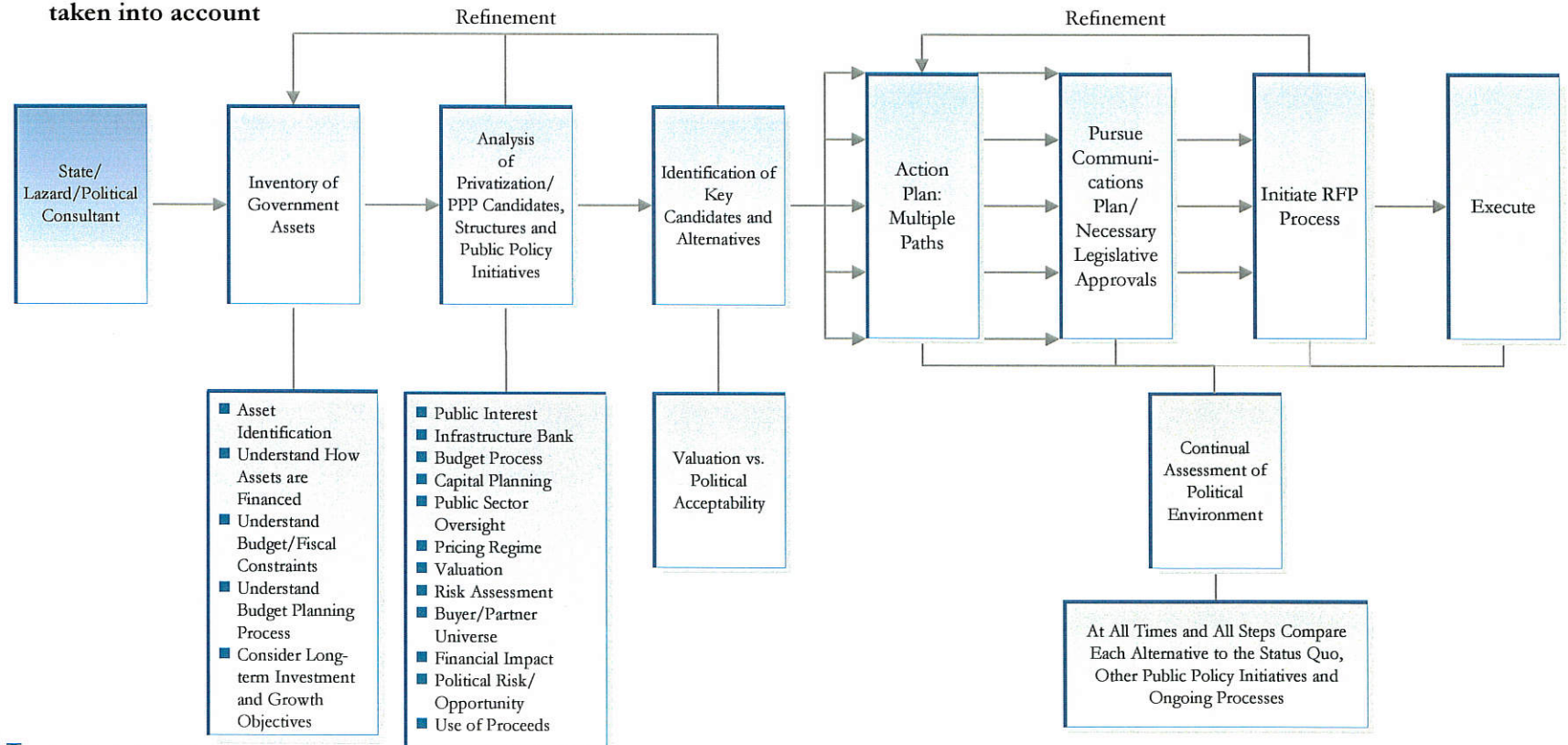
- Selling the “family silver”
- Viability of other alternatives (municipal bonds, Federal grants)
- Ownership/control
- Pricing regime
- Operating standards and maintenance
- Duration
- Excessive profits
- Foreign ownership
- Nonperformance and default risk
- Leverage levels/potential for distress
- Safety and security
- Treatment of employees
- Environmental stewardship
- Use of proceeds
- Commercial area in its infancy/“inexperience” risk



# Creating a Successful Infrastructure Evaluation & Implementation Process

Lazard would propose working with the State in an iterative and collaborative manner to formulate and implement a multi-path action plan; this process would include taking an inventory of the State's assets and analyzing potential privatization/PPP candidates, structures and public policy initiatives

- Key aspects of this process would include the continuous refinement of each component and a disciplined evaluation of the State's potential alternatives in the context of its fiscal and political environment
- This type of process could also be applied to individual assets, where Lazard would analyze the various structural alternatives, and compare these alternatives to the status quo and other public policy initiatives
  - Consideration would also be given to assets not under direct control of the State, but over which the State can exercise considerable influence
- In all instances, Lazard would remain mindful of the State's ongoing processes and initiatives to ensure that they are appropriately taken into account







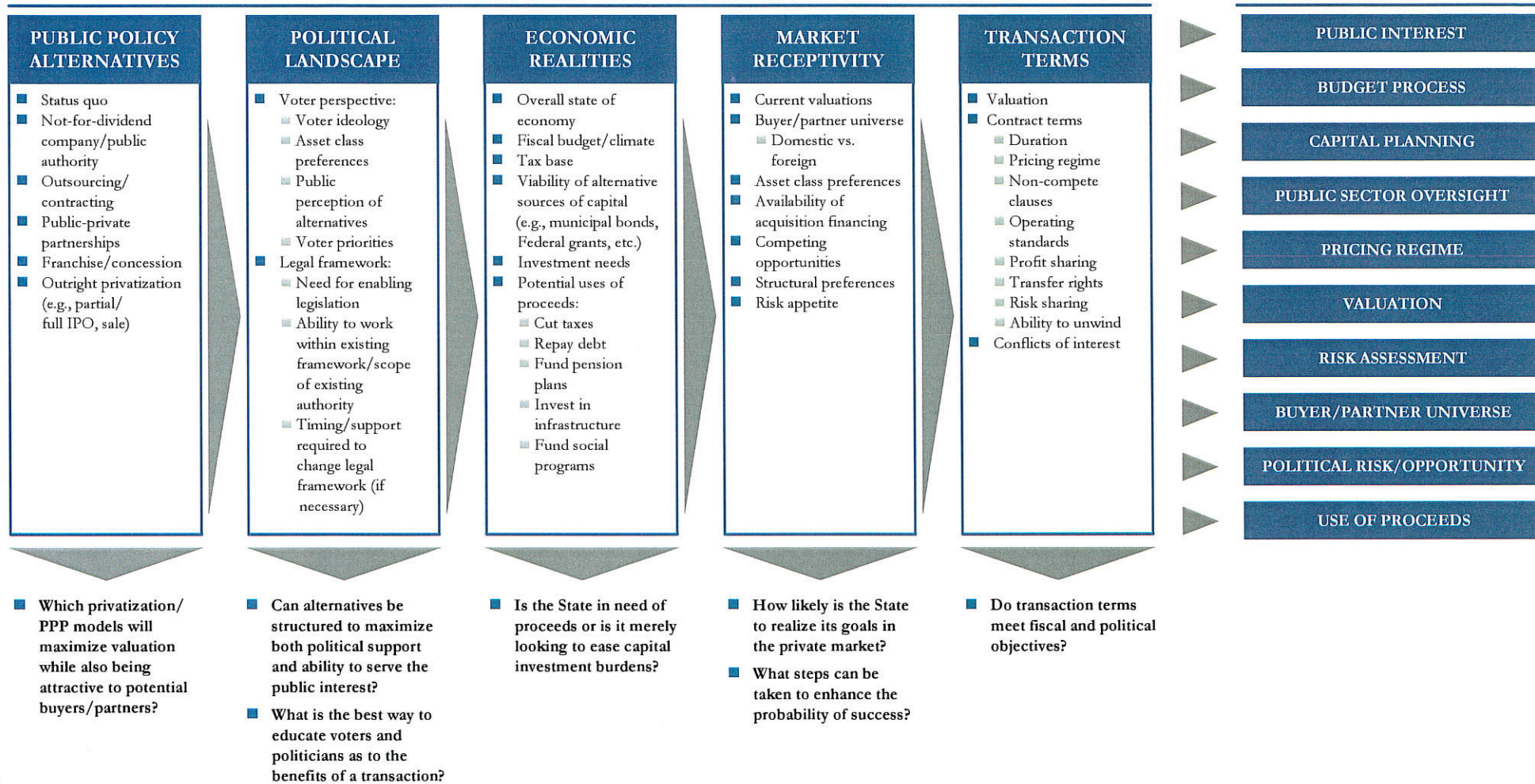
1-14

# Selected Critical Filters for the State's Infrastructure Strategy

As the State evaluates its landscape of infrastructure-based strategic opportunities, it should develop a cohesive set of criteria to act as a framework for the evaluation of its infrastructure strategy

## SELECTED CRITICAL FILTERS

## SELECTED KEY CONSIDERATIONS



1-15

## **IV Illustrative Next Steps**

---



9/16

## Illustrative Next Steps

Should the State wish to engage Lazard to help refine its infrastructure strategy or develop strategic alternatives for a specific asset, the next steps may consist of the following:

- **Establish engagement terms**
- **Further develop the scope of work and project deliverables**
  - Single asset vs. array of assets vs. broad-based infrastructure strategy
- **Meet with State officials to understand:**
  - State budget and fiscal constraints
  - Public policy initiatives
  - Budget and capital planning process
  - Political environment
  - Inventory of State infrastructure assets, *if applicable*
  - How infrastructure assets are currently financed and capitalized
  - Infrastructure assets that the State is interested in developing in the future, *if applicable*
  - Long-term State growth and investment objectives

1-17

# Appendix

---



**A Lazard Qualifications**

---



## Lazard Advisory Capabilities

As the largest independent investment bank, Lazard draws upon its experience, resources and capabilities in a variety of practices

### Strategic Advisory/M&A

- Core business is advisory
- Objective, conflict free advice
- Global scope – 835 bankers worldwide, offices in 24 countries
- Board, CEO and senior executive relationships
- Combined M&A and industry sector expertise

### Capital Markets/Corporate Finance

- Full-service financing and corporate finance advisory capabilities
- Advised on \$81 billion of equity financing transactions since 2006
  - Placed, or underwrote, over 130 transactions since 2006, raising \$32 billion
- Market leading Alternative Capital Finance practice

### Special Situations

- Advisor of choice for industry-defining, cross-border, hostile transactions
- Well-developed takeover defense expertise across industries
- Coalition-building experience
- Dedicated special committee group
- Specialized board fiduciary practice
- Unique government advisory expertise

### Restructuring Advisory

- Leading restructuring practice on Wall Street
- Long-standing relationships with banks, bondholders and investors
- Sophisticated recapitalization and distressed M&A experience
- Since 1990, senior professionals have managed over 250 restructurings with aggregate value of over \$350 billion



# The Lazard Global Infrastructure Team

Lazard's multi-disciplinary infrastructure practice is comprised of numerous M&A and financing advisory professionals worldwide

## NORTH AMERICA

<b>Vernon Jordan, Jr.</b> <i>Senior Managing Director – New York</i>	<b>Greg Donat</b> <i>Head of North American Infrastructure – New York</i>
<b>George Bilicic</b> <i>Vice Chairman of Investment Banking, Chairman of Power, Utilities &amp; Infrastructure – New York</i>	<b>Jonathan Mir</b> <i>Co-Head of North American Power &amp; Energy – New York</i>
<b>John Rutherford</b> <i>Managing Director, Head of North American Energy – Houston</i>	<b>Darryl Sagel</b> <i>Co-Head of North American Power &amp; Energy – New York</i>
<b>Rick Stearns</b> <i>Managing Director – Chicago</i>	<b>Simon Furie</b> <i>Co-Head of Gaming – Los Angeles</i>
<b>Joe Maybank</b> <i>Head of U.S. Corporate Finance – New York</i>	<b>Leslie Heisz</b> <i>Co-Head of Gaming – Los Angeles</i>
<b>Richard Gormley</b> <i>Head of Alternative Capital Finance – New York</i>	<b>Juan Correa</b> <i>Vice President, Power, Energy &amp; Infrastructure – New York</i>
<b>Raj Alva</b> <i>Managing Director, Co-Head of Special Situations Advisory Group – New York</i>	
<b>Evan Russo</b> <i>Managing Director, Financing – New York</i>	

## OTHER

<b>Argentina<sup>(a)</sup></b>	<b>China</b>	<b>Mexico<sup>(b)</sup></b>
<b>Jorge Bustamante</b> <i>Managing Director</i>	<b>Jonathan Shi</b> <i>Managing Director</i>	<b>Isauro Alfaro</b> <i>Partner (AAF)</i>
<b>Santiago Alsina</b> <i>Director</i>		<b>Adolfo Rios</b> <i>Partner (AAF)</i>
		<b>Ricardo Davila</b> <i>Partner (AAF)</i>
<b>Australia</b>	<b>Hong Kong</b>	<b>Middle East</b>
<b>John Wylie</b> <i>CEO – Lazard Australia</i>	<b>David Timblich</b> <i>Managing Director</i>	<b>Ali Asghar</b> <i>Director – Dubai</i>
<b>Andrew Leyden</b> <i>Managing Director</i>		
<b>Trent Lisle</b> <i>Director</i>		
<b>Brazil<sup>(c)</sup></b>	<b>India</b>	<b>Panama<sup>(a)</sup></b>
<b>Marcelo Lyrio</b> <i>Managing Director</i>	<b>K Balakrishnan</b> <i>Managing Director</i>	<b>Matias Eliaschew</b> <i>Managing Director</i>
<b>Jean Pierre Zarouk</b> <i>Managing Director</i>	<b>E Venkat</b> <i>Managing Director</i>	
	<b>Deepak Sharma</b> <i>Director</i>	

# LAZARD

## EUROPE

<b>France</b>	<b>Italy</b>	<b>Spain</b>	<b>UK</b>
<b>Matthieu Bucaille</b> <i>Head of European Utilities</i>	<b>Jean Francois Cizain</b> <i>Director</i>	<b>Pedro Pasquin</b> <i>Managing Director</i>	<b>Mark Gidney</b> <i>Head of Global Project Finance</i>
<b>Stephane Droulers</b> <i>Managing Director</i>	<b>Bertrand Moulet</b> <i>Director</i>	<b>Jose Maria Jauregui</b> <i>Managing Director</i>	<b>Alexandre Chavarot</b> <i>Director</i>
<b>Jean Louis Girodolle</b> <i>Managing Director</i>		<b>Enrique Namey</b> <i>Director</i>	<b>Peter Stokes</b> <i>Director</i>
<b>Germany</b>	<b>Netherlands</b>	<b>Sweden</b>	<b>Eastern Europe<sup>(c)</sup></b>
<b>Ernst Fassbender</b> <i>Managing Director</i>	<b>Eric Wijs</b> <i>Managing Director</i>	<b>Gustaf Slettengren</b> <i>Managing Director</i>	<b>Paul Tremmel</b> <i>Managing Director (Raiffeisen)</i>
<b>Alexander Doll</b> <i>Managing Director</i>	<b>Erik Fuchs</b> <i>Vice President</i>	<b>Aran Williams</b> <i>Director</i>	<b>Nina Krecht</b> <i>Director (Raiffeisen)</i>
<b>Roland Schmidt</b> <i>Director</i>			

- (a) Argentina/Panama and Brazil teams are a result of Lazard's 50% ownership interest in MBA Banco de Inversiones and joint venture with Signatura, respectively.  
 (b) In February 2009, Lazard entered into a Cooperation Agreement with Alfaro Asesores Financieros S.C. ("AAF") regarding opportunities in Mexico.  
 (c) Lazard and Raiffeisen Investment signed a Cooperation Agreement for M&A advisory in Russia and Central and Eastern Europe.





# Selected Relevant Experience

Lazard's depth of experience in the infrastructure includes numerous strategic and financing transactions involving strategics, governments and other stakeholders across a broad array of asset classes, throughout the world

## Infrastructure

Infrastructure		Privatizations		Sovereign Debt	
Power & Energy	Transportation				
<p>€38.4 billion</p>  <p>ON ITS MERGER WITH</p>  <p>2008</p>	<p>To Be Determined</p>  <p>ON THE SALE OF ITS NON-SPANISH TOLLWAY ASSETS</p> <p>PENDING</p>	<p>\$5.0 billion</p>  <p>ADVISOR TO THE GOVERNMENT OF SWEDEN ON THE SALE OF ITS 6.6% STAKE IN</p>  <p>PENDING</p>	<p>To Be Determined</p>  <p>ADVISOR TO THE GOVERNMENT OF NEW SOUTH WALES ON THE PRIVATIZATION OF ITS POWER &amp; ENERGY ASSETS</p> <p>PENDING</p>	<p>\$3.2 billion</p>  <p>ECUADOR</p> <p>RESTRUCTURING OF PUBLIC BONDS</p> <p>2009</p>	<p>\$1.0 billion</p>  <p>GABON</p> <p>DEBUT INTERNATIONAL BOND ISSUE</p> <p>2007</p>
<p>\$45.0 billion</p>  <p>ON ITS SALE TO FINANCIAL BUYER CONSORTIUM</p> <p>2007</p>	<p>\$790 million</p>  <p>ON THE REFINANCING OF THE MILLAU VIADUCT TOLL ROAD</p> <p>2007</p>	<p>To Be Determined</p>  <p>ADVISOR TO THE GOVERNMENT OF FRANCE ON THE SALE OF AN INTEREST IN</p>  <p>PENDING</p>	<p>To Be Determined</p>  <p>ADVISOR TO THE COMPANY ON THE POTENTIAL PRIVATIZATION OF LONG ISLAND T&amp;D SYSTEM</p> <p>TERMINATED</p>	<p>\$2.2 billion</p>  <p>GABON</p> <p>PARIS CLUB DEBT BUYBACK</p> <p>2006 - 2007</p>	<p>\$1.4 billion</p>  <p>NICARAGUA</p> <p>IDA COMMERCIAL DEBT BUYBACK</p> <p>2005 - 2007</p>
<p>\$18.3 billion</p>  <p>ON ITS SPIN-OFF OF</p>  <p>2007</p>	<p>Not Disclosed</p>  <p>ON ITS SALE OF A1 MOTORWAY &amp; N1/M1 DUNDALK TO SECONDARY MARKET INFRASTRUCTURE FUND</p> <p>2007</p>	<p>A\$208 million</p>  <p>ADVISOR TO THE QUEENSLAND STATE GOVERNMENT ON THE PRIVATISATION OF MACKAY AIRPORT</p> <p>2008</p>	<p>\$177 million</p>  <p>ADVISOR TO THE GOVERNMENT OF GREECE ON THE PRIVATIZATION OF</p>  <p>2009</p>	<p>\$38.0 billion</p>  <p>IRAQ</p> <p>PARIS CLUB DEBT RESTRUCTURING</p> <p>2005 - 2006</p>	<p>\$31.0 billion</p>  <p>NIGERIA</p> <p>PARIS CLUB DEBT BUYBACK / CANCELLATION</p> <p>2005 - 2006</p>
<p>\$3.4 billion</p>  <p>ON ITS ACQUISITION OF</p>  <p>AND A 3.55% INTEREST IN</p>  <p>2007</p>	<p>£15.5 billion</p>  <p>ON ITS SALE TO</p>  <p>2006</p>	<p>£2.4 billion</p>  <p>ADVISOR TO THE GOVERNMENT OF THE UK ON THE SALE OF AN INTEREST IN</p>  <p>2007</p>	<p>€4.0 billion</p>  <p>ADVISOR TO THE GOVERNMENT OF FRANCE ON THE SALE OF 15.4% OF</p>  <p>2005</p>	<p>Undisclosed</p>  <p>NICARAGUA</p> <p>IDA COMMERCIAL DEBT</p> <p>2005 - 2006</p>	<p>\$88.0 billion</p>  <p>ARGENTINA</p> <p>RESTRUCTURING OF PUBLIC BONDS - PHASE I</p> <p>2003 - 2004</p>

12-1





1-22

# Leading Global Financial Advisor

We advise on many of the most significant and industry-defining global M&A transactions

<p>\$62 billion</p>  <p>ON ITS ACQUISITION OF Anheuser-Busch</p> <p>2008</p>	<p>€38 billion</p>  <p>ON ITS MERGER WITH Suez</p> <p>2008</p>	<p>\$59 billion</p>  <p>ON ITS SALE TO J.P. Morgan</p> <p>2004</p>	<p>€44 billion</p>  <p>ON ITS AGREEMENT WITH ENEL IN A JOINT MANAGEMENT PROJECT FOR Endesa</p> <p>2007</p>	<p>\$47 billion</p>  <p>ON ITS MERGER WITH Sprint Corp.</p> <p>2005</p>	<p>\$45 billion</p>  <p>ON ITS SALE TO Financial Buyer Consortium</p> <p>2007</p>
<p>€33 billion</p>  <p>ON THE PUBLIC OFFER BY Mittal Steel FOR Arcelor</p> <p>2007</p>	<p>¥5 trillion</p>  <p>ON ITS ACQUISITION OF UFJ Holdings, Inc.</p> <p>2005</p>	<p>\$37 billion</p>  <p>ON ITS CREATION OF TWO SEPARATE COMPANIES</p> <p>2005</p>	<p>€26 billion</p>  <p>ON ITS NEGOTIATIONS WITH Banque Populaire FOR THE CREATION OF NATIXIS</p> <p>2006</p>	<p>€21 billion</p>  <p>ON ITS SALE TO Telecom Italia</p> <p>2005</p>	<p>\$27 billion</p>  <p>ON ITS SALE TO Financial Buyer Consortium</p> <p>2008</p>
<p>\$24 billion</p> <p>Ministry of Finance of the Netherlands</p> <p>ON ITS ACQUISITION OF Fortis Banking/Insurance business &amp; share in ABN AMRO</p> <p>PENDING</p>	<p>\$23 billion</p>  <p>ON ITS ACQUISITION OF British Energy Group</p> <p>PENDING</p>	<p>\$22 billion</p>  <p>ON ITS ACQUISITION OF HBOS plc</p> <p>PENDING</p>	<p>€19 billion</p>  <p>ON ITS MERGER WITH AmBev</p> <p>2004</p>	<p>\$18 billion</p>  <p>ON ITS SPIN-OFF OF NATURAL GAS TRANSMISSION BUSINESS</p> <p>2007</p>	<p>\$17 billion</p> <p>Independent Directors of KKR Private Equity Investors</p> <p>ON ITS COMBINATION WITH KKR</p> <p>PENDING</p>
<p>\$17 billion</p>  <p>ON ITS ACQUISITION OF Albertson's, Inc.</p> <p>2006</p>	<p>\$17 billion</p>  <p>ON THE SALE OF ITS CONSUMER HEALTHCARE BUSINESS TO Johnson &amp; Johnson</p> <p>2006</p>	<p>\$17 billion</p>  <p>ON ITS MERGER WITH The Bank of New York</p> <p>2007</p>	<p>\$15 billion</p>  <p>ON ITS ACQUISITION OF Numico</p> <p>2007</p>	<p>€12 billion</p>  <p>ON ITS ACQUISITION OF APRR</p> <p>2006</p>	<p>\$14 billion</p>  <p>ON ITS ACQUISITION OF Cinergy</p> <p>2006</p>
<p>\$14 billion</p>  <p>ON ITS TENDER OFFER FOR NRG</p> <p>PENDING</p>	<p>\$13 billion</p>  <p>ON ITS SALE TO Thermo Electron</p> <p>2006</p>	<p>\$12 billion</p>  <p>ON ITS SALE TO National Grid</p> <p>2007</p>	<p>\$12 billion</p>  <p>ON ITS SEPARATION INTO THREE BUSINESSES</p> <p>2007</p>	<p>\$11 billion</p> <p>Special Transaction Committee of Chicago Board of Trade</p> <p>ON ITS MERGER WITH CME Group</p> <p>2007</p>	<p>\$1 billion</p>  <p>ON ITS SALE TO JP Morgan Chase</p> <p>2008</p>





# Lazard's Illustrative Government Advisory Experience

Lazard has significant experience advising governments in privatization, restructuring and capital markets assignments

<p>\$24.0 billion</p>  <p>ADVISOR TO THE MINISTRY OF FINANCE ON THE ACQUISITION OF Banking &amp; Insurance Business of Fortis &amp; ABN AMRO Stake</p> <p>PENDING</p>	<p>\$10.0 billion</p>  <p>ADVISOR TO THE GOVERNMENT OF PAPUA NEW GUINEA ON FINANCING THEIR EQUITY INVESTMENT IN A LNG PROJECT SPONSORED BY <b>ExxonMobil.</b></p> <p>PENDING</p>	<p>To Be Determined</p>  <p>ADVISOR TO THE GOVERNMENT OF NEW SOUTH WALES ON THE PRIVATIZATION OF ITS POWER &amp; ENERGY ASSETS</p> <p>PENDING</p>	<p>To Be Determined</p>  <p>ADVISOR TO DUTCH PROVINCIAL SHAREHOLDERS ON THEIR 74% STAKE IN <b>-essent</b></p> <p>PENDING</p>	<p>To Be Determined</p>  <p>ADVISOR TO THE GOVERNMENT OF SWEDEN AND THE COMPANY ON THE PRIVATIZATION OF <b>VATTENFALL</b></p> <p>PENDING</p>	<p>To Be Determined</p>  <p>ADVISOR TO THE GOVERNMENT OF TURKEY ON THE PRIVATIZATION OF </p> <p>PENDING</p>
<p>To Be Determined</p>  <p>ADVISOR TO THE GOVERNMENT OF IRAQ ON THE PRIVATE PARTICIPATION IN AND DEVELOPMENT OF OIL ASSETS</p> <p>PENDING</p>	<p>\$177 million</p>  <p>ADVISOR TO THE GOVERNMENT OF GREECE ON THE PRIVATIZATION OF <b>OLYMPIC ATHLETES</b></p> <p>2009</p>	<p>A\$530 million</p>  <p>ADVISOR TO THE QUEENSLAND STATE GOVERNMENT ON THE PRIVATISATION OF <b>Cairns airport</b></p> <p>2008</p>	<p>A\$208 million</p>  <p>ADVISOR TO THE QUEENSLAND STATE GOVERNMENT ON THE PRIVATISATION OF <b>MACKAY AIRPORT</b></p> <p>2008</p>	<p>\$5.0 billion</p>  <p>ADVISOR TO THE GOVERNMENT OF SWEDEN ON THE SALE OF ITS 6.6% STAKE IN <b>DNV</b></p> <p>2008</p>	<p>\$4.0 billion</p>  <p>ADVISOR TO THE COUNSEIL REGIONAL DE BRETAGNE ON THE FINANCING OF LGV BRETAGNE VIA A PPP</p> <p>2008</p>
<p>A\$351 million</p>  <p>ADVISOR TO THE TASMANIAN STATE GOVERNMENT ON PRIVATISATION OF <b>Hobart INTERNATIONAL AIRPORT</b></p> <p>2008</p>	<p>A\$289 million</p>  <p>ADVISOR TO THE QUEENSLAND STATE GOVERNMENT ON PRIVATISATION OF <b>Brisbane Airport</b></p> <p>2008</p>	<p>€33.0 billion</p>  <p>ADVISOR TO THE KINGDOM OF BELGIUM ON THE PUBLIC OFFER BY MITTAL STEEL FOR <b>arcelor</b></p> <p>2007</p>	<p>£2.4 billion</p>  <p>ADVISOR TO THE GOVERNMENT OF THE UK ON THE SALE OF AN INTEREST IN <b>British Energy</b></p> <p>2007</p>	<p>\$194 million</p>  <p>ADVISOR TO THE ESLGB AS THE FEDERAL GUARANTOR OF THE SENIOR SECURED DEBT OF <b>Wheeling Pittsburgh STEEL CORPORATION</b></p> <p>2007</p>	<p>Not Disclosed</p>  <p>ADVISOR TO THE DUTCH MINISTRY OF TRANSPORT ON THE DEVELOPMENT OF <b>ZUIDERZEELIJN</b></p> <p>2006</p>
<p>Not Disclosed</p>  <p>ADVISOR TO THE GOVERNMENT OF THE NETHERLANDS ON THE PRIVATIZATION OF <b>Schiphol Group</b></p> <p>2006 - TERMINATED</p>	<p>€13.8 billion</p>  <p>ADVISOR TO THE ITALIAN MINISTRY OF FINANCE ON SEVERAL SECONDARY OFFERINGS OF <b>Enel</b></p> <p>2003 - 2005</p>	<p>€4.0 billion</p>  <p>ADVISOR TO THE GOVERNMENT OF FRANCE ON THE SALE OF 15.4% OF <b>Gaz de France</b></p> <p>2005</p>	<p>\$1.0 billion</p>  <p>ADVISOR TO THE ATSB ON THE RESTRUCTURING OF <b>U.S AIRWAYS</b></p> <p>2005</p>	<p>\$141 million</p>  <p>ADVISOR TO THE ATSB ON THE RESTRUCTURING OF <b>ATA</b></p> <p>2005</p>	<p>€3.3 billion</p>  <p>ADVISOR TO THE GOVERNMENT OF ITALY ON THE SALE OF <b>Fondo Immobili Pubblici (FIP)</b></p> <p>2004</p>





1-24

# Lazard's Illustrative Government Advisory Experience – Sovereign Debt

Lazard has significant experience advising countries on sovereign debt restructurings and debt reduction efforts

<p><b>\$3.2 billion</b></p>  <p><b>ECUADOR</b> RESTRUCTURING OF PUBLIC BONDS 2009</p>	<p><b>\$1.0 billion</b></p>  <p><b>GABON</b> DEBUT INTERNATIONAL BOND ISSUE 2007</p>	<p><b>\$2.2 billion</b></p>  <p><b>GABON</b> PARIS CLUB DEBT BUYBACK 2006 - 2007</p>	<p><b>\$1.4 billion</b></p>  <p><b>NICARAGUA</b> IDA COMMERCIAL DEBT BUYBACK 2005 - 2007</p>	<p><b>\$38.0 billion</b></p>  <p><b>IRAQ</b> PARIS CLUB DEBT RESTRUCTURING 2005 - 2006</p>	<p><b>\$31.0 billion</b></p>  <p><b>NIGERIA</b> PARIS CLUB DEBT BUYBACK / CANCELLATION 2005 - 2006</p>
<p><b>Undisclosed</b></p>  <p><b>NICARAGUA</b> IDA COMMERCIAL DEBT 2005 - 2006</p>	<p><b>\$88.0 billion</b></p>  <p><b>ARGENTINA</b> RESTRUCTURING OF PUBLIC BONDS - PHASE I 2003 - 2004</p>	<p><b>\$200 million</b></p>  <p><b>ETHIOPIA</b> BILATERAL DEBT REDUCTION 1999 - 2004</p>	<p><b>\$623 million</b></p>  <p><b>TANZANIA</b> IDA DEBT BUY BACK 1999 - 2004</p>	<p><b>\$400 million</b></p>  <p><b>ANGOLA</b> BILATERAL DEBT REDUCTION BY DEBT EXCHANGE 1997 - 2004</p>	<p><b>\$500 million</b></p>  <p><b>BRAZIL</b> DEBT EXCHANGES 1997 - 2004</p>
<p><b>\$16.5 billion</b></p>  <p><b>INDONESIA</b> PARIS CLUB NEGOTIATIONS 1998 - 2002</p>	<p><b>\$600 billion</b></p>  <p><b>UKRAINE</b> PARIS CLUB NEGOTIATIONS 2001</p>	<p><b>\$6.5 billion</b></p>  <p><b>IVORY COAST</b> LONDON CLUB NEGOTIATIONS 1997</p>	<p><b>\$3.2 billion</b></p>  <p><b>ALGERIA</b> COMMERCIAL BANK DEBT &amp; LEASE RESCHEDULING 1996</p>	<p><b>\$32.5 billion</b></p>  <p><b>RUSSIA</b> LONDON CLUB NEGOTIATIONS 1995</p>	<p><b>\$12.7 billion</b></p>  <p><b>ALGERIA</b> PARIS CLUB NEGOTIATIONS 1994 - 1995</p>
<p><b>\$27.7 billion</b></p>  <p><b>RUSSIA</b> PARIS CLUB NEGOTIATIONS 1993 - 1995</p>	<p><b>\$15.8 billion</b></p>  <p><b>NIGERIA</b> LONDON CLUB NEGOTIATIONS 1987 - 1992</p>	<p><b>\$40.2 billion</b></p>  <p><b>POLAND</b> PARIS CLUB NEGOTIATIONS 1990 - 1991</p>	<p><b>\$15.1 billion</b></p>  <p><b>NIGERIA</b> PARIS CLUB NEGOTIATIONS 1986 - 1991</p>	<p><b>\$20.9 billion</b></p>  <p><b>VENEZUELA</b> LONDON CLUB NEGOTIATIONS 1990</p>	<p><b>\$5.3 billion</b></p>  <p><b>TURKEY</b> PARIS &amp; LONDON CLUB NEGOTIATIONS 1979 - 1982</p>





1-25

# Lazard's Illustrative Privatization Advisory Experience

Lazard has significant experience advising governments or companies involved in privatizations

<p><b>To Be Determined</b></p>  <p>ADVISOR TO THE GOVERNMENT OF NEW SOUTH WALES ON THE PRIVATIZATION OF ITS POWER &amp; ENERGY ASSETS</p> <p>PENDING</p>	<p><b>To Be Determined</b></p>  <p>ADVISOR TO THE COMPANY ON THE POTENTIAL PRIVATIZATION OF LONG ISLAND T&amp;D SYSTEM</p> <p>TERMINATED</p>	<p><b>To Be Determined</b></p>  <p>ADVISOR TO THE GOVERNMENT OF TURKEY ON THE PRIVATIZATION OF</p>  <p>PENDING</p>	<p><b>To Be Determined</b></p>  <p>ADVISOR TO THE GOVERNMENT OF IRAQ ON THE PRIVATE PARTICIPATION IN AND DEVELOPMENT OF OIL ASSETS</p> <p>PENDING</p>	<p><b>To Be Determined</b></p>  <p>ADVISOR TO THE GOVERNMENT OF SWEDEN AND THE COMPANY ON THE PRIVATIZATION OF</p>  <p>PENDING</p>	<p><b>To Be Determined</b></p>  <p>ADVISOR TO DUTCH PROVINCIAL SHAREHOLDERS ON THEIR 74% STAKE IN</p>  <p>PENDING</p>
<p><b>\$177 million</b></p>  <p>ADVISOR TO THE GOVERNMENT OF GREECE ON THE PRIVATIZATION OF</p>  <p>2009</p>	<p><b>\$5.0 billion</b></p>  <p>ADVISOR TO THE GOVERNMENT OF SWEDEN ON THE SALE OF ITS 6.6% STAKE IN</p>  <p>2008</p>	<p><b>A\$208 million</b></p>  <p>ADVISOR TO THE QUEENSLAND STATE GOVERNMENT ON THE PRIVATISATION OF</p> <p>MACKAY AIRPORT</p> <p>2008</p>	<p><b>A\$530 million</b></p>  <p>ADVISOR TO THE QUEENSLAND STATE GOVERNMENT ON THE PRIVATISATION OF</p>  <p>2008</p>	<p><b>\$4.0 billion</b></p>  <p>ADVISOR TO THE COUNSEIL REGIONAL DE BRETAGNE ON THE FINANCING OF LGV BRETAGNE VIA A PPP</p> <p>2008</p>	<p><b>A\$351 million</b></p>  <p>ADVISOR TO THE TASMANIAN STATE GOVERNMENT ON PRIVATISATION OF</p>  <p>2008</p>
<p><b>A\$289 million</b></p>  <p>ADVISOR TO THE QUEENSLAND STATE GOVERNMENT ON PRIVATISATION OF</p>  <p>2008</p>	<p><b>£2.4 billion</b></p>  <p>ADVISOR TO THE GOVERNMENT OF THE UK ON THE SALE OF AN INTEREST IN</p>  <p>2007</p>	<p><b>Not Available</b></p>  <p>ADVISOR TO A BIDDER ON THE</p>  <p>2007 - TERMINATED</p>	<p><b>Not Available</b></p>  <p>ADVISOR TO A BIDDER ON THE</p>  <p>2007 - TERMINATED</p>	<p><b>Not Disclosed</b></p>  <p>ADVISOR TO THE GOVERNMENT OF THE NETHERLANDS ON THE PRIVATIZATION OF</p>  <p>2006 - TERMINATED</p>	<p><b>€4.0 billion</b></p>  <p>ADVISOR TO THE GOVERNMENT OF FRANCE ON THE SALE OF 15.4% OF</p>  <p>2005</p>
<p><b>€3.3 billion</b></p>  <p>ADVISOR TO THE GOVERNMENT OF ITALY ON THE SALE OF</p> <p>Fondo Immobili Pubblici (FIP)</p> <p>2004</p>	<p><b>€540 million</b></p>  <p>ADVISOR TO THE KINGDOM OF BELGIUM ON THE SALE OF 5.3% OF</p>  <p>2004</p>	<p><b>€15.0 billion</b></p>  <p>ADVISOR TO THE GOVERNMENT ON THE RESTRUCTURING AND CAPITAL INCREASE OF</p>  <p>2003</p>	<p><b>€6.1 billion</b></p>  <p>ADVISOR TO THE GOVERNMENTS OF FINLAND AND SWEDEN ON THE SALE OF SONERA TO</p>  <p>2002</p>	<p><b>€100 million</b></p>  <p>ADVISOR TO THE GOVERNMENT OF GREECE ON THE PRIVATIZATION OF</p>  <p>2002</p>	<p><b>€16.0 billion</b></p>  <p>ADVISOR TO THE GOVERNMENT OF FRANCE AND THE COMPANY ON THE PRIVATIZATION AND TRANSFORMATION OF AEROSPATIALE INTO EADS</p>  <p>2000</p>





# Lazard's Illustrative Infrastructure Advisory Experience

Lazard has significant experience advising both governments and companies involved in infrastructure transactions

<p>\$14.0 billion</p>  <p>ON ITS TENDER OFFER FOR NRG</p> <p>PENDING</p>	<p>\$10.0 billion</p>  <p>ADVISOR TO THE GOVERNMENT OF PAPUA NEW GUINEA ON FINANCING THEIR EQUITY INVESTMENT IN A LNG PROJECT SPONSORED BY</p>  <p>PENDING</p>	<p>€5.0 billion</p> <p>NORDSTREAM GAS PIPELINE</p> <p>ADVISOR TO A POTENTIAL SHAREHOLDER</p> <p>PENDING</p>	<p>\$1.7 billion</p>  <p>ON THE RESTRUCTURING OF ITS DEBT ASSOCIATED WITH CERRO NEGRO AND PETROZUATA</p> <p>PENDING</p>	<p>To Be Determined</p>  <p>ON THE SALE OF ITS NON-SPANISH TOLLWAY ASSETS</p> <p>PENDING</p>	<p>A\$811 million</p>  <p>STRATEGIC ADVISORY</p> <p>PENDING</p>
<p>To Be Determined</p>  <p>ADVISOR TO DUTCH PROVINCIAL SHAREHOLDERS ON THEIR 74% STAKE IN</p>  <p>PENDING</p>	<p>To Be Determined</p>  <p>ADVISOR TO THE GOVERNMENT OF NEW SOUTH WALES ON THE PRIVATIZATION OF ITS POWER &amp; ENERGY ASSETS</p> <p>PENDING</p>	<p>To Be Determined</p>  <p>ON TWO PPP PROJECTS AND ITS POSSIBLE IPO</p> <p>PENDING</p>	<p>To Be Determined</p>  <p>ADVISOR TO THE GOVERNMENT OF IRAQ ON THE PRIVATE PARTICIPATION IN AND DEVELOPMENT OF OIL ASSETS</p> <p>PENDING</p>	<p>To Be Determined</p>  <p>ADVISOR TO THE CITY OF NEW YORK ON ITS SOLAR ENERGY RFP</p> <p>PENDING</p>	<p>A\$208 million</p>  <p>ADVISOR TO THE QUEENSLAND STATE GOVERNMENT ON THE PRIVATISATION OF MACKAY AIRPORT</p> <p>2008</p>
<p>€38.4 billion</p>  <p>ON ITS MERGER WITH SUEZ</p> <p>2008</p>	<p>\$4.0 billion</p>  <p>ADVISOR TO THE COUNCIL REGIONAL DE BRETAGNE ON THE FINANCING OF LGV BRETAGNE VIA A PPP</p> <p>2008</p>	<p>A\$351 million</p>  <p>ADVISOR TO THE TASMANIAN STATE GOVERNMENT ON PRIVATISATION OF</p>  <p>2008</p>	<p>A\$289 million</p>  <p>ADVISOR TO THE QUEENSLAND STATE GOVERNMENT ON PRIVATISATION OF</p>  <p>2008</p>	<p>\$45.0 billion</p>  <p>ON ITS SALE TO FINANCIAL BUYER CONSORTIUM</p> <p>2007</p>	<p>\$18.3 billion</p>  <p>ON ITS SPIN-OFF OF</p>  <p>2007</p>
<p>\$11.8 billion</p>  <p>ON ITS SALE TO nationalgrid</p> <p>2007</p>	<p>\$3.4 billion</p>  <p>ON ITS ACQUISITION OF ANR Pipeline an El Paso company AND A 3.55% INTEREST IN</p>  <p>2007</p>	<p>\$790 million</p>  <p>ON THE REFINANCING OF THE MILLAU VIADUCT TOLL ROAD</p> <p>2007</p>	<p>Not Disclosed</p>  <p>ON ITS SALE OF A1 MOTORWAY &amp; N1/M1 DUNDALK TO SECONDARY MARKET INFRASTRUCTURE FUND</p> <p>2007</p>	<p>Not Available</p>  <p>FINANCIAL ADVISOR</p> <p>2007</p>	<p>€23.0 billion</p>  <p>ON ITS MERGER WITH autostrade//spa</p> <p>2007 - TERMINATED</p>





1-27

# Lazard's Illustrative Infrastructure Advisory Experience (cont'd)

<p>\$15.5 billion</p>  <p>ON ITS SALE TO</p>  <p>2006</p>	<p>€12.0 billion</p>  <p>ON THEIR ACQUISITION OF</p>  <p>2006</p>	<p>\$13.7 billion</p>  <p>ON ITS MERGER WITH</p>  <p>2006</p>	<p>\$6.5 billion</p>  <p>ADVISOR TO A CONSORTIUM ON SAUDI LANDBRIDGE</p> <p>2006</p>	<p>€4.5 billion</p>  <p>ON THE FINANCING OF LGV SUD EUROPE ATLANTIQUE</p> <p>2006</p>	<p>\$5.6 billion</p>  <p>ON ITS ACQUISITION OF</p>  <p>2006</p>
<p>\$2.2 billion</p>  <p>ON ITS ACQUISITION OF HILLS MOTORWAY GROUP</p> <p>2006</p>	<p>\$1.3 billion</p>  <p>ON THE SALE OF ITS UNREGULATED GENERATION AND RETAIL BUSINESSES</p> <p>2006</p>	<p>Not Available</p>  <p>ADVISOR TO THE DUTCH MINISTRY OF TRANSPORT ON THE DEVELOPMENT OF</p>  <p>2006</p>	<p>\$25.0 billion</p>  <p>ON ITS ACQUISITION OF</p>  <p>2006 - TERMINATED</p>	<p>Not Disclosed</p>  <p>ADVISOR TO THE GOVERNMENT OF THE NETHERLANDS ON THE PRIVATIZATION OF</p>  <p>2006 - TERMINATED</p>	<p>€3.5 billion</p>  <p>AND CONSORTIUM ON THEIR ACQUISITION OF A STAKE IN</p>  <p>2005</p>
<p>\$656 million</p> <p>USGen New England, Inc.</p> <p>ON THE SALE OF ITS FOSSIL GENERATING FACILITIES TO</p>  <p>2005</p>	<p>\$613 million</p>  <p>ON THE SALE OF ITS MEXICAN NATURAL GAS PIPELINES TO</p>  <p>2005</p>	<p>£30.0 billion</p>  <p>ON A DEBT ISSUANCE PROGRAM AND MEDIUM TERM NOTE SUPPORTED BY</p>  <p>2004</p>	<p>\$9.0 billion</p>  <p>ON ITS SALE OF</p>  <p>2004</p>	<p>\$3.5 billion</p>  <p>ON PROJECT FINANCING OF BAKU-TBILISI-CEYHAN</p> <p>2004</p>	<p>\$1.7 billion</p>  <p>ON THE SALE OF GAS TRANSMISSION NORTHWEST CORP. TO</p>  <p>2004</p>
<p>€401 million</p>  <p>ON THE SALE OF ITS 5.0% STAKE IN</p>  <p>2004</p>	<p>Not Disclosed</p>  <p>ON ITS SALE OF</p>  <p>TO SOUTHERN WATER CAPITAL</p> <p>2003</p>	<p>£2.1 billion</p>  <p>ON ITS ACQUISITION OF</p>  <p>FROM FIRST AQUA</p> <p>2003</p>	<p>£1.9 billion</p>  <p>SECURITIZATION</p> <p>2003</p>	<p>£10.7 billion</p>  <p>ON THE ACQUISITION OF</p>  <p>ADVISOR TO THE</p>  <p>2002</p>	<p>€4.5 billion</p>  <p>ADVISOR TO IVG CONSORTIUM</p> <p>2002</p>

## **B Selected Lazard Team Biographies**

---



1-29

## Selected Lazard Team Biographies

### VERNON E. JORDAN, Jr., *Senior Managing Director*

Vernon E. Jordan, Jr. is a Senior Managing Director of Lazard Frères & Co. LLC in New York. He works with a diverse group of clients across a broad range of industries.

Prior to joining Lazard, Mr. Jordan was a Senior Executive Partner with the law firm of Akin Gump Strauss Hauer & Feld, LLP, where he remains Senior Counsel. While there Mr. Jordan practiced general, corporate, legislative and international law in Washington, D.C.

Before Akin Gump, Mr. Jordan held the following positions: President and Chief Executive Officer of the National Urban League, Inc.; Executive Director of the United Negro College Fund, Inc.; Director of the Voter Education Project of the Southern Regional Council; Attorney-Consultant, U.S. Office of Economic Opportunity; Assistant to the Executive Director of the Southern Regional Council; Georgia Field Director of the National Association for the Advancement of Colored People, and an attorney in private practice in Arkansas and Georgia.

Mr. Jordan's presidential appointments include: the President's Advisory Committee for the Points of Light Initiative Foundation; the Secretary of State's Advisory Committee on South Africa; the Advisory Council on Social Security; the Presidential Clemency Board; the American Revolution Bicentennial Commission; the National Advisory Committee on Selective Service; and the Council of the White House Conference "To Fulfill These Rights." In 1992, Mr. Jordan served as the Chairman of the Clinton Presidential Transition Team.

Mr. Jordan's corporate and other directorships include: American Express Company (Senior Advisor); Asbury Automotive Group, Inc.; Howard University (Trustee); Lazard Ltd; Xerox Corporation; International Advisory Board of Barrick Gold.

Mr. Jordan is a graduate of **DePauw University** and the **Howard University Law School**. He holds honorary degrees from more than 60 colleges and universities in America. He is a member of the Bars of Arkansas, the District of Columbia, Georgia and the U.S. Supreme Court. He is a member of the American Bar Association, the National Bar Association, the Council on Foreign Relations and The Bilderberg Meetings. Mr. Jordan is the author of *Vernon Can Read! A Memoir* (Public Affairs, 2001) and *Make It Plain, Standing Up and Speaking Out* (Public Affairs, 2008).





## Selected Lazard Team Biographies (cont'd)

### GEORGE W. BILICIC, *Vice Chairman of Investment Banking and Chairman of Power, Utilities & Infrastructure*

Mr. Bilicic returned to Lazard effective October 2008 as a Managing Director and Chairman of Power, Utilities & Infrastructure and was recently named Vice Chairman of Investment Banking. At Lazard, Mr. Bilicic works with companies and governmental entities in various industry sectors including power, energy and infrastructure. In addition to his client responsibilities across industries, Mr. Bilicic is responsible for leading the Firm's external marketing initiatives and takeover defense business, through his responsibilities as a head of the newly-formed Special Situations Advisory Group, and serves as a member of the Firm's Fairness Committee. Mr. Bilicic had previously joined Lazard in March 2002 as a Managing Director, serving as Global Head of Power, Energy & Infrastructure. Mr. Bilicic also earlier completed a term as Head of Lazard's Midwest Advisory business serving the needs of companies and governmental entities based in that region of the U.S. across all industries.

From May 2008 to October 2008, Mr. Bilicic served as a Managing Director and Head of Infrastructure at KKR. At KKR, Mr. Bilicic was responsible for initiating and leading KKR's global infrastructure investing efforts and contributing to other areas, especially alternative energy and power. During his time at KKR, Mr. Bilicic served on the Infrastructure Investment Committee and led teams that considered investments in airports, ports, surface transportation, utilities and power, alternative energy, midstream infrastructure, social infrastructure and infrastructure conglomerates.

Previously, Mr. Bilicic had been a Partner in the law firm of Cravath, Swaine & Moore from 1995. He joined Cravath as an associate in 1989. Mr. Bilicic's diverse corporate practice at Cravath primarily focused on mergers and acquisitions, but also included bank financings, joint ventures, public offerings, project finance, and swaps and other derivatives.

After graduation from Georgetown University Law Center, Mr. Bilicic served in a clerkship with the Hon. Murray M. Schwartz (Chief Judge, U.S. District Court for the District of Delaware). Mr. Bilicic was an Articles Editor of the Law Journal at Georgetown University Law Center.

Mr. Bilicic is active in a variety of organizations including the Brookings Metropolitan Policy Program (Member), Hofstra University (Board of Directors), Georgetown University Law Center (Board of Visitors), Grenville Baker Boys & Girls Club (Board of Directors), and others.

Mr. Bilicic developed a strong interest in the infrastructure area beginning at DeSales University where his senior thesis was entitled "The Federal Role in Infrastructure Revitalization" and, among other things, recommended a national capital budget as a fiscally prudent measure to address the nation's decaying infrastructure.

**DeSales University, B.A. *summa cum laude*, Georgetown University Law Center, J.D. *magna cum laude*, Order of the Coif.**



## Selected Lazard Team Biographies (cont'd)

### MARK GIDNEY, *Senior Advisor*

Mr. Gidney joined Lazard in 1991 from Wallace Smith Trust Co. and Morgan Grenfell and currently heads Lazard's debt advisory team in London and its worldwide Project Finance team.

Prior to joining Lazard he was involved in many of the original PFI / PPP Projects in the UK including Eurotunnel, Dartford Bridge, Second Severn Crossing, Manchester Metro and the Birmingham Northern Relief Road.

Infrastructure transactions include advising the Strategic Rail Authority (SRA) on taking Railtrack plc out of administration, the IVG consortium on its bid for the new Berlin airport, London Regional Transport and London Underground on a range of issues relating to the options for private sector involvement and funding of London Underground, British Waterways and Partnerships UK on their Public Private Partnership with Anglian Water and Bristol Water, and Premier Prison Services bids to design, construct, manage and finance six prisons and two secure training centers in the UK. In 2003/4 he advised the SRA on financing the UK rail industry including a £4 billion commercial paper program, a £10 billion medium term note program and a £20 billion securitization program. In 2005 he advised Eurotunnel on possible restructuring options. More recently he has provided advice to the Dutch Government on options for structuring a high-speed rail link in Holland and is currently advising a Consortium bidding for a concession to build a new railway line in Saudi Arabia, and a Dutch utility on its proposed participation in the Nordstream Gas Pipeline.

**Cambridge University, MA, London Business School, MSc.**





1-32

## Selected Lazard Team Biographies (cont'd)

### RICK STEARNS, *Managing Director*

Mr. Stearns is Head of Lazard's North American Infrastructure Group and is based in Lazard's Chicago office. With more than 15 years of experience, Mr. Stearns has been involved in a variety of government advisory, merger and acquisition advisory, restructuring and corporate finance assignments for clients from a wide range of industries.

While at Lazard, Mr. Stearns' assignments have included advising the Airline Transportation Stabilization Board (ATSB) – Federal government agency, 3M, BP, Cargill, Corn Products, Lufthansa, Russell Corp., Sara Lee, SuperValu, Wendy's and Wrigley, among others.

Mr. Stearns' recent infrastructure experience includes having advised potential buyers of the Illinois Lottery and Hoosier Lottery, as well as a number of other infrastructure-related matters.

Prior to joining Lazard, Mr. Stearns worked in investment banking for William Blair & Company in Chicago.

**Amherst College, B.A., Northwestern University, J.L. Kellogg Graduate School of Management, M.M. with distinction.**



## Selected Lazard Team Biographies (cont'd)

### GREGORY S. DONAT, *Head of North American Infrastructure*

Gregory Donat joined Lazard in August 2006 as a Director in the Power, Energy & Infrastructure Group. Prior to joining Lazard, Mr. Donat was a Principal in the Mergers & Acquisitions Group at Banc of America Securities. He has advised numerous clients in the Power, Energy & Infrastructure sectors, including Cinergy, Duke, Dynegy, NRG, Reliant, PNM Resources, GDF Suez, TXU, Veolia and others. His experience includes advising on cross border, structured tax, restructuring and commodity-linked transactions. At Banc of America Securities, his duties included leading that firm's integration of its energy commodity trading platform and Investment Banking, and his experience includes advising Bank of America, TXU and other firms on potential acquisitions and dispositions in the energy commodity trading sector.

Previously, Mr. Donat was a corporate attorney at Cravath, Swaine & Moore. He is a graduate of Columbia University School of Law, where he served as an Articles Editor on the Columbia Law Review. Prior to attending law school, he was a screenwriter in Los Angeles.

**Amherst College, B.A. cum laude, American Film Institute, Center for Advanced Film Studies, M.F.A., Columbia University School of Law, J.D., Harlan Fiske Stone Scholar.**



## **C Summary Results of Lazard-Sponsored Poll**

---



1-35

## Takeaways from Lazard-Sponsored National Poll

Lazard recently sponsored a national poll of likely voters assessing their views on third-party participation in infrastructure, the key findings of which are highlighted below:

- **Likely voters are currently overwhelmingly concerned about the state of the economy**
- **While important, upgrading infrastructure is a distant third priority for likely voters behind increasing education and healthcare funding as a by-product of an infrastructure strategy**
- **There is a desire among likely voters for their elected officials to pursue non-traditional means of addressing their states' fiscal problems**
  - The aversion to increased taxes and/or increased debt has led to the support of creative funding solutions, including private investment in infrastructure
  - This is also being driven by the expansion of the investor class and generational shifts in opinions regarding the role of governments in the provision of infrastructure
- **The majority of likely voters supports allowing private companies to invest in government-owned assets in return for new state revenue**
  - Additionally, it is apparent that the terminology used when posing this question (e.g., “private investment,” “privatization,” “public-private partnership”) significantly influences the voter response
- **There are some asset classes in which likely voters are more inclined to support private investment, including convention centers and stadiums, waste removal and recycling, parking garages, public transportation systems, roads and bridges, schools, and parks and recreation areas**
- **The duration of a contract providing for private investment in infrastructure significantly influences the level of support from likely voters**
  - Shorter duration contracts are overwhelmingly preferred

Source: Lazard-sponsored national polls of likely voters (July 2007 and March 2008).

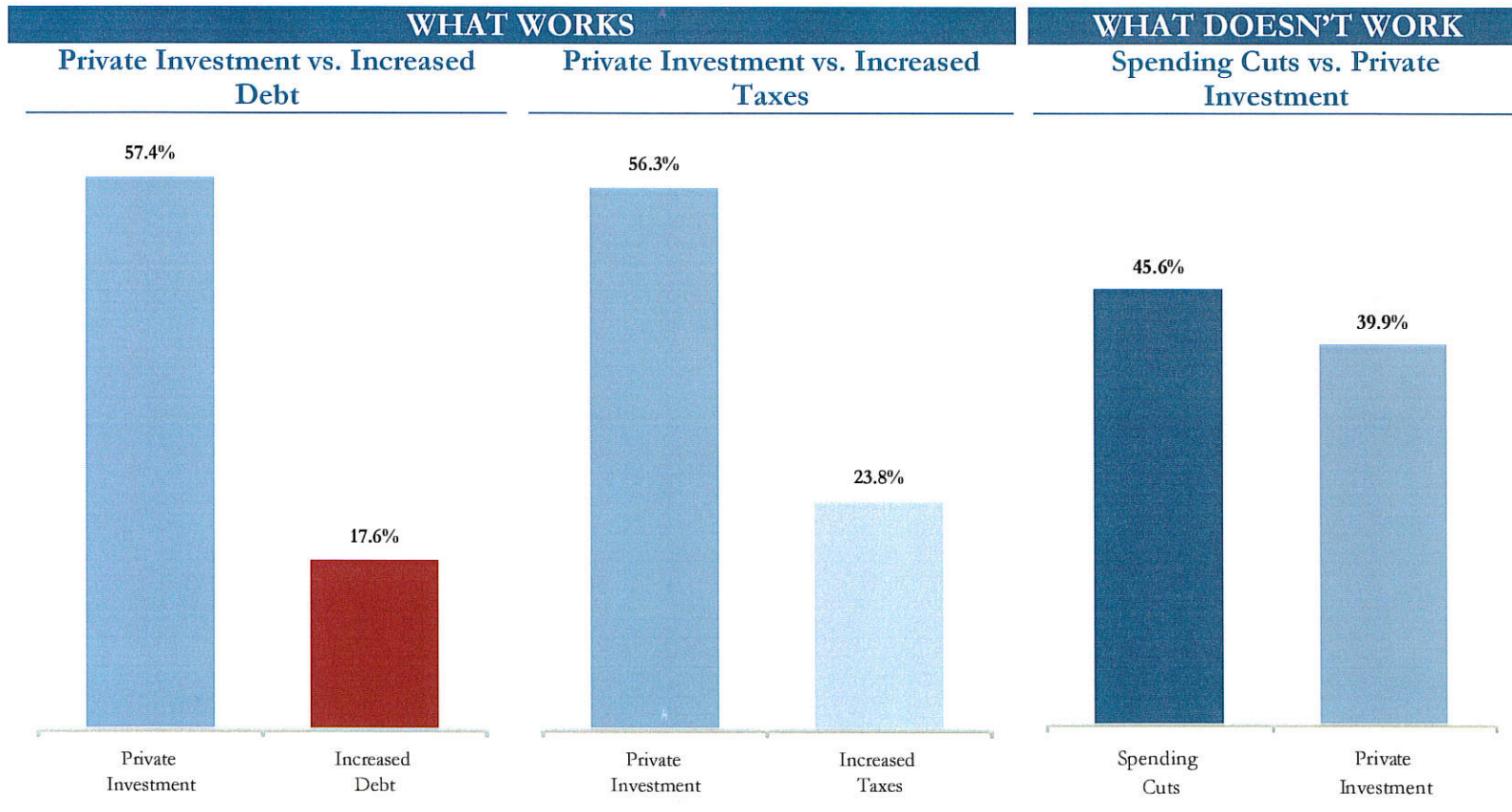


1-36

# Funding Alternatives

While likely voters prefer private investment to increased taxes or debt, they prefer spending cuts to private investment

- In order to maximize the likelihood of success, private investment in infrastructure must be presented in the proper format, namely as a choice between i) private investment, or ii) increased taxes and/or debt



Source: Lazard-sponsored national poll of likely voters (March 2008).





1-37

## Landscape of Assets for Potential Privatization/PPPs

Various assets are available to governments for privatization/PPPs and are presented below to reflect the potential value proposition as well as the political acceptability



Source: Lazard-sponsored national polls of likely voters (July 2007 and March 2008).



1-38

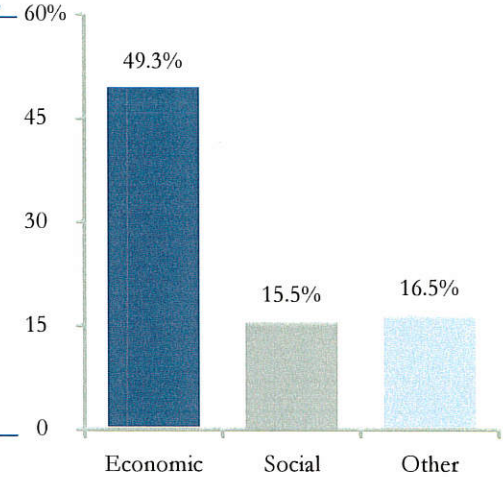
# State Issue Environment

## Economic issues currently dominate likely voters' concerns

### ■ Likely Voters Are Most Concerned about Economic Issues

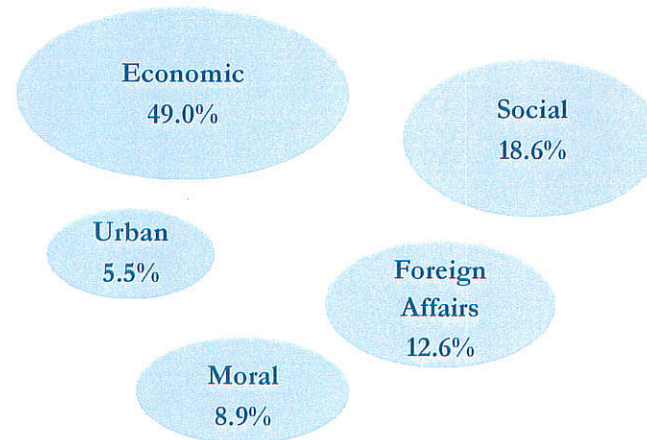
In your opinion, what's the most important issue facing your state today?

OVERALL	
The Economy	25.6%
Unemployment/Jobs	11.1
Taxes	9.3
Healthcare/Ins./HMO	7.8
Education/Quality	6.4
Don't Know	5.5
Energy Crisis	4.3
War/Peace/Iraq	3.9
Immigration/Illegal Aliens	3.5
Budget/Deficit	1.9
Roads	1.5
Revenue/Funding	1.4



### ■ There Are Also Most Interested in Economic Issues

In general, are you most interested in economic issues, like taxes, jobs and the budget; foreign affairs issues like homeland security, terrorism and national defense; social issues like education, health care and the environment; local issues like crime, drugs and immigration reform; or moral issues like abortion and gay marriage ?





1-39

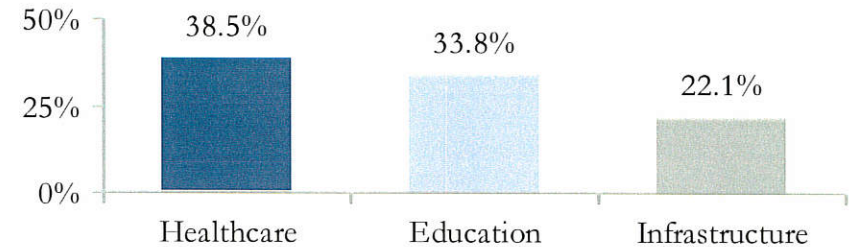
## The Funding Problem

In the face of funding needs and state budget deficits, likely voters are looking for new, non-traditional sources of funding for state initiatives

### Healthcare and Education Are Top Funding Priorities

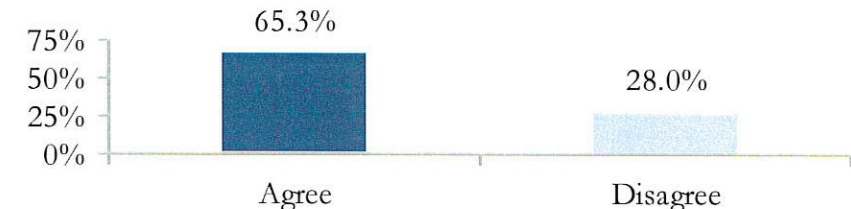
Your state has a number of important projects that need funding. In your opinion, which of the following projects should be your state's top funding priority?

- Improving public education
- Providing access to quality healthcare
- Upgrading the state's infrastructure like roads, bridges and highways



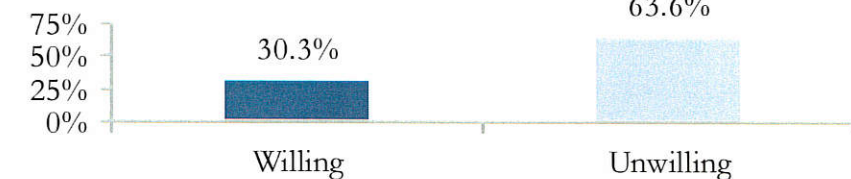
### States Are Facing Challenging Fiscal Issues

Agree/Disagree: In order to balance its budget, your state must make significant budget cuts or raise taxes this year?



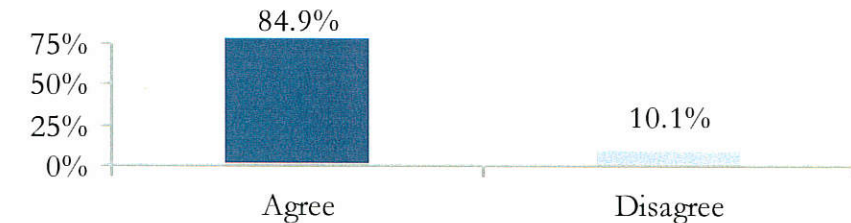
### Higher Taxes Are Not an Option

Which of the following comes closest to your option: You are willing to pay higher taxes to help pay for vital social programs and infrastructure projects in your state; or, taxes are already too high and you are not willing to pay more taxes to fund vital social programs and infrastructure projects in your state?



### Voters Want New, Creative Funding Alternatives

Agree/Disagree: It's time your state government started finding creative funding solutions to help pay for the state's top priorities rather than increasing taxes on working families or cutting vital government programs?







1-40

## State Funding Alternatives

Likely voters are supportive of private investment in public assets when compared to increasing taxes or raising debt, but they prefer spending cuts to private investment

### PRIVATE INVESTMENT VS. TAXES

- If you had to choose between the following two choices, which of the following funding solutions do you favor most to help pay for your state’s vital social programs and infrastructure projects:
  - Allowing private companies to invest in state-owned assets like convention centers, roads, bridges and the lottery
  - Increasing taxes

	OVERALL	VOTE BEHAVIOR		
		DEM	TS	GOP
Private Investment	56.3%	44.5%	59.8%	61.8%
Increase Taxes	23.8	37.6	23.9	16.3

### PRIVATE INVESTMENT VS. INCREASING DEBT

- Now, between the following two choices, which would you prefer:
  - Allowing private companies to invest in state-owned assets like convention centers, roads, bridges and the lottery
  - Increasing state debt

	OVERALL	VOTE BEHAVIOR		
		DEM	TS	GOP
Private Investment	57.4%	49.1%	61.2%	61.8%
Increase Debt	17.6	25.4	18.8	11.1

### PRIVATE INVESTMENT VS. CUT SPENDING

- Now, between the following two choices, which would you prefer:
  - Allowing private companies to invest in state-owned assets like convention centers, roads, bridges and the lottery
  - Cutting state government spending

	OVERALL	VOTE BEHAVIOR		
		DEM	TS	GOP
Cut Spending	45.6%	42.2%	44.2%	46.7%
Private Investment	39.9	41.0	43.8	38.2



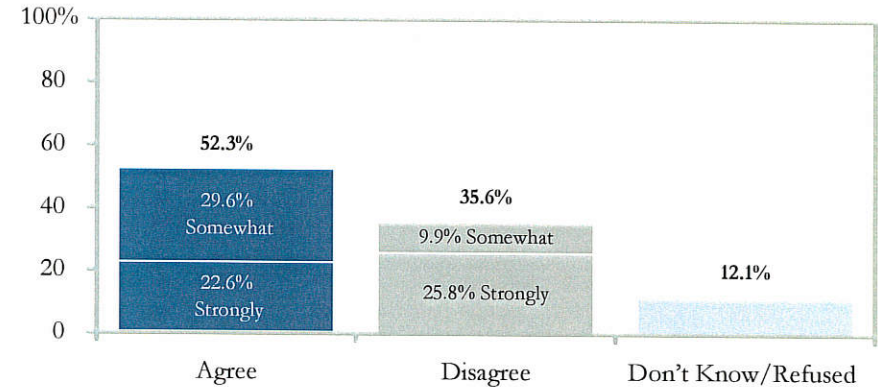
(-4)

## The Private Investment Choice

A majority of likely voters favors private investment in government-owned assets in return for new state revenues

### ■ Likely Voters Are Supportive of Private Investment in Government-Owned Assets

Today your state relies mostly on higher taxes or increased state debt in order to pay the increased cost of vital social programs like education and healthcare and important infrastructure projects like highway repairs. An alternative allows private companies to invest in and assume management of government-owned assets such as your state's convention centers, roads, bridges and state lottery. Knowing this alternative exists, do you favor or oppose allowing private companies to invest and assume management of government-owned assets in return for billions of dollars in new state revenues?



■ Why do you favor allowing private companies to invest in and assume management of government assets in return for giving your state billions of dollars?

	OVERALL
Tax Relief/Hold Taxes	21.1%
Private Do Better Job	16.0
Revenue/For Good PGM	11.0
Government Does Poor Job	7.9
Efficient/No Bureaucracy	7.2
Good Idea	6.5

■ Why do you oppose allowing private companies to invest in and assume management of government assets in return for giving your state billions of dollars?

	OVERALL
State's Responsibility	16.5%
Corruption/Conflict	10.2
Private Companies Greedy/Hike Fees	10.2
Distrust Private Corporations	8.1
Lose Control	6.0
Will Harm Public/State	5.3



1-42

## The Private Investment Choice (cont'd)

The following highlights the demographic breakdown of those that favor and oppose private investment in government-owned assets:

		PRIVATE INVESTMENT		
		FAVOR	OPPOSE	NET DIFFERENCE
<b>OVERALL</b>		<b>52.3%</b>	<b>35.6%</b>	<b>+16.6%</b>
<b>VOTER IDEOLOGY</b>	Liberal	43.9%	45.7%	-1.7%
	Moderate	55.8	34.4	+21.4
	Conservative	58.2	29.4	+28.8
<b>USUALLY VOTES</b>	Democrat	49.7%	41.4%	+8.3%
	Ticket Splitter	47.3	41.2	+6.1
	Republican	61.5	22.7	+38.9
<b>AGE</b>	45 & Under	59.3%	25.9%	+33.3%
	Over 45	49.5	38.9	+10.5
<b>GENDER</b>	Male	55.6%	33.9%	+21.7%
	Female	49.2	37.2	+12.0
<b>RACE</b>	Black	55.6%	34.7%	+20.8%
	Hispanic	62.5	18.8	+43.8
	White	52.2	36.4	+15.8





1-43

# Private Investment Options: Asset Classes That Work

A significant majority of likely voters favors private participation in the following types of public infrastructure:

**Convention Centers & Stadiums:** Allowing a private company to invest in your state convention centers, stadiums and other large entertainment venues in return for billions in new state revenue

**Trash Disposal & Recycling:** Allowing a private company to invest in your state's trash disposal and recycling services in return for billions in new state revenue

**Parking Garages:** Allowing a private company to invest in your state-owned parking garages in return for billions in new state revenue

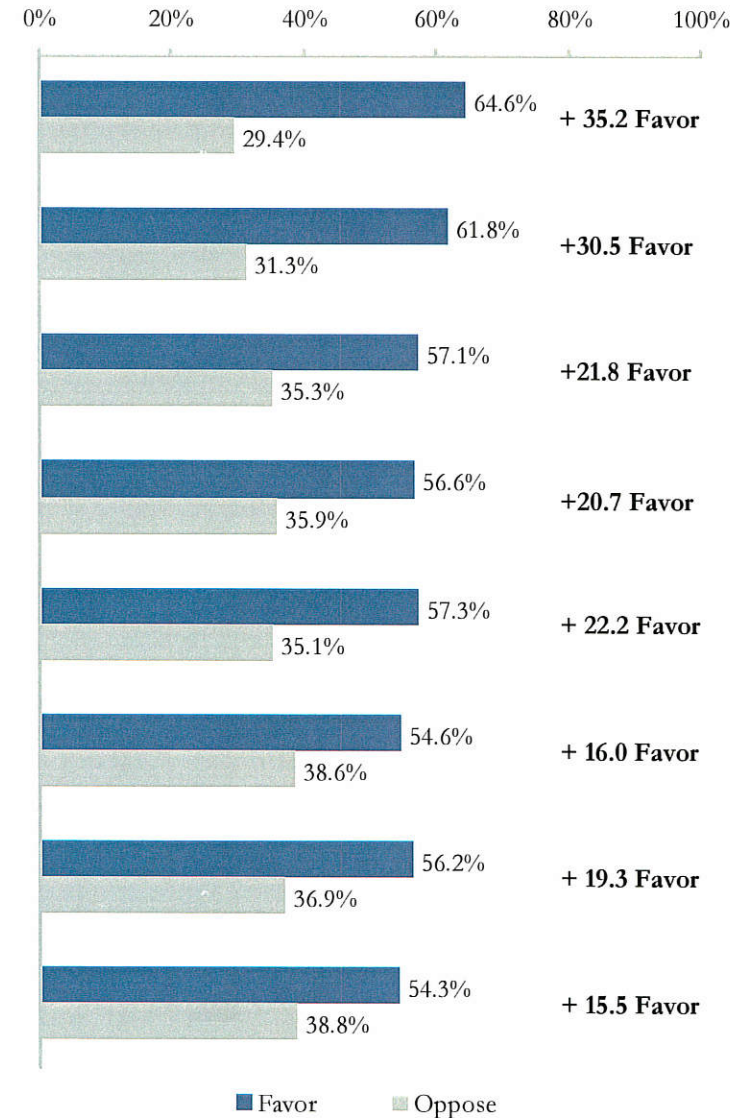
**Local Airports:** Allowing a private company to invest in your state's local airports in return for billions in new state revenue

**Public Transportation System:** Allowing a private company to invest in your state's public transportation system, including city buses and trains, in return for billions in new state revenue

**Roads & Bridges:** Allowing a private company to manage your state's roads and bridges in return for billions in new state revenue

**School Upgrades & Renovations:** Allowing a private company to invest in your state's public school construction, renovation and maintenance projects in return for billions in new state revenue

**Parks & Recreational Areas:** Allowing a private company to invest in the maintenance and upkeep of your state parks and recreational areas in return for billions in new state revenue





1-44

# Private Investment Options: Asset Classes That Don't Work

Likely voters are indifferent or oppose private participation in the following types of public infrastructure:

**Prisons, Jails & Correctional Facilities:** Allowing a private company to manage your state's prisons, jails and correctional facilities in return for billions in new state revenue

**Waste Water Treatment Facilities:** Allowing a private company to invest in your state's waste water treatment facilities in return for billions in new state revenue

**Student Loan Program:** Allowing a private company to manage your state's student loan program in return for billions in new state revenue

**State Lottery:** Allowing a private company to invest in your state's lottery system in return for billions in new state revenue

**Utilities:** Allowing a private company to manage a state utility, such as electricity or natural gas, in return for billions in new state revenue

**Ports & Waterways:** Allowing a private company to manage your state's ports and waterways in return for billions in new state revenue

**Drinking Water Distribution Facilities:** Allowing a private company to invest in your state's drinking water distribution facilities in return for billions in new state revenue

