

From: Fuld, Dick [lbexec1@lehman.com]
Sent: Wednesday, April 23, 2008 12:28 AM (GMT)
To: Goldfarb, David [dgoldfar@lehman.com] <Error -2147221233>
Subject: Re: SMBC

I totally agree--on to the next

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

From: Goldfarb, David
To: Katsuragi, Akio
Cc: Bhattal, Jasjit; Fuld, Dick
Sent: Tue Apr 22 20:23:27 2008
Subject: Re: SMBC

We already did convertible preferred, don't need anymore structure equity. They need to buy real equity as strategic partner or it is not that interesting. We are relaunching search for strategic partners, and have finished financial equity issuance. If they are not interested we will hook up with other real equity buyers.

Dave

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

From: Katsuragi, Akio
To: Goldfarb, David
Sent: Tue Apr 22 19:01:51 2008
Subject: FW: SMBC

FYI,

Jeremy is was in Tokyo yesterday and together with Jesse, three of us visited Kawamura at their headoffice. Kawamura is now the head of International and recently was promoted to Senior MD. Kurumadani is the head of Planning directly reporting to Oku, CEO. Kurumadani is responsible for their potential investment in LB.

Akio

From: Katsuragi, Akio
Sent: Tuesday, April 22, 2008 5:24 PM
To: Bhattal, Jasjit; Isaacs, Jeremy
Subject: SMBC

Kurumadani, MD, called back and said that SMBC would be interested in buying convertible preferred from us. He has spoken to most of directors of SMBC on this and pretty much everyone supported the idea. He, therefore, wants us to consider this seriously and get back to them asap so that he could present it to Messrs. Oku/Kitayama if possible tomorrow. This is subject to a further due diligence. The size is about \$1billion.

According to Kurumadani, such investment would be made on the assumption that the both institutions would start immediately a broader strategic/partnering discussion and also that once they get FHC license in US, SMBC would have an option to invest in LB more in the future, say upto 20% of LB in total. They expect to apply for a FHC license in US around spring 2009.

Akio

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