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Subject: S Korea KDB Confirms That It Is In Talks To Invest In Lehman .

Dow Jones Nisha Gopalan called for a response on the Dow Jones story below. I declined to comment. She is writing an update story with more details as per confirmation from KDB and their PR team. At the bottom is an AP story quoted ES Min of KDB saying—KDB Governor Min Euoo-sung said discussions were under way "to form a consortium with private banks as (we) believe it is more desirable to acquire Lehman Brothers jointly rather than alone," Yonhap quoted Min as telling reporters. "It is difficult to say how the talks will progress in the future as we have not been able to narrow differences with the Lehman side over prices," he added.

S Korea KDB Confirms That It Is In Talks To Invest In Lehman

155 words

2 September 2008

11:21

Dow Jones International News <javascript:void(0)>

English

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SEOUL (Dow Jones)—State-run Korea Development Bank said Tuesday that it is in talks to invest in Lehman Brothers <javascript:void(0);> , bringing to an end weeks of speculation about KDB's intentions.

The public relations team at KDB confirmed a local media report, quoting Chief Executive Min Euoo-seung, which said the investment talks are underway.

The PR team didn't elaborate on the level of potential investment or the size of the stake KDB might acquire.

Yonhap News Agency reported Tuesday that KDB is in talks with domestic banks to form a consortium that will invest in Lehman Brothers <javascript:void(0);> .

Min said there are differences over the investment price for Lehman, making it difficult to predict how the talks would proceed, Yonhap said.

—By Jin-Young Yook, Dow Jones Newswires; 822-2198-2230; jin-young.yook@dowjones.com [02-09-08 0346GMT]

Report: KDB chief says banks seeking Lehman deal

By KELLY OLSEN

AP Business Writer

468 words

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12:17Associated Press Newswires

English

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SEOUL, South Korea (AP) - The head of Korea Development Bank said Tuesday that the state-owned lender is in talks to acquire troubled U.S. investment bank Lehman Brothers, South Korea's Yonhap news agency reported.

KDB Governor Min Euoo-sung said discussions were under way "to form a consortium with private banks as (we) believe it is more desirable to acquire Lehman Brothers jointly rather than alone," Yonhap quoted Min as telling reporters.

"It is difficult to say how the talks will progress in the future as we have not been able to narrow differences with the Lehman side over prices," he added.

Min was CEO of Lehman Brothers' South Korean operations until taking the helm of KDB earlier this year.

The reported comments came after Britain's Telegraph newspaper reported on its Web site that Lehman hoped to conclude a deal this week with KDB, which would inject as much as US\$6 billion in capital in return for what the paper called a "significant" stake in the bank.

The Telegraph report, which cited no sources, also said that Lehman was working on alternatives to KDB, including China's CITIC Securities or sovereign wealth funds from Abu Dhabi and Qatar.

Speculation has been rampant in recent weeks that Lehman Brothers Holdings Inc., the fourth-largest U.S. investment bank, could try and reach a deal for a capital injection.

Analysts project that Lehman, considered to be the most vulnerable to the credit crisis, could post losses of up to \$4 billion when it reports third-quarter results in mid-September. It is expected that the investment bank will also announce a deal to raise fresh capital to help offset the losses.

Media reports in recent weeks have listed KDB, which the government plans to privatize, among the top overseas candidates to invest in Lehman.

Jun Kwang-woo, chairman of South Korea's Financial Services Commission, in comments last month questioned whether a state-run institution should take the lead role in such an acquisition.

"Generally speaking, the private sector should be the leader in such a deal," he told reporters on Aug. 25.

Jun's comments had caused speculation that the government was trying to warn KDB away from pursuing a deal for Lehman Brothers.

Korea Development Bank was founded in 1954 to help spur South Korea's industrial development as the country was embarking on recovery from the 1950-53 Korean War.

In January, Merrill Lynch & Co. received a US\$6.6 billion cash injection to strengthen its balance sheet from three foreign institutions, including Korea Investment Corp., a South Korean government-owned investment management company launched in 2005.

Associated Press Writer Jae-soon Chang contributed to this report.

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