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09/05/2008 05:17 AM Subject: KDB / Lehman

Jamie,

Have been talking to ES Min at KDB regarding Lehman. ES and his team have been working hard with Perella Weinberg. However, I believe they will not likely be able to put together a deal by September 10 deadline imposed by Lehman, while also obtaining all the appropriate consents among the Korean authorities.

We have drafted a letter on your behalf to ES Min that says JPM is in a much better position to help push this deal to fruition. KDB confirmed that we are the only IB they are talking to, other than their advisor.

I know ES holds you in very high regard and so your letter will do the trick.

After reviewing the draft, if you are okay, please send it directly to ES Min.

ES E-mail: ceo@kdb.co.kr, sunogi60@hanmail.net  
Cell phone (just in case) : 8210-3759-0600

*(See attached file: JD Letter to ESMin Sep05 08.doc)(See attached file: KDB-LEH Jamie briefing material\_Sep 08.ppt)*

Best Regards.

Steve

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September 4, 2008

Mr. Euoo Sung Min  
Chairman and CEO  
Korean Development Bank  
16-3 Yeouido-Dong, Yeongdeungpo-Gu  
Seoul 150-973, Korea

Dear ES,

I trust that all is well with you.

Since our last exchange in June, Steve Lim has updated me on the discussions with you regarding KDB's interest in Lehman Brothers. I understand that you are currently working with Perella Weinberg for this transaction. But considering the sheer scale and implications of this momentous endeavor, I believe it would be in your best interest to work with J.P. Morgan as an additional advisor.

No other firm on Wall Street has the experience and expertise to give you better advice. We have just been through a similar exercise with the acquisition of Bear Stearns and my management team and FIG bankers who did this transaction will be available to help you.

To effectively evaluate the opportunity, you will need to critically assess Lehman's portfolios and how the markets all fit together. As the leading investment bank, as well as the biggest bank to broker dealers, J.P. Morgan is not only a major trading partner and liquidity provider to Lehman but more importantly is best placed to evaluate the situation and propose the adequate solutions.

We have also developed privileged relationships with the US regulators which might become highly relevant in your future negotiations. Finally, my colleagues and I have over the years built strong personal ties and trusting relationship with Dick Fuld and his management team. This will matter in your discussions.

I look forward to hearing from you soon and discuss this opportunity.

Sincerely,

Jamie

SEPTEMBER 2008

DISCUSSION MATERIAL

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## Update on the KDB's discussion with Lehman Brothers

| JPMorgan have been in discussion with Korea Development Bank and related regulatory authorities for the acquisition of Lehman |  |  |
|---|--|--|
| Date  | Meetings with JPMorgan   | Discussion topics  |
| Mid August 2008   | <ul style="list-style-type: none"> <li>ST Lim, Director General of Financial Services Commission</li> </ul>                | <ul style="list-style-type: none"> <li>Rare opportunity to acquire a sizable global IB</li> <li>Can be transformational acquisition to upgrade Korean financial industry overall</li> <li>Need to reduce potential risk of KDB as a 100% government-owned financial institution</li> </ul> |
| End of August 2008  | <ul style="list-style-type: none"> <li>BY Park, Chief Economic Secretary to the President of Korea (Blue House)</li> </ul> | <ul style="list-style-type: none"> <li>Define asset quality of mortgage-related asset through intensive due diligence</li> <li>Seek FRB support</li> <li>Share the risk with private financial institutions in Korea/US</li> </ul>   |

- KW Chun, Chairman of Financial Services Commission, mentioned at press conference, August 25<sup>th</sup> that KDB should team up with private financial institutions or private equity funds to acquire Lehman

### Current negotiation between KDB and Lehman

- Lehman would like to revoke the discussion with KDB unless both parties reach an agreement by September 10<sup>th</sup>
- Currently, Mitsubishi UFJ and HSBC are believed to be in discussion with Lehman as well
- Other than KDB's financial advisor, Perella Weinberg, JPMorgan is the only investment bank that KDB is in discussion regarding this transaction, according to KDB

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## Advantages and considerations: Acquisition of Lehman Brothers

### Advantages

- Rare opportunity to strongly position in the investment banking industry
- Acquisition of global investment bank would act as a key milestone for Korean financial industry and strengthen its objective of becoming the “Northeast Asian Financial Hub”, a key national agenda for past six years
- Co-investment with a US financial institution or private equity fund may reduce acquisition risk and draw some level of concession/back-step from Fed on further asset deterioration
- Lehman brand
- Reportedly, Lehman prefers KDB as buyer

### Considerations

- Uncertainty on mortgage-related assets quality
- May face difficulties to comply with US regulatory authorities
- Unclear path to the control and hard to leverage the know-how of Lehman
- High level of “key man risk”
- KDB’s lack of experience as an acquirer