

From: McGee III, Hugh E <hmcgee@lehman.com>
Sent: Tuesday, September 9, 2008 1:40 PM (GMT)
To: Bhattal, Jasjit <jbhattal@lehman.com>; Cho, Kunho <kunhocho@lehman.com>
Subject: FW: WSJ Online: Talks Between KDB, Lehman On Possible Investment End

getting hammered here. Our K friends talk too much.

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

From: Wise, Monique
Sent: Tuesday, September 09, 2008 9:17 AM
To: McGee III, Hugh E; Shafir, Mark G; Wieseneck, Larry
Subject: Fw: WSJ Online: Talks Between KDB, Lehman On Possible Investment End

Wall street journal online story

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

From: Naegele, Sarah
To: Corp Comms US
Sent: Tue Sep 09 09:13:35 2008
Subject: WSJ Online: Talks Between KDB, Lehman On Possible Investment End

Talks Between KDB, Lehman On Possible Investment End By EVAN RAMSTAD and JIN-YOUNG YOON September 9, 2008 9:06 a.m.

SEOUL - The prospect that South Korea's government-owned Korea Development Bank will invest in Lehman Brothers Holdings grew dimmer Tuesday as regulators said talks between the two parties have ended.

The two companies have talked off and on over the past two months about a possible investment by Korea Development, known as KDB, in Lehman, which is burdened by mortgage debt that soured in the U.S. housing crisis.

After expressing support for KDB's expansion strategy in July, South Korean regulators, led by Financial Services Commission chairman Jun Kwang-woo, turned more cautious in August as more details about Lehman's condition became known.

On Tuesday, Mr. Jun told Dow Jones Newswires that KDB and Lehman were no longer talking. "There will be other opportunities (for KDB)," Mr. Jun said.

Another government official, who declined to be named, told Dow Jones Newswires that KDB had decided not to invest in Lehman after serious consideration.

With those remarks, some confusion emerged about whether they represented the bottom line in KDB's activity with Lehman. Late Tuesday, a spokesman for the FSC said Mr. Jun wasn't trying to speak on behalf of the bank or shape news coverage of the negotiations.

KDB officials declined to comment on the remarks by the government

officials. Earlier in the day, KDB's chairman and chief executive, Min Euoo-sung, met briefly with reporters and turned away questions about the state of negotiations with Lehman. "At this moment, I believe no comment would be the best strategy because of the sensitivity involved," he said.

From the start of KDB's discussions with Lehman, South Korean government regulators have loomed as an obstacle. Officials are wary of any move by KDB that would put South Korean taxpayers at risk of absorbing Lehman's liabilities.

As well, the government in June announced plans to privatize KDB in order to allow it to play a bigger role in global finance. But that process will take four years under the government's current plan.

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