

From: Russo, Thomas A [trusso1@lehman.com]. Sent: 6/9/2008 12:12 PM.  
To: Fuld, Dick [lbexec1@lehman.com]; Gregory, Joe [jgregory@lehman.com]; Bhattal, Jasjit [jbhattal@lehman.com].  
Cc: .  
Bcc: .  
Subject: Fw: Project Friend: A WSJ Article on Lehman On Sunday.

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Sent from my BlackBerry Handheld.

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

From: Lee, Chan H. <clee@hanaib.com>  
To: Russo, Thomas A  
Sent: Mon Jun 09 11:59:52 2008  
Subject: RE: Project Friend: A WSJ Article on Lehman On Sunday

Mr. Russo,

Txs for your email. Look forward to hearing from you. I admire your energy and youthfulness and I wish I can age the same way. Txs a lot.

Regards,

Chan H. Lee

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?? ?? : "Russo, Thomas A" <trusso1@lehman.com>  
?? ?? : "clee@hanaib.com" <clee@hanaib.com>  
?? ?? : 2008-06-09 ?? 11:24  
?? : Project Friend: A WSJ Article on Lehman On Sunday

Dear Chan:

Thank you for your note, which was very kind of you to send. I very much appreciate your thoughtfulness in not only sending the note, but in the camaraderie that we had in Korea.

It was unfortunate that we were not able to reach agreement, but I thoroughly enjoyed the time I spent with you.

Regards,  
Tom

From: Lee, Chan H. [mailto:clee@hanaib.com]  
Sent: Sunday, June 08, 2008 10:30 PM  
To: Russo, Thomas A  
Cc: Paul H. Choi  
Subject: Project Friend: A WSJ Article on Lehman On Sunday

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Dear Mr. Russo,

Hope you had a safe trip back to NY. As we can see from the WSJ article, it appears that your firm may have secured sufficient capital in the U.S. In any event, we wish you the best and we hope to hear back from you regarding any follow-on opportunities. Thanks so much.

Regards,

Chan

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Chan H. Lee

Director

Head of Corporate Finance/M&A

Hana Investment Bank

(82-2) 3771-3738

cle@hanaib.com

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## Lehman Aims to Raise More Capital

Second-Quarter Loss  
Likely to Be Greater  
Than Was Expected

By SUSANNE CRAIG  
June 9, 2008

### Lehman Brothers Holdings

<http://online.wsj.com/quotes/main.html?type=djn&symbol=leh> Inc. is close to raising more than \$5 billion of fresh capital from an array of investors including the New Jersey Division of Investment, according to a person familiar with the matter.

The move comes as the firm is set to report a second-quarter loss of more than \$2 billion, this person said. Until recently, most analysts who follow Lehman have been predicting a loss of about \$300 million.

On Sunday afternoon, the firm was still pulling together final details of the capital raising, which could be announced Monday or Tuesday. Additional capital raisings are sure to follow for other banks.

Barclays <http://online.wsj.com/quotes/main.html?type=djn&symbol=bcs> PLC, the big British bank, also is moving toward raising capital from outside investors such as those in the Middle East or Asia, according to people familiar with the matter. Last month, the bank left the door open for a capital injection but skipped seeking money from existing shareholders in a rights issue.

Lehman canvassed the globe in its capital raising but in the end found a group of primarily U.S. investors. Lehman's stock has tumbled about 50% this year as concerns have mounted over its financials and its exposure to the mortgage market.

So far, the firm has strong commitments from the New Jersey Division of Investment, which manages the state's \$80 billion of pension funds and recently invested in Merrill Lynch <http://online.wsj.com/quotes/main.html?type=djn&symbol=mer> & Co., and from C.V. Starr, the investment vehicle of Maurice R. "Hank" Greenberg, former chairman and chief executive officer of American International Group Inc. A significant foreign investment remained a possibility.

Lehman officials didn't respond to calls seeking comment, nor did New Jersey officials. A spokesman for C.V. Starr declined to comment.

So far, Friday's market turmoil hasn't deterred the outside investors, but Lehman may decide to see if markets stabilize on Monday before announcing its plans. A big capital increase from Lehman could help calm nervous investors and stabilize the broader market. The capital raising would come primarily through common shares, the first such issue since Lehman went public in 1994.

So far this year, Lehman has raised almost \$6 billion, but that was mostly in the form of preferred shares, a stock-bond hybrid that doesn't dilute the ownership of common shareholders. While a common-share issue would hurt Lehman's already-suffering shareholders by diluting their ownership stake, rating companies and regulators are likely to look favorably toward a greater capital cushion.

Lehman's larger-than-expected second-quarter losses stem partly from asset write-downs and hedges used to offset losses in real estate and other securities, according to people familiar with the matter. The firm bet that indexes tracking markets such as real-estate securities and leveraged loans would fall. If that happened, it would book profits that would make up some of its losses from holding these securities and loans.

However, in an unexpected twist, some of the indexes rose, even as the assets they were supposed to hedge against continued to lose value or stayed relatively flat.

Write to Susanne Craig at [susanne.craig@wsj.com](mailto:susanne.craig@wsj.com)

Paul H. Choi

Director

Mergers & Acquisitions

[pchoi@hanaib.com](mailto:pchoi@hanaib.com)

Hana Investment Bank

23-3, Yeouido-dong, Youngdeungpo-gu

Seoul, Korea 150-709

Tel: +82.2.3771.3784 (direct)

Fax: + 82.2.3771.3398

Mobile: +82.10.5031.5811

www.hanaib.com

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