

From: Heindl, Walter [wheindl@lehman.com].

Sent:6/30/2008 7:22 AM.

To: Bhattal, Jasjit [jbhattal@lehman.com]; Cho, Kunho [kunhocho@lehman.com].

Cc: Weiss, Jeffrey L [jweiss@lehman.com]; Wieseneck, Larry [lwiesene@lehman.com]; Shafir, Mark G [mark.shafir@lehman.com]; Whitman, Brad [bwhitman@lehman.com]; Mollenhauer, Jon [jon.mollenhauer@lehman.com].

Bcc:

Subject: Re: Project Green.

Mark/Larry/Jeff/Brad,

Key summary points from today's meeting with KI:

- Both parties reiterated goodwill and strong desire to convert constructive discussions into concrete transaction
- Participation from both Hana and KDB representatives
- Discussed illustrative timetable, suggested equity mechanics, proposed changes/refinements to strategic agreement
- Confirmed that min. KI stake would have to be 9.9% for strategic arrangements to take effect / continue, but that KI target stake would be 19.9%
- Confirmed that cross shareholding would be difficult from LB perspective
- Key KI concerns around secondary share accumulation mechanism: price risk as one issue, but more importantly Korea reg and corp gov issues - for instance, any significant stake acquisition has to be approved by bank board beforehand, and has to be made public; therefore best solved through one time purchase at fixed price, or possibly "up to" price; this is the biggest challenge we need to solve for

Would need your input and guidance on the following:

- Accumulation 1 - why does Treasury share mechanism not work? Is there any variation of treasury purchase that would work (eg we buy and cancel treasury shares, thus reducing float; then issue same amount to KI at fixed price, quasi primary)?
- Accumulation 2 - SPV accumulates shares, then on-sold to KI at one avg/fixed price, or issue exchangeable to KI? Does this work? Any variation thereof?
- Confirm that LB capital raise in June did not include any clause on "no strategic investors within certain timeframe" (we think it did not, only customary anti-dilution, etc)
- For LB DD, what internal materials can be provided within the limits of the law as part of a major secondary market transaction like this? Eg can credit rating presentations be shared?
- For each major strategic workstream, who would be the NY leaders / coordinators for next phase?

Regards,
Walter

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

From: Surbaugh, Kelsey E

To: Bhattal, Jasjit; Cho, Kunho; Heindl, Walter

Cc: Weiss, Jeffrey L; Wieseneck, Larry; Shafir, Mark G; Whitman, Brad; Einbinder, Lee; Trock, Jason

Sent: Mon Jun 30 02:33:45 2008

Subject: RE: Project Green

Attached is a slightly revised term sheet (blackline and clean).

We made a few changes to the credit section.

Regards,
Kelsey

Kelsey Surbaugh
Lehman Brothers

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745 7th Avenue, 20th Floor
New York, NY 10019
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-----Original Message-----

From: Surbaugh, Kelsey E
Sent: Saturday, June 28, 2008 8:02 PM
To: Bhattal, Jasjit; Cho, Kunho; Heindl, Walter
Cc: Weiss, Jeffrey L; Wieseneck, Larry; Shafir, Mark G; Whitman, Brad; Einbinder, Lee; Trock, Jason
Subject: Project Green

Jesse, Kunho, Walter -

Attached is the timetable, equity mechanics and term sheet (blackline and clean). We might have a few minor changes to the term sheet which we will send tomorrow morning NY time.

Regards,
Kelsey

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

From: Surbaugh, Kelsey E
To: Surbaugh, Kelsey E
Sent: Sat Jun 28 18:58:14 2008
Subject:

<<Equity Mechanic Points v3.ppt>> <<080628 Timetable v2.ppt>> <<Redline (080628) LEH v2.rtf>> <<Clean (080628) LEH v2.rtf>>

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