

From: GARY PARR/IB/LAZARD
Sent: 8/9/2008 3:59:09 PM
To: DI WU/IB/LAZARD@LAZARD NYC;HARA AMDEMARIAM/IB/LAZARD
CC: DAVID DESCOTEAUX/IB/LAZARD@LAZARD NYC;AKIKO
OGASAWARA/IB/LAZARD@LAZARD NYC
Subject: Re: Investors in Offerings

Meeting just ended. Conclusion to continue focused on spin with capital raise.
Primary concern with cvs is perception. Meeting not too confrontational.
Dick liked our work and the full discussion.
Nothing else to do for now.

Thanks
Gary W Parr
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----- Original Message -----
From: Di Wu
Sent: 08/08/2008 10:09 PM EDT
To: Gary Parr
Cc: David Descoteaux; Akiko Ogasawara
Subject: Investors in Offerings

Gary,

C.V. Starr (Hank Greenberg), New Jersey Pension Fund and BlackRock are among investors in the latest round of \$6bn capital raise (\$4bn common + \$2bn mandatory convertible). The article below implies that they bought common shares in this latest offering. Putnam investments have invested in bonds, stocks and convertibles in earlier capital raises this year, but the amount and timing is not clear. Please let us know if you have more questions.

Thanks,
Di

BlackRock Bought Lehman Shares, Confident in Leaders

June 13 (Bloomberg) -- BlackRock Inc., the largest publicly traded fund manager in the U.S., bought Lehman Brothers Holdings Inc. shares this week and remains optimistic about the company's prospects, a BlackRock executive said today.

`We have confidence in the firm, in the leadership,' BlackRock President Robert Kapito said in an interview. ``They have a history of being a team, a

place of focus, of working out their situations, of having confidence in the marketplace.''

Lehman Chief Executive Officer Richard Fuld told employees yesterday that ``our credibility has eroded,' ' after the 158- year-old investment bank posted the first quarterly loss since it went public in 1994. Shares of the New York-based company have fallen more than 60 percent this year on speculation devalued assets would depress earnings.

Fuld, the longest-serving CEO on Wall Street, replaced Chief Financial Officer Erin Callan and President Joseph Gregory yesterday in an effort to quell the concerns.

Lehman, the fourth-biggest U.S. securities firm, snapped a five-day losing streak today, rising the most since April 1. The shares gained \$3.11, or 14 percent, to \$25.81 at 4:04 p.m. in New York Stock Exchange composite trading.

Moody's Investors Service placed Lehman's credit rating on review for a possible downgrade today, saying the management changes could further hurt investor confidence. While Lehman's customer franchise has performed well so far, continuing pressure could harm the businesses, Moody's said.

`Further Writedowns'

``Moody's will assess the degree to which Lehman's various franchises have been affected,' ' the ratings company said. ``The review will also focus on potential further writedowns within Lehman's residential and commercial mortgage portfolios.''

Putnam Investments LLC, the Boston-based mutual fund firm that oversees about \$173 billion, considers Lehman a ``strong franchise,' ' according to Putnam investment head Kevin Cronin. Putnam is Lehman's 16th-largest shareholder, according to Bloomberg data.

``We're holders of all levels of their capital structure,' ' Cronin, 47, said in an interview today. ``The market has unfairly punished the price of their stock

and bonds. We know they're going to be winners in the long run.''

Putnam has bought Lehman bonds, stock and convertible shares in offerings this year, Cronin said. He said he couldn't say whether Putnam bought shares in Lehman's offering this week because disclosure documents showing Putnam's investments during the quarter haven't been filed with regulators.

Greenberg Stake

BlackRock's Kapito, 50, declined to say how much his firm invested in Fuld's company. Lehman raised \$6 billion in a sale of common stock and preferred shares on June 9 after reporting the \$2.8 billion second-quarter loss. Former American International Group Inc. CEO Maurice ``Hank'' Greenberg and New Jersey's pension fund also acquired stakes in the \$28-a-share offering.

BlackRock, led by CEO Laurence Fink in New York, has no plan to acquire Lehman outright, said Kapito, calling speculation about such a deal ``completely unfounded.''

``We're in one business, and that's the asset-management business,''
Kapito said. ``We were an investor in their bonds, in their equities, but in no way would we be a suitor.''

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