

**Manuel P. Asensio**  
**747 Third Avenue, 25<sup>th</sup> Floor**  
**New York, New York 10017**  
**Tel. (212) 702-8800 Fax (212) 702-8807**

March 11, 2008

James G. Kreissman  
Partner  
Simpson Thatcher & Bartlett LLP  
2550 Hanover Street  
Palo Alto, CA 94302

Dear Mr. Kreissman:

Congratulations on the conclusion of the independent investigation of LDK Solar Co., Ltd.'s inventory reporting practices for which your firm served as independent counsel. According to LDK's December 17, 2007 press release, the independent audit committee concluded that there were "no material errors in the Company's stated silicon inventory quantities."

Though LDK continues to publicize the committee's findings, the company's CEO, Xiaofeng Peng, recently claimed during an investor presentation at a Morgan Stanley conference that LDK does not own or control the independent audit committee's report and that he has never actually reviewed it. In Mr. Peng's own words, "I have not seen the details."

How is it possible for LDK to publicize the results of the independent committee's investigation without reviewing the committee's report? How did the committee transmit the investigation's results to LDK if not in the form of a report? Who currently controls the report? Does Simpson, Thatcher, & Bartlett LLP endorse LDK's December 17 press release?

Despite Mr. Peng's attempt to distance himself from any material knowledge of the independent committee's findings, a number of lingering issues have emerged following the company's year-end earnings announcement on February 25, 2008. In fact, the company's skimpy filing betrays the alleged results of the independent audit committee's investigation. I hope you will be able to provide clarification on the issues outlined below.

First, LDK reported a Net Income of \$49.2 million during 4Q 2007 and retained net income of \$49.2 million. However, according to LDK's balance sheet, the company's Retained Earnings only increased by \$34.1 million. Therefore, it appears that \$15 million is missing in Retained Earnings. Further review of the balance sheet reveals a mysterious line item termed "Statutory reserve" in the capital accounts. LDK's "Statutory Reserve" increased from \$3.6 million in the third quarter to \$18.7 million in the fourth quarter. It appears that LDK itself admits that its Net Income isn't 49.2 million, but only \$34 million. I would greatly appreciate any explanation you can provide in connection with LDK's understanding of the "Net Income" and "Statutory Reserve."

In addition to inflating its quarterly profits, LDK continues to baffle investors with its strange depiction of the company's inventories on its balance sheet. LDK includes both long term and short term inventories. According to the company's fourth quarter financial filing, LDK classifies \$30 million as "Inventories to be processed beyond one year" and \$350 million as "Inventory." In addition, LDK classifies \$138.2 million as "Prepayments to suppliers" and \$19.0 million as "Prepayments to suppliers to be utilized beyond one year."

LDK includes a separate line for "Deposit for property, plant and Equipment" on its balance sheet, so it is clear that the above-referenced "Prepayments" signify inventory items. After including the "Prepayments" as part of LDK's Inventory (the only known possible treatment), the company's inventories have now grown to \$537.2 million.

But is it possible to know what LDK means by "Inventory"? The "Inventories to be processed beyond one year," for instance, should raise immediate concerns for LDK's independent audit committee.

LDK's CFO Jack Lai provided an insufficient explanation during the earnings call on February 25. According to Mr. Lai, LDK is unable to productively use \$30 million of the polysilicon powder in its inventory because the company's special manufacturing recipe limits the amount of powder used to produce solar wafers. However, Mr. Lai fails to properly describe the quality or source of polysilicon powder.

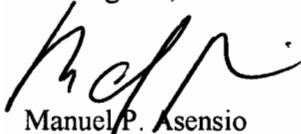
Did LDK purchase the powder from an outside supplier or is the powder produced internally by LDK's own process? Is this virgin powder or is the powder contaminated? If it is virgin powder, why can't LDK use it immediately? If it is powder produced internally via the manufacturing processes at LDK, how did the company determine that it was worth an additional \$30 million? Did the \$30 million result from a reduction in cost of sales? Is it possible that "long term" is a euphemism for "unusable" like LDK's critics continue to allege?

With so many questions remaining for LDK, how could the independent audit committee possibly claim to have completed its review of the company's reported inventory discrepancies?

LDK has not filed a management-certified or complete set of financial statements since its registration. I am contacting you because it is impossible to verify anything LDK claims about itself. The committee's oversight has done nothing to halt LDK's asset inflation. With so many irregular and ambiguous asset line items in its most recent financial statement, it is easy to imagine the worst.

We understand this is a sensitive matter. After all, your firm was hired because of its reputation. This reputation should not be exploited in order to deceive LDK's investors. We eagerly anticipate any clarification you can provide in connection with LDK's above-referenced inventory reporting issues.

Best regards,



Manuel P. Asensio

CC:

Paul C. Gluckow  
Partner  
Simpson Thacher & Bartlett LLP  
425 Lexington Avenue  
New York, NY 10017  
212 455-2653  
212 455-2502  
[pgluckow@stblaw.com](mailto:pgluckow@stblaw.com)

Ying Ma  
Associate  
Simpson Thacher & Bartlett LLP  
601 Pennsylvania Avenue, N.W.  
North Building  
Washington, DC 20004  
202 220-7785  
202 220-7702  
[yma@stblaw.com](mailto:yma@stblaw.com)

Patrick T. Shilling  
Associate  
Simpson Thacher & Bartlett LLP  
425 Lexington Avenue  
New York, NY 10017  
212 455-3613  
212 455-2502  
[pshilling@stblaw.com](mailto:pshilling@stblaw.com)

Emmanuel Vignal  
Deloitte Touche Tohmatsu  
Senior Manager  
26/F, Wing On Centre  
111 Connaught Road  
Central,  
Hong Kong  
[852] 2852 1600  
[852] 2541 1911  
[emmvignal@deloitte.com.cn](mailto:emmvignal@deloitte.com.cn)

John Fung  
KPMG China  
50th Floor, Plaza 66  
1266 Nanjing West Road

Shanghai, 200040  
China  
862-122-122888  
[86] (21) 6288 1889  
[john.fung@kpmg.com.cn](mailto:john.fung@kpmg.com.cn)

Joyce Qu  
KPMG China  
50th Floor, Plaza 66  
1266 Nanjing West Road  
Shanghai, 200040  
China  
862-122-122888  
[86] (21) 6288 1889  
[joyce.qu@kpmg.com.cn](mailto:joyce.qu@kpmg.com.cn)

Civa Zhang  
KPMG China  
50th Floor, Plaza 66  
1266 Nanjing West Road  
Shanghai, 200040  
China  
862-122-122888  
[86] (21) 6288 1889  
[civa.zhang@kpmg.com.cn](mailto:civa.zhang@kpmg.com.cn)

Steven Li  
KPMG China  
50th Floor, Plaza 66  
1266 Nanjing West Road  
Shanghai, 200040  
China  
862-122-122888  
[86] (21) 6288 1889  
[steven.li@kpmg.com.cn](mailto:steven.li@kpmg.com.cn)

Denise Ling  
KPMG China  
50th Floor, Plaza 66  
1266 Nanjing West Road  
Shanghai, 200040  
China  
862-122-122888