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From: Gary S. Barancik
Sent: Sunday, August 31, 2008 5:46 AM
To: Lee, Chan H.
Cc: Arjay Jensen; James Tetreault; John C. Hettinger
Subject: RE: Project H - Draft Investment Term Sheet

OK, thanks. Real question is whether Min is genuinely concerned about the valuation of SpinCo notes (which is an issue we can probably find a structural solution to) or he is just looking to pay an extremely low price for the shares. If the latter, then I see no chance of a deal. If the former, then you and we should try to think of how to address this...and I would present our proposal to H Company very differently.

Rgs,

Gary Barancik

Partner

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

From: Lee, Chan H. [mailto:cleeh@hanaib.com]
Sent: Sunday, August 31, 2008 6:42 AM
To: Gary S. Barancik
Subject: RE: Project H - Draft Investment Term Sheet

Yes, for time being but I think he may let it go if the effect is the same in terms of the price.

ES does not think that the equity cushion at SpinCo is sufficient - implying that

RemainCo's senior debt for SpinCo will have to be marked down at one point in the future.

Regards,

Chan H. Lee

-----원본 메시지-----

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받는 사람: "Lee, Chan H." <clee@hanaib.com>; "ck.lee@hanaib.com" <ck.lee@hanaib.com>

참조: "Arjay Jensen" <ajensen@pwpartners.com>

보낸 날짜: 2008-08-31 오후 7:23

제목: RE: Project H - Draft Investment Term Sheet

Thanks, Chan. Just to clarify, is E.S. still insisting on an actual write down to these levels or is he just proposing this be a basis for negotiating price. Also, is he really proposing a purchase price reduction for the incremental SpinCo writedowns (which presumably shouldn't affect RemainCo. book values?)

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

From: Lee, Chan H. [mailto:clee@hanaib.com]

Sent: Sunday, August 31, 2008 6:23 AM

To: Gary S. Barancik; ck.lee@hanaib.com

Cc: Arjay Jensen

Subject: RE: Project H - Draft Investment Term Sheet

Gary,

We made a lot of progress after an all-day mtg with ES Min today. As you can see in the revised term sheet circulated by Kim & Chang, Mr. Min made some concession while he insisted on certain terms that he really thought were important. However, overall, I think he is willing to be flexible as long as KDB can do the deal at the price level he wants.

Regarding the pricing, he asked us to create a two-page scenario sheet which was sent to PWP earlier today. As you can see, he is going to be very stingy about the price in accordance with the conservative scenario. Basically, the two-pager is a product that we created for him for the purpose of the pricing negotiation with H. Most of the assumptions and logics used in the document are as per his specific instruction.

As Mr. Min will join the conference call at 10 pm, Seoul time, you will have an opportunity to ask him any questions regarding the pricing.

The call will start at 9:30 pm and the first 30 minutes will be spent on giving updates to everyone on the term sheet by lawyers.

I will need to catch some sleep prior to the call tonight since I slept a total of 4 hours in the past 48 hours. Look forward to speaking to you in a couple of hours. Txs.

Regards,

Chan H. Lee

-----원본 메시지-----

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보낸 날짜: 2008-08-31 오전 7:55

제목: Re: Project H - Draft Investment Term Sheet

There was some confusion on the call about this. We went back and forth between a non-binding LOI and a binding agreement with some agreed holes. Kim kept asking why everyone couldn't sign the term sheet and have it be binding. This is all driven by the inability of K to negotiate a def agreement and get gov't support in time for an earnings announcement. Rather than try to discuss with H and work out the best path -- possibly including delay for a definitive agreement -- we keep wasting time developing one outrageous proposal after the other and then trying to convince ourselves that H will agree to all sorts of concessions and announce them without a fully detailed definitive agreement.

We need to convince ES to start working with his advisors and pay more attention to what approach can lead to a deal and less attention to developing the gov't's "dream" proposal. I tried unsuccessfully as did Chan to get Min to participate today but Kim felt it was "inappropriate". We CANNOT move quickly and get a deal done without Min's direct and constant involvement. Perhaps you can help him understand that?

As Chan can vouch, I've pushed the KDB team about as far as I can short of calling their proposed negotiating approach doomed to failure.

Gary Barancik

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

From: Chan-Keun Lee <ck.lee@hanaib.com>

To: clee@hanaib.com <clee@hanaib.com>

Cc: Gary S. Barancik

Sent: Sat Aug 30 18:30:08 2008

Subject: FW: Project H - Draft Investment Term Sheet

I am also bit confused. Don't we target a definitive agreement subject government approval? The MOU we discussed about is the one between K and the management to give an option to K to demand management changes?