

Scenario Analysis (Draft)

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Hana Investment Bank

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Book Value Build-up

	Whole Company		RemainCo		RemainCo	
	2Q 08 (Company H)	3Q 08 (Company H)	4Q 08 (Company H)	4Q 08 (Company K)	1Q 09 (Company H)	1Q 09 (Company K)
<i>(US\$ in billions, except for share data)</i>						
FV vs. MV	Notional value	105.2	84.3	40.7	40.7	
	Market value	87.5	62.9	25.5	17.9	
	Mark	83.2%	74.6%	62.5%	43.9%	
P&L	Net revenue prior to writedowns	3.4	3.1	3.9	3.0	3.9
	Total writedowns	(3.7)	(6.3)	(1.2)	(8.8)	0.0
	Others	(0.4)	0.5	0.0	0.0	(0.4)
	Net revenue	(0.7)	(2.6)	2.7	(5.8)	3.5
	Comp. expense	2.3	2.0	2.0	2.0	2.0
	Non-personnel expense	1.1	1.0	1.1	1.1	0.9
	Others	0.0	0.0	0.0	0.0	0.9
	Pre-tax income	(4.1)	(5.6)	(0.4)	(8.9)	(0.3)
	Tax rate @31%	1.3	1.7	0.1	2.8	0.1
	Net income	(2.8)	(3.8)	(0.3)	(6.1)	(0.2)
Change of Equity	Common stock issuance		4.0			
	Preferred stock issuance	6.0	2.0			
	Others		(0.1)	(0.1)	(0.1)	0.5
	Spin-off					(9.1)
	Pre-investment common equity	19.3	19.4	19.0	13.1	10.2
	Preferred stock	7.0	9.0	9.0	9.0	9.0
	Total equity	26.3	28.4	28.0	22.1	19.2
	No. of shares (millions)	563.7	708.8	706.0	706.0	730.7
	EVPS	US\$34.2	US\$27.3	US\$26.9	US\$18.6	US\$14.0
Capital Raise Analysis	Purchase price multiple				1.25x	1.25x
	Purchase price per share				US\$17.5	US\$6.4
	Pre-investment/post-spinoff total net assets				289.7	282.1
	Post-investment/post-spinoff total net assets				294.1	292.9
	Target leverage				12.0x	12.0x
	Target leverage equity				24.5	24.4
	Current leverage equity				20.1	13.6
	Capital raise required				4.4	10.8
	Company K				4.4	6.0
	Outside				-	4.8
	No. of shares issued (millions)				255	1,690
	Percentage of ownership (Company K)				25.8%	38.8%
	Percentage of ownership (Company K + Outside)				25.8%	69.8%

*Add'l analysis on RSUs + retention package required

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Analysis on SpinCo

Add Writedowns for Whole Company during 4Q

(US\$ in billions)

High Risky Assets	4Q 08 (Company H)	4Q 08 (Company K)	Difference
Residential mortgage	0.2	4.0	3.8
Com. mrtg./RE held for sale	1.0	1.0	-
HY acquisition	-	1.5	1.5
Other ABS	-	1.2	1.2
RE relatd corporate debt & equity	-	1.1	1.1
Total writedowns (high risky assets)	1.2	8.8	7.6
RemainCo's MV (high risky assets)	25.5	17.9	(7.6)

SpinCo Assets

(US\$ in billions)

High Risky Assets	FV	MV	Mark
Com. mrtg./RE held for sale	39.4	32.2	81.7%
Archstone debt in HY acq	2.3	2.3	98.0%
Archstone bridge equity	1.8	1.7	94.4%
Total	43.5	36.2	83.1%
Face value	43.5	100.0%	
Current writedown	(7.3)	16.9%	
Equity cushion	(9.1)	20.8%	
Senior debt	27.2	62.4%	

Spin-off Capital Structure

SpinCo assets as of 3Q 08	36.2	
Equity	9.1	25% of SpinCo Assets
Debt	27.2	Senior Debt

Pending Topics

- (1) Must have detailed breakdown of Net Revenue
- (2) Must have detailed breakdown and explanation of "Others" of moving assets in 3Q 08 (e.g., MV, FV, etc.)
- (3) Discussion on senior debt protection