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**SSANGYONG MOTOR CO., LTD.  
TEASER MEMORANDUM**

**MAY 10, 2010**

삼성 KPMG



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## 1. EXECUTIVE SUMMARY

Established as “Ha-dong-hwan Motor Workshop” on December 1962, Ssangyong Motor Co., Ltd. (“SYMC” or the “Company”) manufactures and markets automobiles (“auto”) and auto parts. The Company was listed on the Korea Stock Exchange in 1975, and was subjected to a series of acquisitions by Ssangyong Group in 1986, Daewoo Group in 1998, and SAIC Motor in 2005.

From 2000 to 2007, the Company sold 160,010 complete cars (including both imports and exports) at the peak and 115,982 at the trough. In 2008, the Company experienced a significant reduction in sales, selling 82,405 cars.

The Company’s weak performance in 2008 was mainly attributable to softened customer demand for the Company’s main product, Sports Utility Vehicle (“SUV”), as a direct result of (i) lowered customer preferences due to reduced tax benefit and rising petrol prices, (ii) lack of and delay in development and release of new models due to underinvestment in R&D, coupled with (iii) weakened consumer sentiment consequent upon global financial crisis, adversely influencing overall demand for the automobiles.

As a result, the Company recorded KRW 227.4 billion operating loss in 2008 and experienced severe liquidity problems which were exacerbated by tight credit policies implemented by financial institutions consequent upon global financial crisis. The Company eventually applied for corporate rehabilitation proceedings to the Seoul Central District Court (“Court”) on January 9, 2009. The request was granted and the rehabilitation proceedings started on February 6, 2009.

The Company has since announced a turnaround plan and initiated a massive restructuring. The labour union’s 77-day strike was peacefully resolved through the agreement between the Company and the union on August 6, 2009, quickly resuming its normal operation on August 13, 2009. After submitting the rehabilitation plan to the Court on September 15, 2009, three related party meetings had been convened and the Seoul Central District Court approved the corporate rehabilitation plan in December 17, 2009.

In 2009, the Company improved its cost structure through layoffs, pay freeze, compensation and benefit reduction, generated additional cash flow through idle asset disposals, and enhanced labour relationship to support the turnaround effort for stable manufacturing platform as well as the aggressive launching of the new model, C200. The Company’s liabilities also significantly decreased under the corporate rehabilitation plan.

Due to its aggressive turnaround effort, business efficiency improvement, and financial restructuring, the Company’s operation has shown a sign of improvement in 2010. The Company and the Court has thus decided to pursue the Transaction via issuance of new shares and corporate bonds to potential investors who are willing to and capable of committing to the Company’s long-term growth. KPMG and Macquarie have been appointed as the Company’s financial advisors in connection with the Transaction.

## 2. COMPANY OVERVIEW<sup>1</sup>

- Located in Pyung-taek (HQ), SYMC is a manufacturer of auto and auto parts with 7 line-ups such as Chairman W, Chairman H, Rexton, Kyron, Actyon, Actyon Sports, and Rodius. The Company also owns gasoline and diesel engine plants as well as rear axle plant in Chang-won for the aforementioned line-ups.
- With the approval of the corporate rehabilitation plan, the Company's paid-in capital decreased from KRW 604.0 billion to KRW 180.6 billion after series of capital reductions and equity conversions to the shareholders and rehabilitation claims while the rehabilitation debts decreased from KRW 1,194.1 billion to KRW 740.4 billion.
- The number of total employees is 4,821 (462 on unpaid leaves) as of February 2010, comprising 20 director-levels (0.4%), 1,485 office workers (30.8%), 3,232 technical posts (67.0%), and 84 others (1.8%).
- The Company is manufacturing 7 line-ups (2 passenger cars, 3 SUV, 1 SUT, and 1 MPV) in total at Pyung-taek plant with press, body, painting lines as well as 2 monocoque (FR, FF) and 1 frame (FR) assembly lines is 120,000 cars per year on 1 shift basis. The manufacturing capacity of Chang-won plant with 1 gasoline engine manufacturing plant and 1 diesel engine manufacturing plant is 150,000 cars per year on 1 shift basis.
- In Korea, the Company has 150 sales network, 320 service and 220 auto parts networks. Globally, the Company has 1,291 dealers in over 98 countries, with 2 local offices and 3 subsidiaries in Europe and China for the auto manufacturing as well as the auto parts supply.

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<sup>1</sup> Refer to the Appendix for more information on the Company

### 3. KEY INVESTMENT HIGHLIGHTS

#### 3.1 GROWTH POTENTIAL OF GLOBAL AUTO INDUSTRY

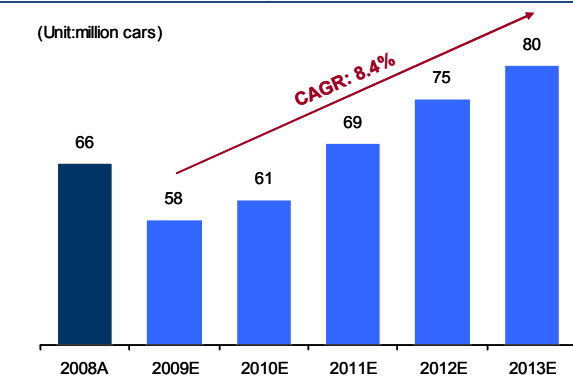
Global automotive industry is expected to recover and grow from its worst industry downturn mainly triggered by the global financial crisis. The industry is expected to grow at 6.9% CAGR for the next 5 years while SUV industry in particular is anticipated to show 7.3% CAGR for the corresponding period.

The industry growth is expected to be mainly led by the world's largest market, China and BRICs countries. By 2012, China's auto industry is expected to exceed the market demand of 10 million cars due to rapid economic growth and increasing auto demand. In addition, the demand in Russia is expected to grow at CAGR of 22.7% until 2014.

SYMC experienced the sharp sales decrease in 2009 due to global recession, labour strike, and rehabilitation proceeding but is showing a sign of recovery in recent months with sales of 4,601 cars, 4,690 cars, and 5,724 cars on January, February, and March 2010 respectively. The Company's sales are expected to reach 85,000 cars (including 3,000 CKD) on the back of increase in exports, launching of the new model, C200, and step-up in CKD business in Russia and Vietnam.

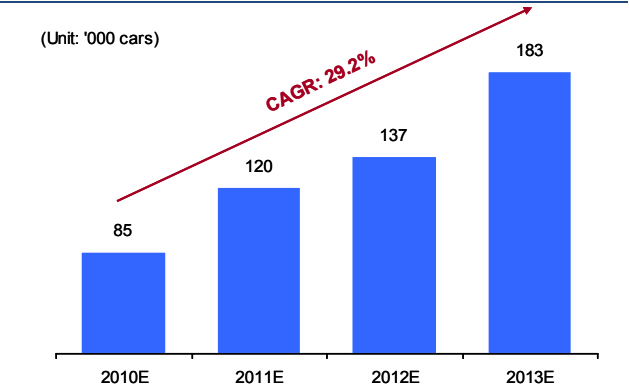
On the back of global auto industry growth, the Company's sales are forecasted to increase to 137,000 cars in 2012 and 219,000 cars in 2014, achieving an average annual growth of 26.7% for the next 5 years.

**Global auto industry forecast**



Source: Global Insight, 2009

**SYMC sales forecast**

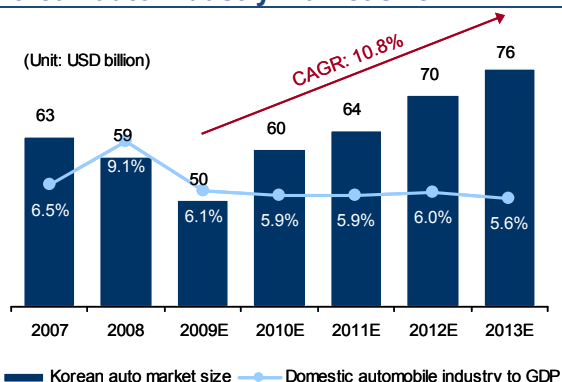


Source: Company data

### 3.2 INCREASING COMPETITIVENESS OF KOREAN AUTO INDUSTRY

In 2008, the size of Korean auto industry reached USD 60 billions, manufacturing more than 3.8 million cars. It was ranked the world's 5<sup>th</sup> largest auto industry from 2006 to 2008. Korean domestic auto industry is forecasted to expand at 10.8% CAGR until 2013. As the production capacity of Korean auto industry expands, the global competitiveness of Korean complete cars and auto parts companies is increasing especially in terms of price and quality of the product.

#### Korean auto industry market size



Source: Korean Automobile Manufacturers Association ("KAMA")

#### Global auto industry ranking<sup>3</sup>

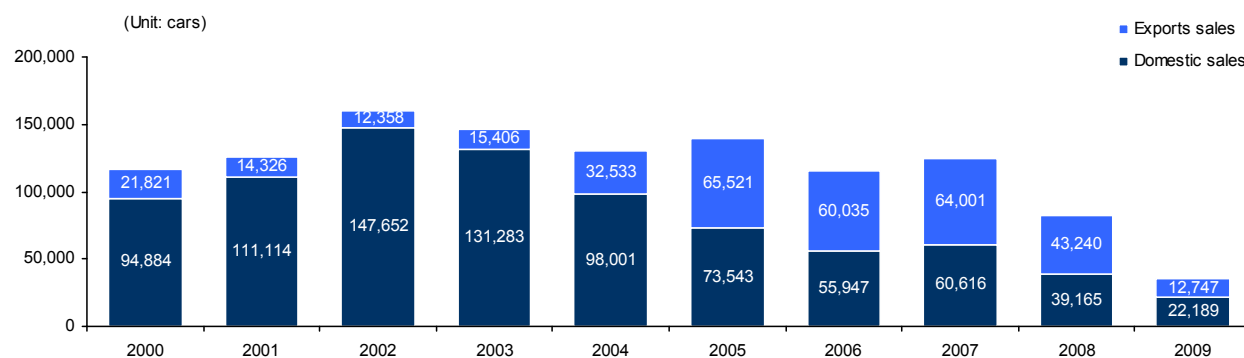
(Unit: 1,000 cars)

Rank	2006		2007		2008	
	Country	Cars	Country	Cars	Country	Cars
1	Japan	11,484	Japan	11,596	Japan	11,563
2	US	11,260	US	10,780	China	9,345
3	China	7,297	China	8,882	US	8,696
4	Germany	5,819	Germany	6,213	Germany	6,045
5	Korea	3,840	Korea	4,086	Korea	3,826
6	France	3,174	France	3,015	Brazil	3,220
7	Spain	2,777	Brazil	2,977	France	2,568
8	Brazil	2,611	Spain	2,889	Spain	2,541
9	Canada	2,571	Canada	2,578	India	2,310
10	Mexico	2,047	India	2,253	Mexico	2,169

Source: KAMA

SYMC has developed and manufactured high-quality, price-competitive and functionally superior cars in competition with the major domestic auto makers such as Hyundai and Kia. The maximum annual sales volume the Company achieved in the past amounted to 160,000 cars.

#### SYMC sales trend from 2000 to 2009



Source: Company data

<sup>2</sup> Based on production, Source: KAMA

<sup>3</sup> Based on production, Source: KAMA



In line with the Korean car makers, Korean auto parts makers are also becoming globally competitive and contributing towards improvement of the Korean car maker's competitiveness. In 2007, there were 20 Korean companies in the top 200 global auto parts companies, only being surpassed by Japanese (87 companies) and American (30 companies). The Korean No.1 auto parts maker, Hyundai Mobis, is ranked as the 19th biggest auto parts maker (in terms of 2008 sales) in the world.

In particular, the advanced Korean IT, telecommunication, and battery industries are expected to contribute to the development of the electrical auto parts, which is increasingly becoming the core components of the complete car. The Company has extensive domestic auto parts supply network, which will increase the global competitiveness of the Company.

#### Competitiveness of Korean auto parts makers

- IT/telecommunication: Strength in electronic control, sensing, and mobile communication
- Battery: Advanced electronic battery technology
- Electric/electronics: Integration with Korean IT technology in other areas

Furthermore, Korean government is aggressive in the FTA negotiations, and upcoming FTAs are expected to support the Company's auto parts imports and complete car exports.

The major beneficiary of Korea-EU FTA in the second half of 2010 will be the Korean auto industry as the 10% tax on the imported Korean cars by European countries will be abolished, thus, enabling Korean cars more competitive against Japanese and Chinese cars in terms of price. The Company is expected to benefit significantly from the increasing export volume to European countries from the Korea-EU FTA.

#### Korea's FTA negotiations and roadmap

	1H 2009	2H 2009	1H 2010	2H 2010
<b>Negotiation in progress</b>	Korea-Australia		Korea-Colombia	
	Korea-New Zealand		Korea-Turkey	
	Korea-Peru			
<b>Sign of agreement</b>		Korea-EU		Korea-Canada
		Korea-India		
<b>Effectuation</b>			Korea-India	Korea-EU
				Korea-USA



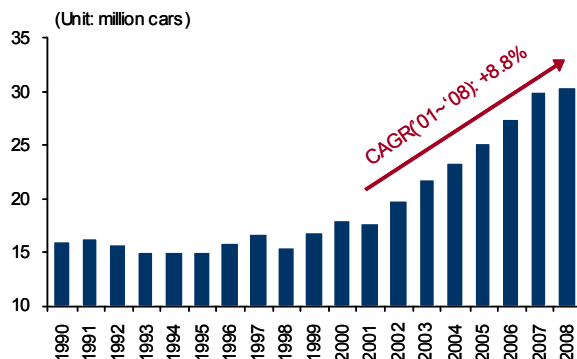
### 3.3 ATTRACTIVE ENTRY POINT TO ASIAN AND RUSSIAN MARKET

Recent business strategies of global auto makers are focused on entering into the Asian and Russian markets with high growth potential.

Asian auto market grew at a CAGR of 8.8% from 2001 to 2008 and was able to continue its growth as it was the least affected market from the global recession from 2008 to 2009. In 2009, the Chinese market grew 37.3%, surpassing US and became the world biggest auto market. In 2010, the Asian auto market is expected to account for 40% (based on the production capacity) of the global auto industry on the back of robust growth of China and India.

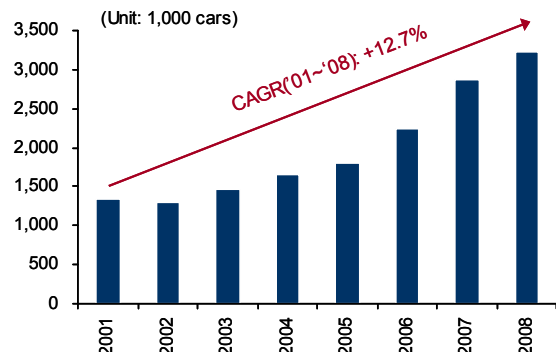
Russian auto market is also experiencing a robust growth amid superannuated car replacement and rapidly emerging as the new centre of the European auto market as the Western European auto sales are recently slowing down. In 2008, 3.23 million cars were sold in the Russian market, including 1.5 million imported, which increased 24.1% YoY. Currently overseas car makers are dominating the Russian auto market while only 650,000 cars (excluding the locally assembled foreign vehicles) are purely made in Russia, which account for mere 20% of the total Russian auto market.

Asian auto market size



Source: KAMA

Russian domestic auto market size

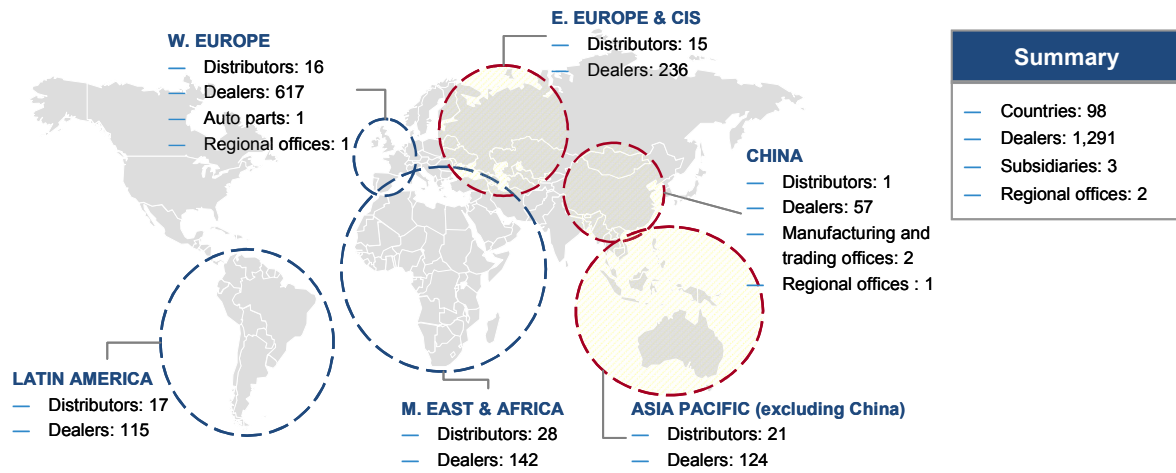


Source: KAMA

The Company has experience in exporting its Istana model under Mercedes Benz Brand as OEM, and is aggressively moving to China and South East Asian countries through the local assembly lines and sales network.

As of December 2009, the Company has 1,291 dealers in 98 countries world wide, 2 overseas offices and 3 overseas affiliates. In Asia, it has 2 affiliates in China with 13 distributors and 181 dealers. In Russia, it has 1 distributor and 80 dealers.

## SYMC global network



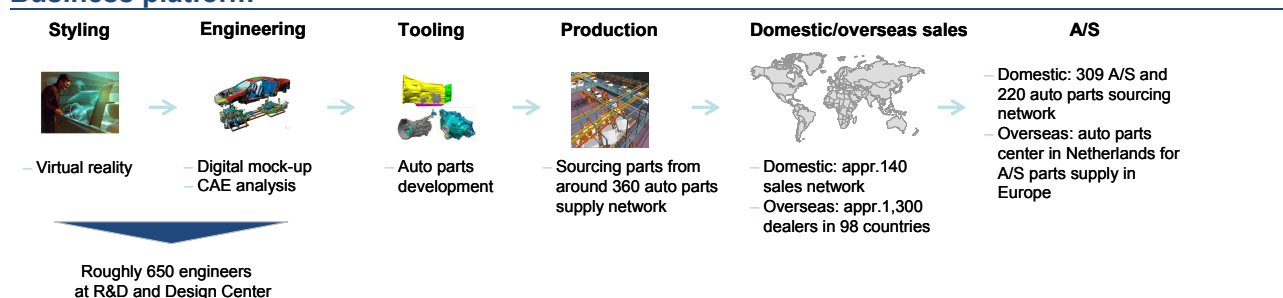
Source: Company data

The Company's geographical proximity to China and Russia, and ASEAN markets would provide great entry point for these markets.

### 3.4 INDEPENDENT CAPABILITY ACROSS THE FULL AUTOMOBILE PRODUCTION PROCESS

SYMC has complete capacity and extensive experience in the overall auto business process from the product development to A/S based on its own technology and human resources. The potential investor would acquire the 'full package' regarding the auto manufacturing and sales upon the acquisition of the Company.

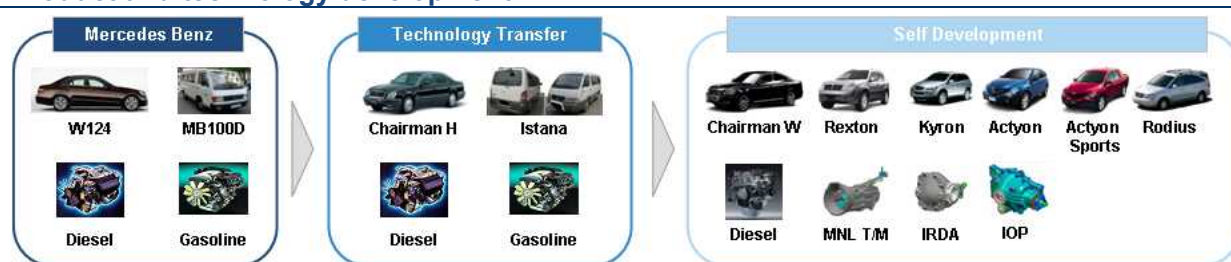
#### Business platform



Source: Company data

The Company developed the product platform and engine technology throughout the technological alliance with Mercedes Benz from 1991 to 1993. It also accumulated the independent product development and manufacturing knowledge during the last 50 years of industry experiences.

#### Product and technology development



Source: Company data

The Company has the production capacity of 240,000 complete cars and 300,000 engines per year at the assembly and engine plants as well as R&D centre, located respectively in Pyung-taek and Chang-won, Korea. In addition, the Company has business networks with more than 600 domestic and foreign auto parts supply and moulding development partners. The major partners include Daewon Kang Up Co., Mando Co, Korea Delphi Automotive Systems Co., Daimler Benz and DDS.

In Korea, the Company's sales and customer services network includes 1 direct sales team, 138 dealers, 309 customer service centres (43 operated by SYMC), and 220 auto parts network under 7

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regional headquarters. Internationally, the Company has 1,291 dealers in over 98 countries. To enhance the customer services in Europe, the Company set up an auto parts centre in the Netherlands, supplying auto parts to distributors and dealers in European countries.

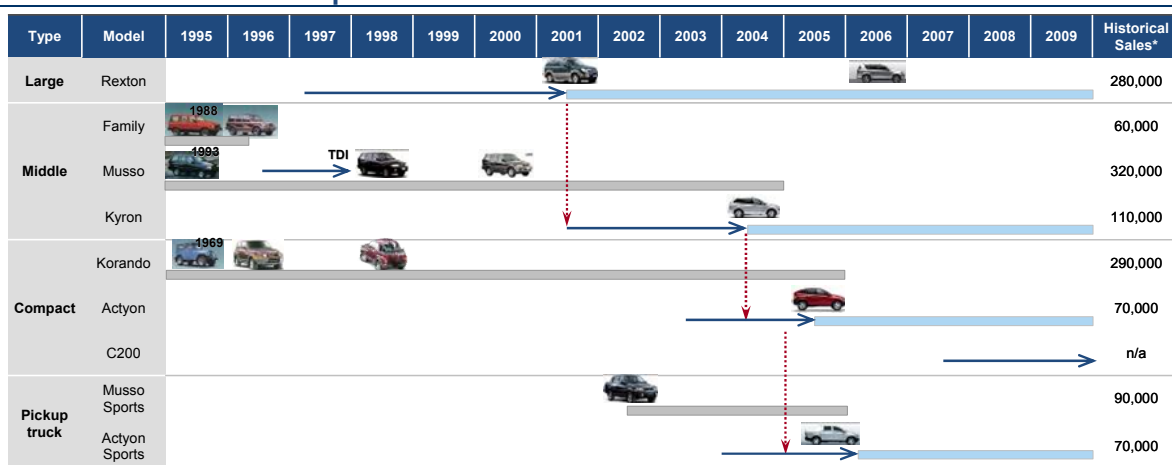
The Company employs numerous veteran engineers with more than 12 years of industry experience on average (executive engineers with experience of 20 years on average).

### 3.5 SUV LEADER IN KOREA

Grown out of the “Ha-dong-hwan Motor Workshop” on December 1962, SYMC assembled and manufactured Korea’s first commercial Jeep (branded as Korando later) in 1974 by establishing a joint venture with Shinjin Jeep Motors. The Company began the mass production of four-wheel drive vehicles in the 1980s. The Company became the exclusive four-wheel drive vehicle manufacturer in Korea as it started producing the Korea’s first station wagon type four-wheel drives, Korando Family, after the Company was renamed as Ssangyong Motor Co. in 1988. Korando was sold over 30 years after series of model changes and became the history of Korea’s four-wheel drive SUV. The Company established diverse SUV line-ups from small to large SUV such as Korando in the 1980s, Musso in the 1990s, Rexton, Kyron, and Actyon in the 2000s.

Korea’s first SUV truck, Musso Sports, and the world’s first sports utility coupe<sup>4</sup>, Actyon, serve to demonstrate the Company’s leading SUV style.

#### SYMC historical SUV Line-ups



\* Approximate number of car sold since roll-out to the end of 2009. For Korando, the cumulative number of car sold since 1989.

→ Development    ■ Production    ■ Sales

Source: Company data

From 1990 to 2009, the Company has recorded 1.3 million SUV sales and developed proprietary technology that improved brand value through maximizing client satisfaction and receiving auto awards. The following awards from the global rally prove the outstanding performance of the Company SUVs.

<sup>4</sup> Source: WorldCarFans.com, “BMW’s X6 is the second SUV Coupe in the world, after the Korean marquee, Ssangyong Actyon.”

## SYMC SUV awards and rally performance

	Granter	Award / Achievement	Year
	Cyprus Automobile Association	The winner of the 10 <sup>th</sup> -12th Cyprus Rally: Korando	1990-1992
	Thierry Sabine Organization	Rally completion, the 1 <sup>st</sup> in Korea: Korando Family	1991
	Thierry Sabine Organization	The winner for 4WD group and ranked in the 2nd for the whole group: Musso	1994
	Consumers Korea	Energy winner: Korando	2001
	Korea Management Association	SUV brand power No.1	2000-2002
	Consumers Korea	Energy winner: Rexton, Rodius, Actyon	2005-2006, 2008
	4X4 Magazine	Best mid-sized SUV: Kyron	2006
	Seoul Motor Show	The best concept car: C200	2009
	Thierry Sabine Organization	Rally completion: Kyron	2009

Source: Company data

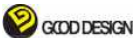


### 3.6 PROVEN TECHNOLOGY THROUGH THE DEVELOPMENT OF LARGE SEDAN

Since the first appearance in October 1997, SYMC's Chairman became Korea's landmark large sedan along with Hyundai Motor's Equus. Despite the absence of new models since launching of Chairman H in 1997 until release of Chairman W in 2008, the Company's superior technology enabled the Company to maintain market share of 35.3% in 2004 and 37.6% in 2005 in the domestic large sedan market.

Developed on the basis of Mercedes Benz's engine technology, Chairman thoroughly fulfilled customer's needs and has been the leading luxurious large sedan with loyal client base.

The following awards show Chairman's outstanding quality and strong technology.

#### Award to Chairman

	Granter	Award	Year
	Good Design	Outstanding industrial design: New Chairman	2004
	Financial News	FN top pride product: Chairman W	2008
	Sports KHAN	2008 2H real hit product: Chairman W	2008
	ESK	Human engineering design gold award: Chairman W	2009

Source: Company data

Launched in 2008, Chairman W has been renowned as the world-class flagship sedan with its outstanding performance, comfortable driving, and superb quality, competing with Mercedes Benz S class, BMW 7series, and Audi A8 in Korea. Chairman W brought sensation in Korean market as the first sedan with the selling price of more than KRW 100 million, with the biggest body and most powerful engine among Korean sedans equipped with advanced technology.



## Chairman W Strength

High performance engine and transmission	<ul style="list-style-type: none"> <li>– The largest engine in Korea: Mercedes Benz V8 XG, 5000cc engine with the largest displacement</li> <li>– The first 7 speed A/T in Korea: applying 7 speed A/T of Mercedes Benz, providing more powerful and stable driving compared to competing 6 speed A/T</li> </ul>
Safety	<ul style="list-style-type: none"> <li>– Applying the first 3<sup>rd</sup> generation wide scanning control ACC (Active Cruise Control) in the world, sensing object in the front and the side</li> <li>– 10 airbags with the first knee-protection airbags in Korea</li> </ul>
High technology convenient system	<ul style="list-style-type: none"> <li>– Applying the world's best high-tech and convenience system including Harman/Kardon entertainment system, 4-TRONIC system, W-class seat, luxury suede trim</li> </ul>

Source: Company data

### XGi5000 engine and 7 speed automatic transmissions ("A/T")



Source: Company data

### ACC system



Source: Company data

### 3.7 WORLD-CLASS DIESEL ENGINE TECHNOLOGY

SYMC attained the world-class diesel engine technology and know-how through technological alliance with Mercedes Benz from 1991 to 1993, and has since continuously invested in the engine development. As a result, the Company completed the development of 2.0ℓ, 2.7ℓ FR engine and 2.0ℓ FF engine. In addition, the engine development of 3.2ℓ FR is nearing completion.

In 2003, the Company independently developed the XDi270 engine, a common rail direct injection diesel engine, which is a world-class economic engine with minimal noise, low vibration, low pollution, achieving the highest fuel efficiency combustion level. The eco-friendly engine passed the scrupulous strict quality and performance tests equivalent to those of Mercedes Benz, enabling reliable performance during long-hour drive and fulfilling strict CO<sub>2</sub> emission standard.

The key strengths of XDi270 engine, which is the most powerful among the Company's current diesel engines, are summarised as below.

#### Strength of XDi270 engine

Strength	Description
High performance / power	— The most powerful engine in Korea: 172 hp — The highest torque in the whole rpm range in daily riding
Silent driving	— Gasoline engine with multi injection technique and optimal balance
Durability	— World class durability and engine manufacturing technology applying 100/km durability test of Mercedes Benz standard
Eco-friendly	— CDPF (Catalysed Diesel Particulate Filter) system, eco-friendly CO <sub>2</sub> emission-reducing system — Low CO <sub>2</sub> emission with EGR, DOC technology
High speed, multi CAN-BUS	— High speed, multi CAN-BUS, communication system of Mercedes Benz standard, provide optimized burning condition and realized stable power generation

Source: Company data

Automobile makers are participating in the eco-friendly trend by developing diesel engines which generally have 30% higher fuel efficiency and emit 25% less CO<sub>2</sub> than gasoline engines.

Korean government assigned the diesel hybrid technology development project to the Company based on its accumulated diesel engine technology. In addition, the Company recently succeeded in securing 2.0 ℓ diesel engine and 6 speed automatic transmissions for C200, which fulfils the Euro-V regulation. With further development, the engine is expected to pass the utmost test level of Euro-V regulation.

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The Company's eco-friendly diesel engine development is expected to enhance the Company's global competitiveness as it coincides with the global CO<sub>2</sub> emission reduction and eco-friendly vehicle development trend.

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### 3.8 COMPLETED DEVELOPMENT OF THE C200 COMPACT, ECO-FRIENDLY SUV

SYMC is at the final stage of developing C200, its new compact SUV, and plans to roll-out the model on August 2010.

#### C200 development and production overview

Sector	Overview
Product development	R&D completed and test car is currently being manufactured and tested.
Mass production moulding	Moulding try-outs and proto types are being manufactured and supplied.
Production facility	Body, assembly line completed. Assembly line try-out is on-going.

Source: Company data

C200 is a Crossover Utility Vehicle (“CUV”) in line with the “compact & eco-friendly” trend and its higher fuel efficiency and low CO<sub>2</sub> emission is expected to secure superior market position in the market.

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#### C200 front image



Source: Company data

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#### C200 rear image



Source: Company data

C200 provides high fuel efficiency and improved acceleration force based on FF monocoque platform and will be equipped with Korea’s first diesel hybrid engine, which is expected to fulfil Euro-V regulation.

## C200 strength

<b>CUV (Crossover Utility Vehicle) Style</b> <ul style="list-style-type: none"> <li>Extended consumer base as CUV appeals to female customers</li> </ul>	<b>Eco-friendly engine</b> <ul style="list-style-type: none"> <li>Fulfilling Euro-V regulation</li> </ul>
<b>Proven safety</b> <ul style="list-style-type: none"> <li>The highest level for Korean and European collision-safety test (5 star)</li> </ul>	<b>Comfortable driving</b> <ul style="list-style-type: none"> <li>Reduced oscillation and noise via NVH design</li> <li>Superior to competing Hyundai Tuscon-ix, Honda CR-V, Toyota RAV4</li> </ul>

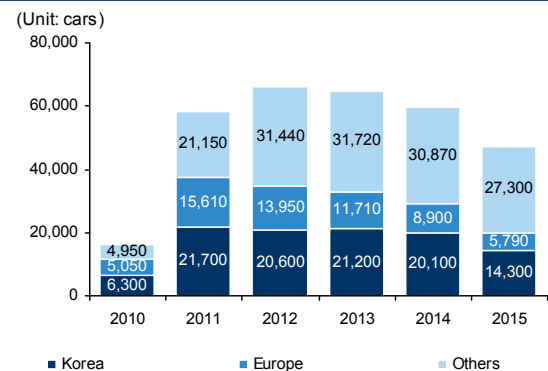
Source: Company Data

Korean auto industry is showing a rapid recovery from its worst downturn, and the demands for RV and compact cars are growing. The European compact SUV market showed growth even during the global financial crisis while the global compact SUV industry is expected to grow to account for 50% of total SUV market.

C200 has been designed to satisfy the appetite of European customers considering unique characteristics of European market and customer preferences indicated by extensive market research. Such well thought-out design combined with the strong sales network in Europe is expected to enable the Company to generate substantial export volumes.

In summary, the launching of C200 and derivative models (B100, X100) is expected to contribute to the Company's sales increase and rapid corporate turnaround.

## C200 annual sales target



Source: Company data

### 3.9 FIRM FOUNDATION FOR TURNAROUND SECURED THROUGH EXTENSIVE RESTRUCTURING AND SOPHISTICATED LABOR RELATIONS.

Pursuant to the Court's approval of the rehabilitation plan in December 2009 (i) the waiver and equity conversion of rehabilitation debt, decreased the Company's total debt by approximately KRW 441.9 billion, (ii) the interest rate was reduced and principal repayment has been delayed for the next 3 years, and (iii) the capital reduction on the existing and converted equity decreased the paid-in capital from KRW 604.0 billion to KRW 180.6 billion.

In addition, the Company successfully reduced the labour cost by organization restructuring (reducing 2,847 labour force in total: 2,187 resigned, 198 laid-off and 462 unpaid temporary retirement), pay freeze, compensation and benefit reduction (reducing 20~50% of salary and 250% of bonus) in 2009. As a result, the Company expects to decrease the labour cost from KRW 460 billion to KRW 218 billion in 2010 and is set for the competitive cost structure.

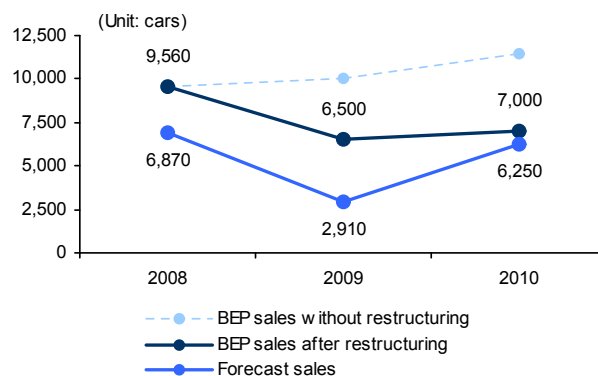
Based on the efficiency improvement, the Company is expected to lower its monthly break even point ("BEP") from 9,560 cars to 7,000 cars (annual average) in 2010, and is hoping to pass this BEP in the near future.

#### Restructuring effort

<b>1. No. of employees left (A+B)</b>		<b>2,385</b>
<b>Resigned (A)</b>	Self-resigned	1,904
	Corporate spin-off	83
	Natural attrition	200
	<b>Total</b>	<b>2,187</b>
<b>Laid-off (B)</b>	Redundancy	165
	Punishment	33
	<b>Total</b>	<b>198</b>
<b>2. Unpaid temporary retirement</b>		<b>462</b>
<b>3. Total no. of employees restructured</b>		<b>2,847</b>

Source: Company data

#### Break even point ("BEP") change



Source: Company data

The Company has elevated its M&A viability to potential investors by not only securing a key foundation for management stabilization through its extensive restructuring, but also by maximizing the feasibility of a third-party rights issue through the alleviation of its debt load and the reduction of capital pursuant to the approval of its rehabilitation plan.

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The Company's labour union is fully cooperating to recover its relationship with the Company and is playing a key role in the corporate turnaround efforts. In particular, the labour union's efforts are showing tangible outcomes such as early stabilization of the production, employee relocation and efficiency improvement from overtime work by becoming the 1<sup>st</sup> Korean car makers to withdraw from the Korean Confederation of Trade Unions, announcing not to go on any kind of strike under the agreement between the labour union and the Company towards the public and the government, and amending collective agreements to reform unreasonable labour relations practice.

### **Labor union's effort for corporate turnaround**

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#### **Establishment of cooperative labor relations**

- Withdrawal of SYMC labor union from KMWUS, a Korean Confederation of Trade Unions-affiliated labor union
- Held a ceremony for agreement between labor and the Company towards the public and the government and announced not to go on strike
- Performed sales campaign and filed a petition for the Company's turnaround
- Working on amendment of collective agreement to reform unreasonable labor relations practice

#### **Improvement of manufacturing efficiency**

- Stabilize manufacturing and relocate workforce
- Improve utilization rate of overtime
- Reduce accidents caused by carelessness
- Perform responsibility of manufacturing quality

Source: Company data



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### **3.10 TAX LOSS CARRIED FORWARD BENEFIT, LOW POSSIBILITIES OF CONTINGENT LIABILITIES, AND IMPROVED ASSET SOUNDNESS**

- Tax loss carry forward: As of December, 2009, SYMC's tax loss carry forward stood at KRW 1,031.5 billion. The Company is expected to be able to use this amount to offset against its future earnings, thereby having tax savings effect.
- Low potential of contingent liabilities: For the company under corporate rehabilitation proceeding in Korea, any unreported liabilities are annulled at the time of Court approval of the rehabilitation plan, and all liabilities incurred after the commencement of the rehabilitation plan is controlled by the Court (any liabilities incurred without the Court approval is not valid) and therefore, the possibilities of any contingent liabilities is very low.
- Conservative financial management: Under the rehabilitation proceedings, the Company applied a conservative accounting policy and depreciated its tangible and intangible assets by KRW 518.1 billion in 2008 and KRW 46.3 billion in 2009.

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## 4. NEXT STEPS

The Transaction is being pursued based on the “Legislation for the rehabilitation of debtor and bankruptcy”, the corporate rehabilitation general standard code No. 11 “M&A standard code under corporate rehabilitation proceeding” of the bankruptcy division of Seoul Central District Court, and the general practice of the court of Korea for M&A transaction of the rehabilitation company as SYMC is under rehabilitation proceedings. Any key process, schedule, and structure regarding the Transaction should be discussed by the Company and approved by the Court.

All interested potential investors should refer to the Public Notice of Sale and Invitation Letter to be distributed for detailed information on the M&A process, schedule, and structure. All inquiries or requests for additional information should be submitted or directed to KPMG or Macquarie. The employee or management of the Company should not be contacted under any circumstances and any unauthorized contact may result in disqualification from the process.

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## 5. APPENDIX<sup>5</sup>

### General Information

<b>Establishment</b>	Dec. 6, 1962
<b>Listing</b>	May 29, 1975
<b>Joint Receivers</b>	Yoo-il Lee, Young-tae Park
<b>Business</b>	Automobile and related auto parts manufacturing
<b>Total number of employee</b>	4,821 (February 2010)
<b>Headquarter</b>	Chil-gui-dong 150-3, Pyung-taek-si, Kyung-gi-dong

### History

<b>Jan 1954</b>	Ha-dong-hwan Motor Workshop was established
<b>May 1975</b>	IPO at Korea Stock Exchange
<b>Dec 1979</b>	Completed the construction of Pyung-taek Plant
<b>Nov 1986</b>	Ssangyong Group acquired the Company
<b>1991~1993</b>	Agreed strategic alliance with Mercedes Benz AG
<b>Jun 1994</b>	Completed Chang-won Engine Plant
<b>Jan 1998</b>	Daewoo Group acquired the Company
<b>Dec 1999</b>	Entered workout program
<b>Sep 2004</b>	Completed 2nd Chang-won Engine Plant
<b>Jan 2005</b>	Exited the workout program and acquired by SAIC Motor
<b>Jan 2009</b>	Applied corporate rehabilitation proceeding
<b>Dec 2009</b>	Final permission of rehabilitation plan (17 Dec 2009)

### Key Shareholders\*

(Unit: 1,000 stocks)

TOTAL	EXISTING (29.46%)		NEW SHAREHOLDERS WHO CONVERTED THEIR DEBT INTO EQUITY (70.54%)		
	SAIC Motor	Others	Loans From Financial Institutions	Other General Loans	Trade Debts
36,121	4,134	6,510	15,929	2,890	9,247
100%	11.4%	18.0%	44.1%	0.8%%	25.6%

\* The company was re-listed on 12 Feb, 2010, and the market cap was KRW 444 billion based on the closing price of KRW 12,300 as of 5 Mar, 2010 (par value of KRW 5,000).

<sup>5</sup> Source: Company Data

## Change in Paid-in Capital

(Unit: 1,000 stocks, KRW 100 million)

Date	Change	Number of shares	Paid-in capital	Note
27 Dec 2009	Before capital reduction	120,805	6,040	
28 Dec 2009	1st capital reduction	31,979	1,599	The largest shareholder 5:1, Other shareholder 3:1
29 Dec 2009	Debt-to-equity conversion	108,410	5,421	Equity conversion of 1.4 million shares is delayed.
18 Jan 2010	2nd capital reduction	36,121	1,806	Existing shares explaining 29.5% of total shares(10.6 million shares) were re-listed on 12 Feb. Converted shares, 70.5% of total shares(25 million shares) will be listed on 13 Aug.

\* Converted shares (25 million shares, 70.5%) are locked up for selling until 12 Aug, 2010.

## Income Statement Summary

(KRW million)	2006	2007	2008	2009
<b>Sales</b>	<b>2,951,837</b>	<b>3,119,335</b>	<b>2,495,217</b>	<b>1,066,816</b>
Gross income	565,155	587,187	308,426	63,737
% of Sales	19.1%	18.8%	12.4%	6.0%
<b>Operating income</b>	<b>27,270</b>	<b>44,086</b>	<b>-227,389</b>	<b>-293,422</b>
% of Sales	0.9%	1.4%	-9.1%	-27.5%
EBITDA	237,925	231,539	-39,206	-191,475
% of Sales	8.1%	7.4%	-1.6%	-17.9%
<b>Net income</b>	<b>-195,962</b>	<b>11,571</b>	<b>-709,684</b>	<b>-346,270</b>
% of Sales	-6.6%	0.4%	-28.4%	-32.5%

## Balance Sheet Summary

(KRW million)	2006	2007	2008	2009
<b>Total assets</b>	<b>2,351,295</b>	<b>2,417,230</b>	<b>1,705,288</b>	<b>1,388,474</b>
Current assets	695,051	834,848	614,628	402,775
Quick assets	360,336	540,126	248,096	188,600
Inventories	334,715	294,722	366,532	214,176
Non-current assets	1,656,244	1,582,382	1,090,661	985,699
Investments	33,467	29,493	47,061	51,469
PP&E	1,507,794	1,416,131	867,756	803,766
Intangible assets	67,842	94,587	135,095	102,818
Other non-current assets	47,140	42,171	40,749	27,645
<b>Total liabilities</b>	<b>1,425,954</b>	<b>1,450,785</b>	<b>1,447,418</b>	<b>1,087,853</b>
<b>Total equity</b>	<b>925,341</b>	<b>966,444</b>	<b>257,870</b>	<b>300,621</b>
Paid-in capital*	604,023	604,023	604,023	542,052

\* Paid-in capital after the 2<sup>nd</sup> capital reduction without consideration as of 18 Jan 2010 is KRW 180.6 billion.

## Changes in Rehabilitation Claims

(Unit: KRW 100 million)	Recognized Claim Amount	Changes in Rights			As of Dec. 31 2009			Repayment Method		
		Waiver	Equity Conversion	Cash Repayment	Principal (including interest before the rehabilitation process)	Interest after the Process	Total	Defer	Installment	Interest Rate after the Process
<b>Secured Rehabilitation Claims</b>	<b>2,594</b>	-	-	<b>2,594</b>	<b>2,594</b>	<b>163</b>	<b>2,757</b>			
Loans from financial institutions	2,436	-	-	2,436	2,436	153	2,589	3	5	7.0%
Trade debts	158	-	-	158	158	10	168	3	5	7.0%
<b>Rehabilitation Claims</b>	<b>9,346</b>	<b>524</b>	<b>3,894</b>	<b>4,810</b>	<b>4,601</b>	<b>74</b>	<b>4,675</b>			
Loans from financial institutions	5,417	434	2,437	2,546	2,449	72	2,521	5	5	3.25%
Other general loans	94	8	42	44	44	2	46	5	5	3.25%
Contingent subrogation claims	83	Undecided	Undecided	Undecided	Undecided	-	Undecided	-	-	-
Contingent trade debts	35	Undecided	Undecided	Undecided	Undecided	-	Undecided	-	-	-
Trade debts(I)	24	1	-	22	22	-	22	1	2	Waived
Trade debts(II)	3,538	72	1,415	2,051	2,033	-	2,033	3	5	Waived
Lease Obligations	5	-	-	5	4	-	4	-	2	Waived
Business Deposits	6	-	-	6	4	-	4	-	2	Waived
Obligations to employees	70	7	-	63	-	-	-	-	2009	Waived
Obligations to specially related persons	4	2	-	2	2	-	2	-	2010	Waived
Tax Obligations	71	-	-	71	43	-	43	-	2009	Waived
<b>Total</b>	<b>11,941</b>	<b>524</b>	<b>3,894</b>	<b>7,404</b>	<b>7,195</b>	<b>237</b>	<b>7,432</b>			

## Personnel Organization

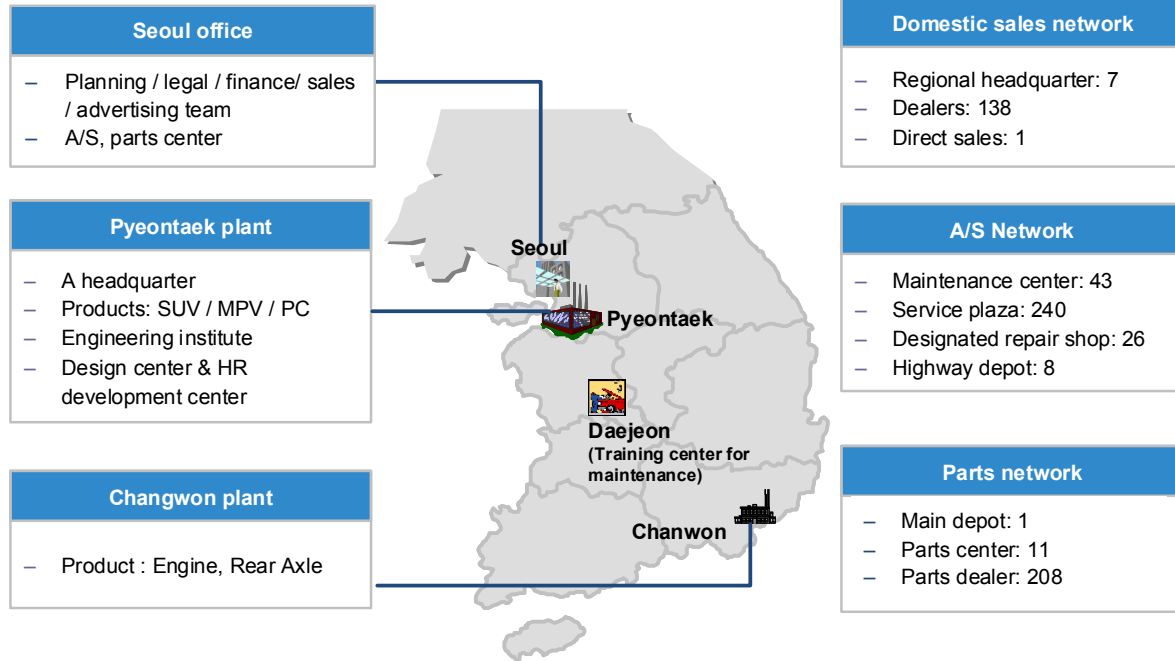
Group	No. of employees	%	No. of employees by position				
Management	20	0.4%	Receiver	Auditor	Vice president	Director	Vice director
			2	1	3	4	10
Office job	1,485	30.8%	Senior manager	Manager	Section chief	Deputy section chief	Staff
			149	481	415	337	103
			10%	32%	28%	23%	7%
Technical post	3,232	67.0%	Great master	Engineering manager	Engineering section chief	Engineering deputy section chief	Staff
			58	897	1,430	822	25
			2%	28%	44%	25%	1%
Others	84	1.7%	52 interns, 9 part-time experts, 23 clerical supports				
<b>Total</b>	<b>4,821</b>	<b>100.0%</b>					

## Labor Union

Labor union of SYMC was organized on 31 Jul, 1987 and was a member of KMWUS, a Korean Confederation of Trade Unions-affiliated labor union. On 8 Sep, 2009, as withdrawal of SYMC labor union from KMWUS was passed by a vote of 73.1%, the labor union was converted into companywide labor union. Currently 2,891 employees belong to the labor union as of 9 Dec, 2009.

## Domestic Business Locations

**As of 31 Dec 2009**





## Pyung-taek Plant



- Location: Chilgui-dong, Pyung-taek city, Gyunggi-do
- Area: Approximately 860,000m<sup>2</sup>
- Products: 7 complete cars

Manufacturing Line	Product	JPH (Job per Hour)	Capacity(1 shift)
Line 1 (FF Monocoque)	Under construction (For C200 & FF cars)	24	53,400
Line 2 (FF Monocoque)	Chairman W, H, Rodius	8	17,800
Line 3 (FR Frame)	Rexton, Actyon Kyron, A/Sports	22	49,000
Total		54	120,200

## Chang-won Plant



- Location: Sungsan-dong, Changwon city, Gyungnam
- Area: Approximately 117,000m<sup>2</sup>
- Products: Engine, Rear Axle

Manufacturing Line	Product	JPH (Job per Hour)	Capacity(1 shift)
Plant 1 (Gasoline engine)	L6-G36D, G32D, G28D, L4-G23D	30	60,000
Plant 2 (Diesel engine)	L6-D32DT, L5-D27DT(P), L4-D22DT(F), L4-D20DT(F)	45	90,000
Total		75	150,000

## Products

Description		Passenger Car		MPV
		Chairman W (Sedan & Limousine)	Chairman H	Rodius (Starvic)
Model / Platform		FR Monocoque	FR Monocoque	FR Monocoque
Dimension (mm)	L / W / H	5,110 (5,410) / 1,895 / 1,495	5,100 / 1,825 / 1,465	5,130 / 1,915 / 1,820
	Wheelbase	2,970 (3,270)	2,895	3,000
Weight (Kg)		1,950 (2,060)	1,820	2,105~2,230
Engine (ps/N.m)		G5.0 (306 / 441) G3.6 (250 / 343) G3.2 (225 / 296)	G3.2 (220 / 304) G2.8 (197 / 265)	D2.7 (165 / 340) G3.2 (220 / 312)
Transmission		7 speed AT	5 speed AT	5 speed AT 5 speed MT
Fuel consumption (Km/ℓ) / CO <sub>2</sub> (g/Km)		G5.0 AT (7.3 / 320) G3.6 AT (7.8 / 300) G3.2 AT (8.0 / 292)	G3.2 AT (7.8 / 300 ) G2.8 AT (8.2 / 285 )	D2.7 AT (10.3 / 260) G3.2 AT ( 7.0 / 325)
Drive system		AWD, FR	FR	AWD, FR
Description		SUV (SUT)		
		Rexton	Kyron	Actyon Actyon Sports
Model / Platform		FR Frame	FR Frame	FR Frame
Dimension (mm)	L / W / H	4,735 / 1,890 / 1,840	4,710 / 1,890 / 1,765	4,455 / 1,880 / 1,740 4,965 / 1,900 / 1,755
	Wheelbase	2,830	2,740	2,740 / 3,060
Weight (Kg)		1,990 ~ 2,045	1,860 ~ 2,070	1,773 ~ 1,957 1,803 ~ 1,986
Engine (ps/N.m)		D2.7 (186 / 410) G3.2 (220 / 312)	D2.7 (172 / 357) D2.0 (148 / 337) G3.2 (220 / 312)	D2.0 (145 / 316) G2.3 (150 / 214)
Transmission		5 speed AT 5 speed MT	6, 5 speed AT 5 speed MT	6, 4 speed AT 5 speed MT
Fuel consumption (Km/ℓ) / CO <sub>2</sub> (g/Km)		D2.7AT (10.7/250) G3.2 AT (7.0/323)	D2.7 AT (10.7/251) D2.0 AT (12.0/209) G3.2 AT (6.6/341)	D2.0 AT(11.9/226(232)) G2.3 AT (12.0/264)
				<b>FF Monocoque</b> <b>4,400 / 1,830 / 1,677</b> <b>2,650</b> <b>1,627Kg</b> <b>D2.0 (170 / 360)</b> <b>6 speed AT</b> <b>6 speed MT</b> <b>D2.0 MT (16.7/159)</b>