

Sang-bum Sim

+822-768-4125

sangbum.sim@dwsec.com

Jae-hyun Son

+822-768-3011

jaehyun.son@dwsec.com

Kee-wook Lee

+822-768-3001

keewook.lee@dwsec.com

KOSPI 200 Reconstitution

Reconstitution to come in June

Topic 1. KOSPI 200 reconstitution and free-float ratio adjustment

Every June, the Korea Exchange (KRX) reconstitutes the basket of stocks that make up the KOSPI 200. This year, we expect six stocks, five from the manufacturing sector (Korea Aerospace Industries, Cosmax, Huvis, Nexen, Korea Circuit) and one from the services sector (Emart), to enter into the basket. We are confident about the inclusion of Emart, but Daeduck GDS could be added instead of Nexen.

Additionally, the free-float ratios of existing constituents will also be updated (based on their latest business reports) after the expiration of futures and options. LG Uplus will likely show the most dramatic free-float ratio increase (+25%p), while Doosan Corp. should display the largest decline (-10%p).

Topic 2. Impact of reconstitution on KOSPI 200 index funds

Index funds usually consist of around 120 stocks. Emart, Korea Aerospace Industries, and Cosmax, which are expected to rank 34th, 67th, and 117th, respectively, in terms of KOSPI 200 weight, are likely to be included in index funds' baskets. However, the other three stocks are unlikely to be included due to a lack of real demand.

Assuming that: 1) index fund baskets usually consist of 120 stocks and 2) the combined value of Korea's index funds is W16tr, including ETFs and arbitrages, Doosan Corp. (in terms of selling) and Emart (in terms of buying) are expected to be affected the most by index funds' basket rebalancing.

Topic 3. Event-driven strategy

Based on past reconstitution events, we advise adopting a long-short strategy—"long new entrants + short-sell outgoing"—prior to the reconstitution of the KOSPI 200. To maximize returns, we recommend that investors unwind their positions three days before the reconstitution, and, at the same time, enter "short-sell new entrants + long outgoing" positions. But caution is required in selecting stocks, given the recent failure of the long-short strategy since 2012.

Notably, based on data from the past five years, we grouped constituents of the KOSPI 200 into top, middle, and bottom baskets in terms of five factors. We found that the top and bottom baskets in terms of trading value and free-float market cap showed a significant divergence in returns. All in all, we recommend investors long Emart and Korea Aerospace Industries and short Iljin Electric and Dong-A One.

Topic 1. KOSPI 200 reconstitution and free-float ratio adjustment

Six new entrants, including Emart and Korea Aerospace Industries, likely

Every June, the Korea Exchange (KRX) reconstitutes the basket of stocks that make up the KOSPI 200. This year, we expect six stocks, five from the manufacturing sector (Korea Aerospace Industries, Cosmax, Huvis, Nexen, Korea Circuit) and one from the services sector (Emart), to enter into the basket.

For the services sector, we are confident about the inclusion of Emart and the exclusion of HHIC Holdings. However, for the manufacturing sector, there could be changes in our forecast depending on changes in trading value and free float after April; for instance, there is a possibility that Daeduck GDS could be added instead of Nexen <Table 1>.

The free-float ratios of existing constituents will also be updated (based on their latest business reports) after the expiration of futures and options. LG Uplus will likely show the most dramatic free-float ratio increase (+25%p), while Doosan Corp. should display the largest decline (-10%p) <Tables 2, 3>.

Table 1. Expected changes in KOSPI 200

Industry	Added		Excluded	
	Ticker	Company	Ticker	Company
Services	139480 KS	Emart	003480 KS	HHIC Holdings
Manufacturing	047810 KS	Korea Aerospace Industries	004710 KS	Hansol Technics
	044820 KS	Cosmax	016380 KS	Dongbu Steel
	079980 KS	Huvis	000050 KS	Kyung Bang
	005720 KS	Nexen	008040 KS	Dong-A One
	007810 KS	Korea Circuit	103590 KS	Iljin Electric

Note: KDB Daewoo Securities projections
Source: KRX, KDB Daewoo Securities Research

Table 2. Free-float ratios of new entrants

(Wbn, no. of shares, %)

Ticker	Company	Market cap	Outstanding shares	Treasury shares	ESOP shares	Shares owned by largest shareholder and related parties	Free float	Free-float ratio	Free-float ratio after applying 5% rule
139480 KS	E-Mart Korea	5,435.8	27,875,819	11,638	0	7,562,972	20,301,209	72.83	75
047810 KS	Aerospace Industries	2,446.6	97,475,107	0	3,776,575	26,114,206	67,584,326	69.33	70
044820 KS	Cosmax.	744.9	13,592,714	129,010	30,854	3,197,595	10,235,255	75.30	80
079980 KS	Huvis	388.1	34,500,000	0	3,676,740	17,595,000	13,228,260	38.34	40
005720 K	Nexen	426.4	5,088,017	0	0	3,387,631	1,700,386	33.42	35
007810 KS	Korea Circuit	370.0	18,734,330	0	18,389	11,298,690	7,417,251	39.59	40

Note: As of April 16, 2013
Source: KRX, Koscom, KDB Daewoo Securities Research

Table 3. Changes in the free-float ratios of existing KOSPI 200 constituents

(%, Wbn)

	Ticker	Company	Free-float ratio			Market cap	Comments
			Current	Revised (F)	Change (F)		
Decrease	000150 KS	Doosan Corp.	35	25	-10	2,565.6	Share repurchase; Increase in largest shareholder's stake
	019680 KS	Daekyo	40	30	-10	629.3	Share repurchase
	064960 KS	S&T Motiv	55	45	-10	399.7	Increase in largest shareholder's stake
Increase	032640 KS	LG Uplus	40	65	25	3,890.2	Disposal of treasury shares
	036570 KS	NCsoft	70	80	10	3,165.8	Change in the largest shareholder; Disposal of treasury shares
	000120 KS	CJ Korea Express	40	60	20	2,244.7	Decrease in treasury shares arising from merger with CJ GLS

Note: As of April 16, 2013
Source: KRX, Koscom, KDB Daewoo Securities Research

LG Uplus' weight in KOSPI 200 to rise by 15%p after reconstitution; SEC's to fall by 0.30%p

Since the free-float market caps of new entrants are typically higher than those of outgoing stocks, the weights of existing KOSPI 200 constituents will decline somewhat after reconstitution. However, stocks that saw their free-float ratios revised up will see limited drops in weight or even rises.

After reconstitution (factoring in changes in both constituents and free-float ratios), LG Uplus will likely see the largest gain (+0.149%p) in its KOSPI 200 weight, while Samsung Electronics (SEC) should display the sharpest drop (-0.303%p) <Table 4>.

Table 4. Changes in weights of existing KOSPI 200 constituents after adjustment of free-float ratios (Wbn, %)

	Ticker	Company	Market cap	Free-float ratio		% change in free-float market cap	Rank in KOSPI 200			Weight in KOSPI 200		
				Current	Revised(E)		Current	Revised (F)	Diff.	Current	Revised (F)	Diff.
Weight gainers	032640 KS	LG Uplus	3,890.2	40	65	62.5	70	49	21	0.242	0.391	0.149
	000120 KS	CJ Korea Express	2,244.7	40	60	50.0	99	80	19	0.140	0.207	0.068
	036570 KS	NCsoft	3,165.8	70	80	14.3	54	48	6	0.345	0.390	0.045
Top 20 weight losers	005930 KS	Samsung Electronics	225,073.4	75	75	0.0	1	1	0	26.305	26.002	-0.303
	005380 KS	Hyundai Motor	42,182.9	70	70	0.0	2	2	0	4.601	4.548	-0.053
	005490 KS	POSCO	27,943.4	85	85	0.0	3	3	0	3.701	3.659	-0.043
	000150 KS	Doosan Corp.	2,565.6	35	25	-28.6	98	111	-13	0.140	0.099	-0.041
	012330 KS	Hyundai Mobis	26,039.5	70	70	0.0	4	4	0	2.840	2.808	-0.033
	055550 KS	Shinhan Financial Group	18,470.1	90	90	0.0	5	5	0	2.590	2.561	-0.030
	000660 KS	SK Hynix	20,200.1	80	80	0.0	6	6	0	2.518	2.489	-0.029
	000270 KS	Kia Motors	20,876.2	65	65	0.0	7	7	0	2.115	2.090	-0.024
	035420 KS	NHN	14,654.9	90	90	0.0	8	8	0	2.055	2.032	-0.024
	105560 KS	KB Financial Group	13,734.8	95	95	0.0	9	9	0	2.033	2.010	-0.023
	051910 KS	LG Chem	15,871.9	70	70	0.0	10	10	0	1.731	1.711	-0.020
	017670 KS	SK Telecom	14,857.2	70	70	0.0	11	11	0	1.621	1.602	-0.019
	032830 KS	Samsung Life	20,800.0	50	50	0.0	12	12	0	1.621	1.602	-0.019
	015760 KS	KEPCO	20,446.6	50	50	0.0	13	13	0	1.593	1.575	-0.018
	086790 KS	Hana Financial Group	8,737.6	95	95	0.0	14	14	0	1.552	1.534	-0.018
	096770 KS	SK Innovation	13,037.6	75	75	0.0	15	15	0	1.524	1.506	-0.018
	009540 KS	Hyundai Heavy Industries	14,592.0	65	65	0.0	16	16	0	1.478	1.461	-0.017
066570 KS	LG Electronics	14,090.1	65	65	0.0	17	17	0	1.427	1.411	-0.016	
033780 KS	KT&G	10,653.9	80	80	0.0	18	18	0	1.328	1.313	-0.015	
000830 KS	Samsung C&T	9,748.0	85	85	0.0	19	19	0	1.291	1.276	-0.015	

Note: As of April 16, 2013

Source: KRX, Koscom, KDB Daewoo Securities Research

Topic 2. Impact of reconstitution

Meanwhile, not all of the six expected entrants are likely to be included in baskets for index funds. Index funds usually consist of around 120 stocks. Emart, Korea Aerospace Industries, and Cosmax, which are expected to rank 34th, 67th, and 117th, respectively, in terms of KOSPI 200 weight, are likely to be included in index baskets. However, the other three stocks are unlikely to be included due to a lack of real demand.

Table 5. Expected weights and ranks of new entrants after KOSPI 200 reconstitution (Wbn, %)

Ticker	Company	Market cap	Free-float ratio	Free-float market cap	Weight	Rank
139480 KS	Emart	5,435.8	75	4,076.8	0.628	34
047810 KS	Korea Aerospace Industries	2,446.6	70	1,712.6	0.264	67
044820 KS	Cosmax	744.9	80	595.9	0.092	117
079980 KS	Huvis	388.1	40	155.3	0.024	180
005720 KS	Nexen	426.4	35	149.2	0.023	183
007810 KS	Korea Circuit	370.0	40	148.0	0.023	184
Total/Average		9,811.8	56	6,837.9	1.053	-

Note: As of April 16, 2013

Source: KRX, Koscom, KDB Daewoo Securities Research

Assuming that 1) index fund baskets usually consist of 120 stocks and 2) the combined value of Korea's index funds is W16tr, including ETFs and arbitrages, Doosan Corp. (in terms of selling) and Emart (in terms of buying) are expected to be affected the most by index funds' basket rebalancing. In light of the average trading value of Doosan Corp., reducing the weight of the stock is expected to take 1.7 days. If trading value temporarily increases, however, the volume could be digested in just one day. Thus, the impact of rebalancing is not projected to be significant. However, the process of adding Emart to baskets should take 9.5 consecutive days in light of the stock's average trading value.

Table 6. Top weight gainers and losers assuming an index fund basket with 120 constituents (% Wbn, no. of days)

Ticker	Company	Rank		Weight in KOSPI 200		Weight in KOSPI 200 index fund			Average trading value (20 days)	Potential demand from index funds	Degree of shock	
		Current	Revised (F)	Current	Revised (F)	Current	Revised (F)	Diff				
Sell shock Top 10	000150 KS	Doosan Corp.	98	111	0.140	0.099	0.144	0.102	-0.042	5.1	-6.8	-1.325
	088350 KS	Hanwha Life	39	40	0.451	0.446	0.465	0.460	-0.005	4.6	-0.7	-0.163
	032830 KS	Samsung Life	12	12	1.621	1.602	1.670	1.653	-0.017	17.4	-2.7	-0.154
	005930 KS	Samsung Electronics	1	1	26.305	26.002	27.105	26.833	-0.271	345.6	-43.4	-0.126
	004990 KS	Lotte Confectionery	75	77	0.222	0.219	0.229	0.227	-0.002	3.0	-0.4	-0.122
	005300 KS	Lotte Chilsung	90	93	0.163	0.161	0.167	0.166	-0.002	2.4	-0.3	-0.113
	000670 KS	Young Poong	117	120	0.087	0.086	0.089	0.088	-0.001	1.3	-0.1	-0.108
	071050 KS	Korea Investment Holdings	60	62	0.300	0.296	0.309	0.306	-0.003	4.6	-0.5	-0.107
	000810 KS	Samsung F&M.	21	21	1.185	1.171	1.221	1.209	-0.012	18.6	-2.0	-0.105
	005490 KS	POSCO	3	3	3.701	3.659	3.814	3.776	-0.038	59.3	-6.1	-0.103
Buy shock	139480 KS	Emart		34		0.628		0.648	0.648	10.9	103.7	9.472
	047810 KS	Korea Aerospace Industries		67		0.264		0.272	0.272	10.7	43.6	4.066
	000120 KS	CJ Korea Express	99	80	0.140	0.207	0.144	0.214	0.070	6.2	11.2	1.798
	044820 KS	Cosmax.		117		0.092		0.095	0.095	13.1	15.2	1.160
	032640 KS	LG Uplus	70	49	0.242	0.389	0.250	0.402	0.152	21.1	24.3	1.154
	036570 KS	NCsoft	54	48	0.345	0.390	0.356	0.403	0.047	40.8	7.5	0.183

Notes: 1) As of April 16, 2013

2) Assuming that an index fund includes 120 stocks

3) Degree of shock = Potential demand from KOSPI 200 index fund/average trading value (20 days)

Source: KRX, Koscom, KDB Daewoo Securities Research

Topic 3. Event-driven strategy

Long-short strategy for newly included and excluded stocks

Over the past five years, thanks to stock replacement and speculative demand, shares of companies expected to be included in the KOSPI 200 have typically outperformed the KOSPI before the public disclosure of the reconstitution plan and the actual date of reconstitution. Meanwhile, stocks anticipated to fall from the index have underperformed the market.

However, investors should note that, historically, the cumulative returns of expected newcomers have generally started to fall two days prior to the reconstitution, recording the biggest declines on the reconstitution date. As such, we advise investors to unwind their “long new entrants + short-sell outgoing” positions three days before maturity, and, at the same time, build “short-sell new entrants + long outgoing” positions to make profits both before and after the reconstitution date <Figure 1>.

But we would be remiss if we failed to point out some recent failures of these long-short strategies. Indeed, long positions involving newcomers to the 2011 and 2012 baskets recorded negative daily average returns. Last year, total returns came in negative for the first time in history, due to sizeable losses suffered by newly added stocks <Table 7>. Thus, we advise investors to focus on a few new entrants and be prudent in their weighting.

Table 7. Long-short strategy: Returns for baskets of added and excluded shares (%)

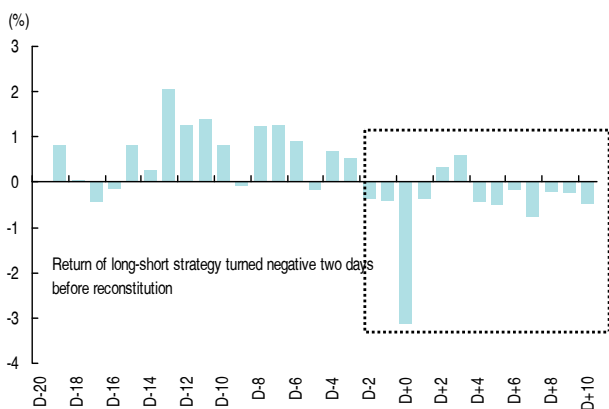
Year	Average daily return (A)			Standard deviation of daily return (B)			CV of daily return (A/B)			20-day cumulative return before reconstitution		
	Added	Excluded	Added-Excluded	Added	Excluded	Added-Excluded	Added	Excluded	Added-Excluded	Added	Excluded	Added-Excluded
2008	0.60	-0.13	0.73	1.79	1.11	2.28	0.34	-0.12	0.32	12.45	-2.68	15.16
2009	0.44	-0.54	0.97	1.67	2.06	2.13	0.26	-0.26	0.46	8.81	-10.57	20.86
2010	0.02	-0.16	0.18	1.58	2.50	2.20	0.01	-0.07	0.08	0.06	-3.82	3.18
2011	-0.13	-0.21	0.08	1.72	1.02	1.32	-0.08	-0.20	0.06	-2.82	-4.18	1.43
2012	-0.41	-0.30	-0.11	2.44	1.72	1.76	-0.17	-0.17	-0.06	-8.43	-6.05	-2.53
Avg.	0.10	-0.27	0.37	1.84	1.68	1.94	0.07	-0.16	0.17	2.01	-5.27	7.62

Notes: 1) Average daily return is the simple average of daily excess returns over KOSPI 200 return for twenty days prior to reconstitution.

2) Returns of baskets are calculated based on equally-weighted investment.

Source: QuantiWise, KDB Daewoo Securities Research

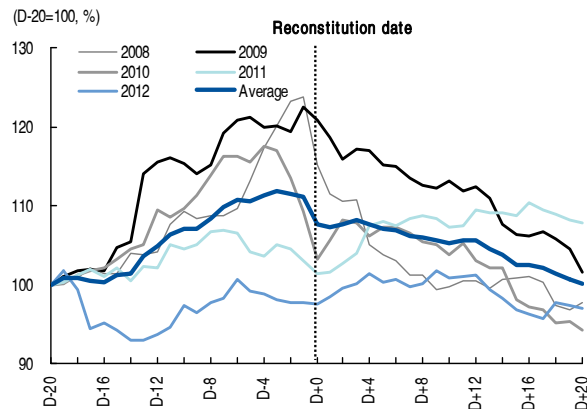
Figure 1. Return of long-short strategy turned negative two day before reconstitution



Notes: 1) Daily excess return of the basket of newcomers
2) Reconstitution date (D-day): One day after futures/options expiration date in June 2012.

Source: QuantiWise, KDB Daewoo Securities Research

Figure 2. Cumulative return of long-short strategy peaks three days before reconstitution



Note: Cumulative return of long-short strategy over the 20 days prior to reconstitution

Source: QuantiWise, KDB Daewoo Securities Research

Long-short strategy: Stock-picking for baskets

In an ideal world, investors' index baskets would include all of the constituents of the KOSPI 200 (at the corresponding weights). In reality, however, investors often need to cut the number of constituents in their baskets for reasons such as insufficient capital or the adoption of a "selection-and-concentration strategy." Then, what stocks should investors choose?

Based on data from the past five years, we grouped constituents of the KOSPI 200 into top, middle, and bottom baskets in terms of five factors (i.e., share price, trading volume, trading value, market cap, and free-float market cap). After studying their returns, we found that the top and bottom baskets in terms of both trading value and free-float market cap showed a significant divergence in returns <Tables 8 and 9>.

All in all, we recommend that investors long Emart and Korea Aerospace Industries, which are among the top third of constituents based on free-float market cap. And we recommend they short Iljin Electric and Dong-A One, which are in the bottom third <Table 10>.

Table 8. Excess returns of newly added stocks by factor (%)

Factor	Average daily returns (A)			Standard deviation of daily returns (B)			A/B		
	Top basket	Middle basket	Bottom basket	Top basket	Middle basket	Bottom basket	Top basket	Middle basket	Bottom basket
Share price	0.35	0.12	0.23	0.65	1.13	0.93	0.54	0.11	0.25
Trading volume	0.29	0.22	0.18	1.17	0.78	0.81	0.25	0.28	0.23
Trading value	0.35	0.17	0.17	0.91	0.80	0.81	0.39	0.22	0.21
Market cap	0.30	0.24	0.16	0.76	0.95	0.90	0.39	0.25	0.18
Free-float market cap	0.35	0.17	0.17	0.83	0.78	0.99	0.43	0.22	0.17

Notes: 1) Based on five-year average data over the 60 days preceding reconstitution.

2) Returns are based on cumulative daily excess returns relative to the KOSPI 200 for the last 40 days before 2012 reconstitution.

Source: QuantiWise, KDB Daewoo Securities Research

Table 9. Excess returns of excluded stocks by factor (%)

Factor	Average daily returns (A)			Standard deviation of daily returns (B)			A/B		
	Top basket	Middle basket	Bottom basket	Top basket	Middle basket	Bottom basket	Top basket	Middle basket	Bottom basket
Share price	-0.05	-0.13	-0.14	0.68	0.79	0.94	-0.07	-0.17	-0.15
Trading volume	-0.10	-0.08	-0.15	0.82	0.77	0.73	-0.12	-0.10	-0.21
Trading value	-0.08	-0.12	-0.13	0.80	0.80	0.84	-0.09	-0.15	-0.16
Market cap	-0.09	-0.02	-0.23	0.69	0.64	0.90	-0.13	-0.03	-0.25
Free-float market cap	-0.12	0.02	-0.24	0.70	0.80	0.86	-0.17	0.02	-0.28

Notes: 1) Based on five-average data over the 60 days preceding reconstitution.

2) Returns are based on cumulative daily excess returns relative to the KOSPI 200 for the last 40 days before 2012 reconstitution.

Source: QuantiWise, KDB Daewoo Securities Research

Table 10. Long/short baskets based on free-float market cap (W, no. of shares, Wbn)

	Ticker	Company	Share price	Trading volume	Trading value	Market cap	Free-float market cap
Added	139480 KS	Emart	216,517	60,966	13.1	6,035.6	4,395.7
	047810 KS	Korea Aerospace Industries	24,843	443,474	11.1	2,421.5	950.0
	044820 KS	Cosmax	47,357	225,761	10.8	643.7	484.7
	079980 KS	Huvis	11,343	252,288	2.9	391.3	248.7
	007810 KS	Korea Circuit	19,415	117,734	2.4	384.9	162.2
	005720 KS	Nexon	77,193	889	0.1	392.8	131.3
Excluded	004710 KS	Hansol Technics	21,411	572,978	12.0	338.9	273.5
	000050 KS	Kyung Bang	89,408	2,474	0.2	222.8	95.4
	016380 KS	Dongbu Steel	3,563	92,396	0.3	180.5	88.9
	003480 KS	HHIC Holdings	6,392	23,523	0.1	188.7	73.7
	008040 KS	Dong-A One	3,219	169,718	0.6	209.8	59.4
	103590 KS	Iljin Electric	3,931	80,121	0.3	145.8	58.7

Source: QuantiWise, KDB Daewoo Securities Research

Important Disclosures & Disclaimers

Analyst Certification

The research analysts who prepared this report (the "Analysts") are registered with the Korea Financial Investment Association and are subject to Korean securities regulations. They are neither registered as research analysts in any other jurisdiction nor subject to the laws and regulations thereof. Opinions expressed in this publication about the subject securities and companies accurately reflect the personal views of the Analysts primarily responsible for this report. Daewoo Securities Co., Ltd. policy prohibits its Analysts and members of their households from owning securities of any company in the Analyst's area of coverage, and the Analysts do not serve as an officer, director or advisory board member of the subject companies. Except as otherwise specified herein, the Analysts have not received any compensation or any other benefits from the subject companies in the past 12 months and have not been promised the same in connection with this report. No part of the compensation of the Analysts was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report but, like all employees of Daewoo Securities, the Analysts receive compensation that is impacted by overall firm profitability, which includes revenues from, among other business units, the institutional equities, investment banking, proprietary trading and private client division. At the time of publication of this report, the Analysts do not know or have reason to know of any actual, material conflict of interest of the Analyst or Daewoo Securities Co., Ltd. except as otherwise stated herein.

Disclaimers

This report is published by Daewoo Securities Co., Ltd. ("Daewoo"), a broker-dealer registered in the Republic of Korea and a member of the Korea Exchange. Information and opinions contained herein have been compiled from sources believed to be reliable and in good faith, but such information has not been independently verified and Daewoo makes no guarantee, representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information and opinions contained herein or of any translation into English from the Korean language. If this report is an English translation of a report prepared in the Korean language, the original Korean language report may have been made available to investors in advance of this report. Daewoo, its affiliates and their directors, officers, employees and agents do not accept any liability for any loss arising from the use hereof. This report is for general information purposes only and it is not and should not be construed as an offer or a solicitation of an offer to effect transactions in any securities or other financial instruments. The intended recipients of this report are sophisticated institutional investors who have substantial knowledge of the local business environment, its common practices, laws and accounting principles and no person whose receipt or use of this report would violate any laws and regulations or subject Daewoo and its affiliates to registration or licensing requirements in any jurisdiction should receive or make any use hereof. Information and opinions contained herein are subject to change without notice and no part of this document may be copied or reproduced in any manner or form or redistributed or published, in whole or in part, without the prior written consent of Daewoo. Daewoo, its affiliates and their directors, officers, employees and agents may have long or short positions in any of the subject securities at any time and may make a purchase or sale, or offer to make a purchase or sale, of any such securities or other financial instruments from time to time in the open market or otherwise, in each case either as principals or agents. Daewoo and its affiliates may have had, or may be expecting to enter into, business relationships with the subject companies to provide investment banking, market-making or other financial services as are permitted under applicable laws and regulations. The price and value of the investments referred to in this report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide to future performance. Future returns are not guaranteed, and a loss of original capital may occur.

Distribution

United Kingdom: This report is being distributed by Daewoo Securities (Europe) Ltd. in the United Kingdom only to (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), and (ii) high net worth companies and other persons to whom it may lawfully be communicated, falling within Article 49(2)(A) to (E) of the Order (all such persons together being referred to as "Relevant Persons"). This report is directed only at Relevant Persons. Any person who is not a Relevant Person should not act or rely on this report or any of its contents.

United States: This report is distributed in the U.S. by Daewoo Securities (America) Inc., a member of FINRA/SIPC, and is only intended for major institutional investors as defined in Rule 15a-6(b)(4) under the U.S. Securities Exchange Act of 1934. All U.S. persons that receive this document by their acceptance thereof represent and warrant that they are a major institutional investor and have not received this report under any express or implied understanding that they will direct commission income to Daewoo or its affiliates. Any U.S. recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Daewoo Securities (America) Inc., which accepts responsibility for the contents of this report in the U.S. The securities described in this report may not have been registered under the U.S. Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the U.S. or to U.S. persons absent registration or an applicable exemption from the registration requirements.

Hong Kong: This document has been approved for distribution in Hong Kong by Daewoo Securities (Hong Kong) Ltd., which is regulated by the Hong Kong Securities and Futures Commission. The contents of this report have not been reviewed by any regulatory authority in Hong Kong. This report is for distribution only to professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571, Laws of Hong Kong) and any rules made thereunder and may not be redistributed in whole or in part in Hong Kong to any person.

All Other Jurisdictions: Customers in all other countries who wish to effect a transaction in any securities referenced in this report should contact Daewoo or its affiliates only if distribution to or use by such customer of this report would not violate applicable laws and regulations and not subject Daewoo and its affiliates to any registration or licensing requirement within such jurisdiction.

KDB Daewoo Securities International Network

Daewoo Securities Co. Ltd. (Seoul)

Head Office
34-3 Yeouido-dong, Yeongdeungpo-gu
Seoul 150-716
Korea
Tel: 82-2-768-3026

Daewoo Securities (Hong Kong) Ltd.

Two International Finance Centre
Suites 2005-2012
8 Finance Street, Central
Hong Kong
Tel: 85-2-2514-1304

Daewoo Securities (America) Inc.

600 Lexington Avenue
Suite 301
New York, NY 10022
United States
Tel: 1-212-407-1022

Daewoo Securities (Europe) Ltd.

Tower 42, Level 41
25 Old Broad Street
London EC2N 1HQ
United Kingdom
Tel: 44-20-7982-8016

Tokyo Representative Office

7th Floor, Yusen Building
2-3-2 Marunouchi, Chiyoda-ku
Tokyo 100-0005
Japan
Tel: 81-3- 3211-5511

Beijing Representative Office

Suite 2602, Twin Towers (East)
B-12 Jianguomenwai Avenue
Chaoyang District, Beijing 100022
China
Tel: 86-10-6567-9699

Shanghai Representative Office

Unit 13, 28th Floor, Hang Seng Bank Tower
1000 Lujiazui Ring Road
Pudong New Area, Shanghai 200120
China
Tel: 86-21-5013-6392

Ho Chi Minh Representative Office

Centec Tower
72-74 Nguyen Thi Minh Khai Street
Ward 6, District 3, Ho Chi Minh City
Vietnam
Tel: 84-8-3910-6000