



**INVITATION LETTER TO PARTICIPATE  
IN THE SALE OF SSANGYONG MOTORS CO., LTD.  
THROUGH A COMPETITIVE BIDDING PROCESS**

**May 10, 2010**



**Samjong KPMG Advisory Inc.**



**Macquarie Securities Korea Ltd.**

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### Attachments

1. Application
2. Confidentiality Agreement
3. Letter of Commitment
4. Confirmation Regarding Receipt of the Due Diligence Reports

Attached as a Separate Document: Teaser Memorandum

## **I. Introduction**

Samjong KPMG Advisory Inc. and Macquarie Securities Korea Ltd. (collectively the “M&A Advisors” and Samjong KPMG Advisory Inc. the “Lead Advisor”) have been retained by Ssangyong Motors Co., Ltd. (the “Company”) as its M&A advisors in connection with the potential sale of the Company (the “Transaction”). The sale of the Company will be conducted pursuant to the corporate rehabilitation plan (the “Rehabilitation Plan”) approved by the Seoul Central District Court (the “Court”) on December 17, 2009 and the ‘Guidelines for the M&A of Companies in Corporate Rehabilitation Proceedings’ issued by the Court.

The M&A Advisors (may refer to the Lead Advisor depending on context) in their capacity as sell-side advisors to the Company will conduct a bidding process (the “Bidding”) in relation to the sale of the Company in accordance with the procedures set out in this letter. Interested parties who wish to participate in the Bidding (the “Prospective Bidders”) based on the information presented in this Invitation Letter, the attached Teaser Memorandum and the publicly available information of the Company are asked to follow the instructions below with respect to their participation therein. All Prospective Bidders must submit a letter of interest (“LOI”) and four of the attached forms (together with the LOI, collectively referred to as the “LOI Package”).

## **II. Contents of the LOI**

The LOI should contain the information listed below. Prospective Bidders who are participating in the Transaction in the form of a consortium (“Prospective Consortium Bidders”) may submit one LOI and should be distinctly categorized by the representative member (“Consortium Representative”) and other participating member (“Consortium Participant”, collectively “Consortium Members”). Each Consortium Member must provide information on the topics below.

### **1. Description of Prospective Bidder**

Briefly describe your company and its businesses, including:

- a. Company history
- b. Address and country of domicile (if different from the corporate headquarters, please provide the same for the corporate headquarters).
- c. Stock exchange listing and market capitalization as of the date one (1) day prior to your submission of the LOI package (if applicable).
- d. Ownership structure (list of major shareholders who hold five (5) or more percent of the total outstanding and issued shares of your company).
- e. Primary business activities.
- f. Major subsidiaries or affiliates.
- g. Supporting documents substantiating your company’s corporate existence, such as a certified copy of the company registry or corporate registration certificates issued in your country of incorporation or domicile.
- h. A copy of the corporate seal registry or notarization of signature.

### **2. Industry and Market Knowledge/Expertise**

Please describe your experience and resources in the automobile and automobile parts manufacturing and distribution industries. Also comment on your familiarity with the Korean market, making reference to any current presence/operations or history of investment (including mergers and acquisitions) in Korea.

### **3. Purpose of Acquisition and Business Strategy**

Please detail your intended strategy and plans for the Company and the value enhancement you expect to bring to the existing business. Please include reference to your plans for the Company’s growth, how you would restructure its businesses (if applicable) and how the acquisition of the Company would fit into your long-term business strategy. A more detailed and comprehensive business plan will be required later upon the submission of the Binding Bid.

#### **4. Financial Resources**

Please indicate your source(s) of funding for the full purchase consideration, which should include the following:

- a. Current cash and cash equivalents balance (evidenced by the cash and the cash equivalents balance in financial statements supplied pursuant to subsection (c) below).
- b. Financing plan, including specific details regarding sources such as equity, debt, asset sales/divestitures, assumed debt and so on. Please be sure to provide a percentage breakdown attributed to each financing component. In the case of consortiums, please also attribute each financing component to the relevant consortium member(s) responsible for obtaining such financing. Finally, please indicate any approvals, conditions and contingencies that relate to the financing.
- c. Annual audited financial statements (Audit Report) for your company over the last three years.

In the case of financial investors, please provide the details substantiating the size of your fund including the available amount of your fund for investment (after taking into consideration country and single investment limitations).

#### **5. Plan to Obtain Necessary Approvals**

To the extent that any potential opposition from competitors or governmental agencies such as the Korean Fair Trade Commission (“KFTC”) is anticipated, please describe your market position, your strategy as to how you will address these concerns and a realistic plan for obtaining the approvals.

#### **6. Contact Information**

Please provide the contact information (company, name, title, address, telephone, fax and e-mail) for all representatives and advisors with whom you have executed or plan to execute an engagement letter in connection with the Transaction.

#### **7. Others**

In addition to the information listed above, please provide any suggestions or comments about the Transaction (e.g. the proposed schedule of the Transaction procedures, percentage of shares to be acquired through the Transaction, etc)

### **III. Documents to be Submitted with the LOI**

The following form documents must be submitted together with the LOI.

#### **1. Single Prospective Bidder**

- a. Application Form (Attachment 1).
- b. Confidentiality Agreement (Attachment 2)
- c. Letter of Commitment (Attachment 3)
- d. Confirmation Regarding Receipt of the Due Diligence Reports (Attachment 4)
- e. Supporting documents substantiating your company's corporate existence, such as a certified copy of the company registry or corporate registration certificates issued in your country of incorporation or domicile.
- f. A copy of the corporate seal registry or notarization of signature.
- g. Annual audited financial statements (Audit Report) for your company over the last three years.

#### **2. Prospective Consortium Bidders**

Prospective Consortium Bidders must submit the LOI of the consortium and the Consortium Application Form (in the form of Attachment 1-1) via Consortium Representative. The Consortium Representative shall be composed of no more than one person or entity. The Consortium Members must execute a Confidentiality Agreement, a Letter of Commitment and a Confirmation Regarding Receipt of the Due Diligence Reports, a certified copy of the company registry or corporate registration certificates, a copy of the corporate seal registry or notarization of signature, and annual audited financial statements (Audit Report) for your company over the last three years.

#### **IV. Deadlines, Place and Format for the Submission of the LOI Package**

1. Submission Deadline : Friday, May 28, 2010, 5:00 pm (Seoul time for all dates and times herein)
2. Place of Submission : Macquarie Securities Korea Ltd.  
9<sup>th</sup> Floor, Hanwha Bldg.  
110 Sogong-dong, Jung-gu  
Seoul 100-755, Korea
3. Submission Method : Prospective Bidders must submit in a sealed envelope one original and two (2) copies of all documents as required in the instructions herein, either in person by the Prospective Bidder or via an authorized agent. Any documents delivered via e-mail, facsimile, postal service or any other means of delivery shall not be accepted.
4. Information Package Fee : Prospective Bidders must deposit five (5) million Korean Won (₩5,000,000, exclusive of any applicable value-added taxes, the “Information Package Fee”) to the Lead Advisor’s account below prior to the submission of the LOI Package, which includes Information Memorandum and Due Diligence reports, in order to receive necessary documentation in conducting the buy-side preliminary due diligence (“Information Package”).

Bank Information: Kookmin Bank (Star Tower Branch)

Account Number: 378801-01-008222

Name on Account: Samjong KPMG Advisory Inc.

## **V. Procedures Following the Submission of the LOI Package**

After reviewing the submitted LOI Packages and confirming the receipt of the Information Package Fee, the M&A Advisors, together with the Company, will select a number of Prospective Bidders (the “Qualified Bidders”) who will be allowed to conduct due diligence on the Company before submitting the binding bid (the “Preliminary Due Diligence”). Prospective Bidders who are selected as Qualified Bidders will be notified individually within five (5) Business Days (all days in the business days of Korean financial institutions herein) of the deadline for the submission of the LOI Package unless circumstances require otherwise.

Concurrent with this notification, the Lead Advisors will inform the Qualified Bidders of the timing of the Preliminary Due Diligence, the schedule of events following the completion of the Preliminary Due Diligence and other details relevant to preparing the Binding Bid. Concurrent with this notification, each Qualified Bidder will also receive the confidential information memorandum (the “Information Memorandum” or “IM”), the due diligence report on the Company’s assets, liabilities and tax situation (the “Accounting and Tax Due Diligence Report”) prepared by KPMG Samjong Accounting Corp., the Legal Due Diligence Report prepared by Shin & Kim (Accounting and Tax Due Diligence Report and Legal Due Diligence Report collectively referred to as “Due Diligence Reports”), the instructions for submitting the bids and related documents (the “Bid Package”) as well as additional data files for Preliminary Due Diligence.



## **VI. Schedule of Events Following the Submission of the LOI Package**

The expected schedule of events following the submission of the LOI Package is set forth below. The expected schedule is subject to change at the discretion of the Company and the M&A Advisors.

<b>Events</b>	<b>Date</b>
Submission of the LOI Package and deposit of Information Package Fee	Friday, May 28
Notification to Qualified Bidders	Friday, June 4
Distribution of the Information Package	Monday, June 7
Preliminary Due Diligence by Qualified Bidders	Monday, June 7 ~ Friday, July 16
Deadline for the submission of Binding Bids	Tuesday, July 20

## VII. General Features of the Transaction Procedures

The Transaction will proceed substantially in accordance with (a) ‘Debtor Rehabilitation and Bankruptcy Act’, (b) the ‘Guidelines for the M&A of Companies in Corporate Rehabilitation Proceedings,’ as issued by the Court and (c) generally prevailing practices followed by Korean courts in Corporate Rehabilitation M&A transactions. As such, Prospective Bidders are expected to be fully aware of these guidelines and procedures (for the avoidance of doubt, we have briefly explained general features below):

<b>Binding Bid</b>	If there should be any price adjustment to the bid following Precise Due Diligence, such adjustment will be limited to a fixed range.
<b>Earnest Money Deposit</b>	An amount equal to five percent (5%) of the Bid Price must be deposited into an account in the Company’s name, designated by the Company before the execution of the Memorandum of Understanding (“MOU”) between the Company and the Prospective Bidder.
<b>Contract Deposit</b>	Ten percent (10%) of the full purchase price must be deposited into an account in the Company’s name, designated by the Company on the date of the execution of the Definitive Agreements between the Company and the Prospective Bidder. The above Earnest Money Deposit shall be applied towards the Contract Deposit.
<b>Full Purchase Price Deposit</b>	<p>(i) If amendment(s) or modification(s) to Rehabilitation Plan are needed, the remainder of the full purchase price must be deposited into an account in the Company’s name or guaranteed before the meeting of interested parties (e.g. creditors) in order to properly apply changes to Rehabilitation Plan.</p> <p>(ii) If amendment(s) or modification(s) to Rehabilitation Plan are not needed, the remainder of the full purchase price must be deposited into an account in the Company’s name within twenty (20) Business Days after the date of the execution of the Definitive Agreements.</p>

## **VIII. Other Guidelines**

Prospective Bidders are requested to take notice of the following:

1. Prospective Bidders must fully comprehend all matters related to the Bidding before they participate in the Bidding and must have such knowledge and experience in financial and business matters as to be capable of conducting their own due diligence investigation and independently evaluating the merits and risks of participating in the Bidding and the Transaction. The M&A Advisors assume no responsibility for determining the suitability of the Transaction for any Prospective Bidder.
2. Prospective Bidders have the sole responsibility of reviewing and verifying the information provided or to be provided by or on behalf of the M&A Advisors or the Company's other advisors (including the IM and Due Diligence Reports) and confirming the legal and factual matters related to the Company, the Bidding and the Transaction. The M&A Advisors expressly disclaim any obligation to make an independent investigation of such information and shall not be held responsible for the accuracy, completeness, fairness or any other aspect of any of the foregoing under any circumstances. Each Prospective Bidder acknowledges and agrees that the M&A Advisors have not and will not make any representation or warranty, express or implied, as to the accuracy, completeness, fairness or any other aspect of any information provided, or to be provided, or statements made, or to be made, whether orally or in writing, in connection with the Transaction.
3. Each Prospective Bidder must acknowledge and agree that (i) neither the contents of this Invitation Letter nor any other information provided, or to be provided, or statements made, or to be made, whether orally or in writing, by or on behalf of the Company or the M&A Advisors in connection with the Transaction should be construed as investment, legal or tax advice; and that (ii) the Prospective Bidder has obtained and will obtain such independent advice as it deems appropriate.
4. The LOI Package, including the Letter of Intent, Confidentiality Agreement, Letter of Commitment and the other attached forms, will be given effect only if it is submitted to the designated address before the submission deadline, either in person by the Prospective Bidder or via an authorized agent. Any documents delivered via e-mail, facsimile, postal service or any other means of delivery shall not be accepted. However, the acceptability of any submissions past the submission deadline or the form of submission will be determined solely at the discretion of the Company and its M&A Advisors and Prospective Bidders agree not to raise any objection with regards to the foregoing for any reason whatsoever.

5. All documents, once received, may not be revoked, withdrawn, returned, replaced and/or modified without the approval of the M&A Advisors.
6. If the M&A Advisors have any questions regarding the contents of the documents that the Prospective Bidder has submitted, the M&A Advisors may inquire such Prospective Bidder or request such Prospective Bidder to submit additional materials, and the Prospective Bidder shall be solely responsible for its failure to reply or to provide sufficient information within the applicable period and bear any disadvantages arising therefrom.
7. Prospective Bidders acknowledge and agree that the Company and its M&A Advisors, may select Qualified Bidders in their sole discretion, and agree not to raise any objection with regards to the foregoing for any reason whatsoever.
8. In connection with the bid, the Prospective Bidder shall be responsible for any losses or disadvantages arising from its failure to perform the terms that it proposed or its violation of applicable laws.
9. The LOI Package must be executed with the registered seal of the actual Prospective Bidder (in the case of a consortium comprised of Prospective Consortium Bidders, with the registered seals of the Consortium Representative and the Consortium Participant). If a registered seal is not available or applicable, the Prospective Bidder must seek consent from the M&A Advisors to use an authorized signature, notarization or other means.
10. After acceptance of the LOI Package, the Company may, in consultation with the M&A Advisors, select a number of Qualified Bidders. The M&A Advisors will individually notify the Qualified Bidders of such qualification and provide more information related to the Bidding.
11. All the materials provided to the Prospective Bidder, including the statement of intent to participate in the sale, are subject to the Confidentiality Agreement signed by such Prospective Bidder. In case any information regarding any of the matters in connection with the Transaction becomes leaked, thereby interfering with the bid process, the Company and the M&A Advisors may give disadvantages to such Prospective Bidder to whom the foregoing leakage is attributable.
12. The Information Package Fee is non-refundable under any circumstances unless the Prospective Bidder is not selected as a Qualified Bidder.
13. As noted in this letter, Prospective Bidders may form a consortium (“Consortium”) with other investors to participate as a consortium in the Bidding. The Consortium must designate the

party with the largest equity holding or the party who will manage the Company following its acquisition as Consortium Representative. After the selection of Qualified Bidders, the membership structure or composition of Consortium Members (including Consortium Representative) may only be changed (including supplemented and withdrawn) through the prior written approval of the Company and its M&A Advisors. After submission of the Binding Bid, changes to the Consortium Representative will not be allowed, but Consortium Participants may be changed with prior written approval of the Company and its M&A Advisors. Any such change without the prior written approval of the Company and its M&A Advisor may disqualify the Consortium and/or the Consortium Members from participating in the Bidding. All Consortium Members attest that they are aware of and acknowledge as true the information contained in the LOI package to be submitted by the Consortium Representative. All notices sent to the Consortium Representative shall be deemed to have been received by all Consortium Members and all notices sent by the Consortium Representative to the M&A Advisors shall be deemed to have been sent by all Consortium Members.

14. Each Prospective Bidder shall be responsible for any and all of its expenses incurred in connection with the Transaction, including fees for its advisors and agents, irrespective of whether it is selected as a Qualified Bidder or whether its participation in the Bidding is terminated at any time or for any reason. Under no circumstances may a Prospective Bidder seek reimbursement of, or compensation for, any portion of such expenses from the Company, its M&A Advisors, and the Company's other advisors or any of their respective directors, officers, employees or agents.
15. Each Prospective Bidder is required to immediately inform the Lead Advisor of its financial, accounting, legal and other advisors, if so retained or to be retained.
16. Each Prospective Bidder, including Consortium Members, shall not be able to submit or participate in more than one LOI Package.
17. All documents submitted by Prospective Bidders shall not be returned under any circumstances.
18. Every request, submission or explanation of data and information regarding this Transaction by the Prospective Bidders must be directed to the M&A Advisors. Under no circumstances are Prospective Bidders allowed to directly contact the Company and/or its directors, officers or employees in any manner.
19. The M&A Advisors may, in their sole discretion, refuse to provide any information that they deem unnecessary or inappropriate.
20. Certain documentation in connection with this Transaction will be prepared in Korean and in

English as attached thereto. The English version is intended for the sole purpose of facilitating comprehension by the Bidders, and should there exist any discrepancy in interpretation between the Korean and English versions, the Korean version shall prevail. All risks arising out of any such discrepancies will be the responsibility of the Bidders.

21. All acts, events and documentation arising out of or associated with the Bidding herein shall be governed by and construed in accordance with the laws of the Republic of Korea. All payments applicable and due hereunder shall be made in Korean Won and all documents arising out of or associated herewith shall make reference to such payments in the Korean Won amount.

## IX. Closing Remarks

The Company and its M&A Advisors reserve the right to alter, postpone or cancel the schedule and procedures related to the Transaction for any reason without any prior notification and none of the Company, its M&A Advisors, the Company's other advisors nor any of their respective directors, officers, employees or agents shall be liable to any Prospective Bidder for any losses, damages, costs or expenses that may be incurred as a result of such alteration, postponement or cancellation.

If you have any questions regarding this Transaction, please do not hesitate to contact the individuals at the M&A Advisors listed below:

### Samjong KPMG Advisory Inc.

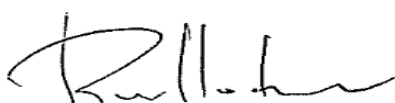
Name	Title	Telephone	Mobile	E-mail
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Yoon, Chang Gyu	Director	82 2 2112 0995	82 10 6244 0615	changgyuyoon@kr.kpmg.com
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### Macquarie Securities Korea Ltd.

Name	Title	Telephone	Mobile	E-mail
Jin, Soo Heung	Sr. Director	82 2 3705 8512	82 10 8960 8129	Soo.Heung.Jin@macquarie.com
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Kim, Jung Yeon	Manager	82 2 3705 9931	82 10 4773 3274	JungYeon.Kim@macquarie.com

On behalf of the Company, we would like to thank you for your interest in this Transaction.

Samjong KPMG Advisory Inc.



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CEO  
Lee, Keun Mo

Macquarie Securities Korea Ltd.



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Chairman  
John Walker

Attachments:

[Attachment 1] Application Form for Single Prospective Bidders

[Attachment 1-1] Application Form for Prospective Consortium Bidders

[Attachment 2] Confidentiality Agreement

[Attachment 3] Letter of Commitment

[Attachment 4] Confirmation Regarding Receipt of the Due Diligence Reports