

Financial News

[Securities Sector] February 21, 2003

5.4 million of KEPCO shares purchased by foreigner

KITC succeeded in disposition of the part of granted shares to overseas investor. On 21st of March, KITC announced that it sold 5.4 mm KEPCO shares, amounting to 100 MM USD, which were granted from the Government to Nexgen Capital, an Ireland based Investment Bank, with 22% of premium basis in the form of Equity Swap. KITC were granted 1 trillion KRW worth marketable securities in year 2000. However, this has been a cause of capital deficit due to delay of monetization and depreciation of the share price.

According to the contract, KITC receives 118.8 billion KRW in advance and shall perform an adjustment depend upon the price level of the subject share. KITC foresees that there would be high possibility that the price of KEPCO share after 3 year contract period become higher than the premium portion as the current share price is relatively low.

KITC CEO, Mr. Hong Sung-Ihl said “the monetization of granted marketable securities is the core assignment to achieve the normalization of the company with our own efforts and we will continue these efforts to monetize with IBK and other shares to iron-out the unstable financial factors”

Mail Business Newspaper

[Securities Sector] February 21, 2003

5.4MM shares of Korea Electric Power Corp sold to a Foreign Investor

KITC disposed all of 5.4 mm KEPCO shares which were granted from Government in 2000 to a foreign investor. On 21st of February, KITC sold 5.4 mm of KEPCO shares to Nexgen Capital, an Irish Investment Bank, during after market hour.

The selling price was 22,000 KRW per share with 22% of premium to the base price, 18,000 KRW. The contract period is 3 year, and KITC received 118.8 billion won in advance (approximately 100 mm USD) which is subject to an adjustment at the end of the contract depend upon the subject share price level.

An officer of KITC stated "It has been difficult for us due to the delay of monetize of shares we have, and we will use this cash to reduce borrowings with the cash provided from this KEPCO share transaction" He also mentioned "KITC is also planning to monetize with shares of Industrial Bank of Korea, 890 billion won in worth, within a short period of time.

The portion of shares that Nexgen Capital purchased through this transaction is 0.8% of total out standing KEPCO shares. It is said that this transaction inherits methodology which may secure an opportunity gain for a potential appreciation of share price in the future with minimization of underlying risk under the situation of depreciation of the share price.

[Jung Haejun, Reporter]

Joong Ang Daily

[Securities Sector] February 21, 2003

KITC, sold KEPCO shares to overseas

On 21st of March, KITC sold 5.4 mm of KEPCO shares to an Irish Investment Bank, Nexgen Capital with 100 MM USD(118.8 billion KRW) through after market hour. This KEPCO shares are part of the marketable securities that were granted in year 2000, and this transaction is considered as KITC's self restructuring efforts.

KITC CEO, Mr. Hong Sung-lhl said "we expect and hope that this transaction shall accelerate the normalization of our company and we will continue our efforts to monetize with IBK and other shares"

The selling price of KEPCO share is 22,000 KRW per share with 22% of premium on the base price of 18,000 KRW per share. The company official said that if the share price remains 22,000 KRW per share or more after the 3 year contract period, the contract shall terminate without further adjustment, and in the case where the share price becomes lower than 22,000 KRW per share, KITC and Nexgen Capital shall share the depreciated portion of share price. The company official also explained "this transaction structure provides merits of minimization of the loss even in the case of share price dropping and provides steady cash flow to the company" He also stated "especially during this period of stock price recession, it is meaningful to sell those shares with premium basis"

[Kim Junhyun, Reporter]

The Korea Economic Daily

[Securities Sector] February 22, 2003

KITC induced foreign currency, 100 MM USD..5.4 million of KEPCO shares sold with 22% premium

On 21st of March, KITC sold 5.4 mm of KEPCO shares to Nexgen Capital, an Irish Investment Bank, with 100mm USD. KITC explained that the selling price was determined at 22,000 KRW per share which is 22% premium of the expected initial price, 18,000 KRW. The transaction was done with after market hour method, and the proceeds from this transaction will be used for financial restructuring such as redemption of borrowings.

KITC also mentioned that Nexgen Capital shall have the capital gain if the share price becomes higher than 22,000 KRW, and KITC shall have to compensate the loss to Nexgen Capital in the case where the price level becomes 22,000 KRW to 14,400 KRW.

However, KITC analyzed the chance of loss to KITC will be very low as the share price of KEPCO have never been lower than 18,000 KRW except for 1998 financial crisis.

The counter-party, Nexgen Capital, is an Investment Bank which were established in 2001 by French National Bank (CDC XIS) and Singapore Technology.

KITC CEO, Mr. Hong Sung-Ihl said “the monetization of granted marketable securities is the core assignment to achieve the normalization of the company with our own efforts and we will continue these efforts to monetize with IBK and other shares to iron-out the unstable financial factors”