

IN THE MATTER OF AN ARBITRATION UNDER THE FREE TRADE AGREEMENT BETWEEN THE REPUBLIC OF KOREA AND THE UNITED STATES OF AMERICA AND THE UNCITRAL ARBITRATION RULES

PCA Case No. 2018-55

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In the Matter of Arbitration Between: :

MASON CAPITAL L.P. and MASON MANAGEMENT LLC, :

Claimants, :

and :

THE REPUBLIC OF KOREA, :

Respondent. :

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HEARING ON THE MERITS, Volume 3

Wednesday, March 23, 2022

New York International Arbitration Center
620 8th Avenue
16th Floor Conference Room
New York, New York

The hearing in the above-entitled matter came on at 8:30 a.m. (EDT) before:

- PROFESSOR DR. KLAUS SACHS, President of the Tribunal
- THE RT. HON. DAME ELIZABETH GLOSTER, Co-Arbitrator
- PROFESSOR PIERRE MAYER, Co-Arbitrator

ALSO PRESENT:

Registry and Administrative Secretary to the
Tribunal:

DR. LEVENT SABANOULLARI
MS. JINYOUNG SEOK

Assistant to the Tribunal:

MR. MARCUS WEILER

Realtime Stenographer:

MR. DAVID A. KASDAN
Registered Diplomate Reporter (RDR)
Certified Realtime Reporter (CRR)
Worldwide Reporting, LLP
529 14th Street, S.E.
Washington, D.C. 20003
United States of America

Interpreter:

MS. MYUNG RAN HA

APPEARANCES:

On behalf of the Claimants:

MS. SOPHIE J. LAMB, QC
MR. SAMUEL PAPE
MR. BRYCE WILLIAMS
Latham & Watkins, LLP
99 Bishopsgate
London EC2M 3XF
United Kingdom

MS. LILIA VAZOVA
MS. SARAH BURACK
MR. RODOLFO DONATELLI
MS. AMY CHAMBERS
Latham & Watkins, LLP
1271 Avenue of the Americas
New York, NY 10022

MR. BEOMSU KIM
MR. YOUNG SUK PARK
MS. WOO JI KIM
MS. SU AH NOH
MS. YU JIN HER
KL Partners
7th Floor, Tower 8,
7 Jongro 5 gil, Jongro-gu,
Seoul
Republic of Korea 03157

MR. ERIC DUNBAR
Evidence Presentation/Magna Legal Services

Party Representatives:

MR. KENNETH GARSCHINA
MR. RICK ENGMAN
MR. MICHAEL CUTINI

APPEARANCES: (Continued)

On behalf of the Respondent:

MR. CHANGWAN HAN
MS. YOUNG SHIN UM
MS. HEEJO MOON
MR. DONGGEON LEE
Ministry of Justice

MR. JEONG MYUNG PARK
Ministry of Health and Welfare
Government of the Republic of Korea

MR. PAUL FRIEDLAND
MR. DAMIEN NYER
MR. SVEN VOLKMER
MR. SURYA GOPALAN
MS. JOY LEE
MR. ERIC LENIER IVES
White & Case, LLP
1221 Avenue of the Americas
New York, New York 10020-1095
United States of America

MR. MOON SUNG LEE
MR. SANGHOON HAN
MR. HANEARL WOO
MR. JUNWEON LEE
MR. MINJAE YOO
MS. SUEJIN AHN
MS. YOO LIM OH
Lee & Ko
Hanjin Building
63 Namdaemun-ro Jung-gu
Seoul 04532
Republic of Korea

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P R O C E E D I N G S

1
2 PRESIDENT SACHS: Good morning, ladies and
3 gentlemen.

4 Are there any housekeeping matters that we
5 should discuss before hearing Mr. [REDACTED]?

6 MS. VAZOVA: I don't believe so.

7 ARBITRATOR GLOSTER: Klaus, can I say,
8 you're a bit quiet, actually. You're not near enough
9 to the microphone.

10 PRESIDENT SACHS: And the Respondent?

11 MR. VOLKMER: No.

12 PRESIDENT SACHS: Okay. So we'll give the
13 floor to Mr. [REDACTED].

14 [REDACTED], RESPONDENT'S WITNESS, CALLED

15 PRESIDENT SACHS: Let me take the
16 opportunity to thank you, Interpreter. I have the
17 impression that your interpretation is very correct.
18 I don't speak a word of Korean, but the fact there
19 were no protests so far in the room shows that it must
20 be very accurate.

21 THE INTERPRETER: Thank you.

22 (Pause.)

23 PRESIDENT SACHS: Good morning, Mr. [REDACTED].
24 Please make yourself comfortable.

25 Mr. [REDACTED], you are a lawyer, so you are aware

1 of your duties as a witness of fact, and in front of
2 you is a Declaration that we would like you to read
3 out for the record.

4 THE WITNESS: I solemnly declare upon my
5 honor and conscience that I will speak the truth, the
6 whole truth, and nothing but the truth.

7 PRESIDENT SACHS: Thank you very much.

8 Mr. [REDACTED], you submitted a Witness Statement
9 in these proceedings dated 13 August 2021. Is there
10 anything in this Witness Statement that you would wish
11 to correct at this point in time?

12 THE WITNESS: There is none.

13 PRESIDENT SACHS: Thank you very much. So,
14 we go to direct.

15 MR. HAN: Respondent has no direct questions
16 for the Witness. Thank you, Mr. President.

17 PRESIDENT SACHS: Okay.

18 So we go to cross.

19 MS. VAZOVA: Thank you, Mr. President.

20 CROSS-EXAMINATION

21 BY MS. VAZOVA:

22 Q. Good morning, Mr. [REDACTED].

23 A. Good morning.

24 Q. Thank you for being here, sir. So I will be
25 asking you some questions this morning. My name is

1 Lilia Vazova. I'm an attorney for Claimants. Before
2 we get started, you should have a copy of your Witness
3 Statement in front of you in Korean. Do you?

4 A. Yes, I am looking at it.

5 Q. Great.

6 And then you should also have a binder of
7 documents in front of you that we may refer to during
8 the course of today's examination.

9 Do you see that?

10 A. Yes, I am looking at that.

11 Q. We will also be pulling the documents on the
12 screen for the rest of us in English, but you should,
13 of course, feel free to refer to the Korean versions
14 in front of you.

15 A. I will do so.

16 Q. Now, as you just responded--

17 ARBITRATOR GLOSTER: Sorry to interrupt, but
18 whilst I can hear--I cannot hear the Interpreter. I
19 can hear Ms. Vazova perfectly well, but the
20 Interpreter's microphone is too quiet or not near
21 enough.

22 THE INTERPRETER: Would this be better?

23 ARBITRATOR GLOSTER: That's a bit better.

24 THE INTERPRETER: Hello?

25 ARBITRATOR GLOSTER: That's better. That's

1 much better. Thank you.

2 THE INTERPRETER: Thank you.

3 BY MS. VAZOVA:

4 Q. Mr. [REDACTED], as you just said in response to the
5 Chairman's question, you submitted one Witness
6 Statement in this Arbitration; correct?

7 A. That is correct.

8 Q. And the date of that Witness Statement is
9 August 13, 2021?

10 A. Yes, correct.

11 Q. When were you asked to testify in this
12 arbitration, Mr. [REDACTED]?

13 A. Are we talking about today's testimony?

14 Q. No. I'm talking about the Witness Statement
15 you submitted in--on August 13, 2021.

16 A. I don't recall an exact date, but it must be
17 around one or two years ago.

18 Q. Who asked you to testify?

19 A. So, the law firm--attorneys at the law firm
20 who is representing the Republic of Korea in this case
21 and the people from the Ministry of Justice visited
22 our office to make a request.

23 Q. Had you previously met before the Ministry
24 of Justice officials that came to your office to ask
25 you to testify?

1 A. It was my first time meeting them, but
2 before the meeting happened, I received a call from
3 the Ministry, and I am not sure whether the person who
4 called me and the person who visited me were the same
5 person. So the appointment was made through a call,
6 and the attorneys and the officials at the Ministry
7 who visited the office were the people that I met for
8 the first time.

9 Q. You had previously done some consulting work
10 for Samsung; right, Mr. [REDACTED]?

11 A. So, about 10 years ago, based on my
12 recollection, I had represented Samsung Group in its
13 legal cases; and, since my practice area is labor law,
14 I was requested to give a lecture at the Samsung Group
15 multiple times, and I did give a lecture about 100
16 times and plus.

17 And I recall it to be around six to seven
18 years ago or maybe four to five years ago, before
19 2015.

20 Q. In your line of work as a lawyer, do you do
21 any work with the Ministry of Justice?

22 A. This is the first time working with the
23 Ministry of Justice.

24 And for the Ministry of Employment and
25 Labor, I had represented their cases for quite a long

1 time, until four years ago.

2 Q. You also submitted a witness statement in
3 another arbitration involving Korea; right, Mr. [REDACTED]?

4 A. Right. I have submitted a witness statement
5 to the Elliott case.

6 Q. And you also provided live testimony in that
7 case as well; right?

8 A. Yes.

9 Q. And, in that live testimony, you of course
10 told the truth; right, sir?

11 A. That is right.

12 Q. Now, in addition to the arbitration
13 testimony that you have provided, you were also
14 interviewed by the Seoul Central District Prosecutor's
15 Office on November 28, 2016; correct?

16 A. Yes, I was interviewed as a witness twice,
17 once by the District Prosecutor's Office and the other
18 time would be Special Prosecutor's Office.

19 Q. Okay. Let's start with the District
20 Prosecutor's Office interview, first.

21 If you may turn to Tab 227 in the binder in
22 front of you. That's Exhibit C-227.

23 A. Yes, I have it in front of me.

24 Q. And the title of that document is "Record of
25 Statement," and then it has your name, [REDACTED];

1 correct?

2 A. That is correct.

3 Q. And that's the record of your statement to
4 the Seoul Central District Prosecutor's Office from
5 the interview that took place on November 28, 2016;
6 correct?

7 A. That is correct.

8 Q. You have reviewed the record of your
9 statement before; correct?

10 A. Correct.

11 Q. And after you reviewed the record of your
12 statement, you affirmed its contents; correct, sir?

13 A. That is correct.

14 Q. Can we turn to Page 16 of that document,
15 please.

16 So, are you there?

17 A. I am looking at it.

18 Q. Okay. And so, as stated here, [REDACTED]

19 [REDACTED]

20 [REDACTED]; right, sir?

21 A. That is right.

22 Q. And you also affirmed that there are no
23 errors, no additions, and no changes to be made;
24 correct?

25 A. That is correct.

1 Q. And then you signed and sealed the Statement
2 Report.

3 A. Yes, I signed it, and I have the fingerprint
4 seal on it.

5 Q. So, that's your signature and your
6 fingerprint on Page 16, in front of you; right, sir?

7 A. That is right.

8 Q. So, let's talk about your interview with the
9 Special Prosecutor's Office; and, for that, let's turn
10 to Tab 220 in the binder in front of you. That's
11 Exhibit 220.

12 A. Yes, I have it in front of me.

13 Q. In this document in front of you, Exhibit
14 C-220 is the record of your statement to the Special
15 Prosecutor from the interview that took place on
16 December 28, 2016; right?

17 A. That is right.

18 Q. And you've reviewed the Record of this
19 Statement before, as well; right?

20 A. That is right.

21 Q. And after you reviewed the Record of your
22 Statement, you of course affirmed its contents, as
23 well; correct?

24 A. That is correct.

25 Q. And if we may turn to Page 23 of the

1 document in front of you.

2 A. Yes.

3 Q. That is your seal and your signature there;
4 correct?

5 A. That is correct.

6 Q. When you were interviewed by the Special
7 Prosecutor, you told the truth; right, sir?

8 A. That is right.

9 Q. And you also told the truth when you were
10 interviewed by the Seoul District Prosecutor.

11 A. Yes.

12 Q. Now, Mr. [REDACTED], between 2013 and 2017, you
13 were a member of a Committee called the Special
14 Committee for the Exercise of Voting Rights; correct?

15 A. That is correct.

16 Q. So, just a point of terminology in this
17 Arbitration. The Parties have referred to that
18 Committee as either the "Expert Committee" or the
19 "Special Committee." You referred to it as the
20 "Special Committee" in your Witness Statement, so I
21 will do so as well this morning.

22 A. Understood.

23 Q. So, the Special Committee decides how the
24 Korean National Pension Service will vote on certain
25 matters; correct?

1 A. Yes. The Committee deliberates on the
2 matters that were requested by the NPS to be
3 deliberated on.

4 Q. And some of the matters that the NPS
5 requests the Committee to deliberate on implicate
6 issues of corporate governance, for example; correct?

7 A. I recall having deliberated on around four
8 matters, and there are different characteristics to
9 the issues. One item was around the loan, and the
10 other was around--another one was around the
11 separation of subsidiaries, and two items were around
12 the Merger Ratio.

13 Q. Can you go back to Tab 227 in your binder,
14 sir.

15 And I want to ask you about Page 4, the last
16 paragraph on that page.

17 And just to orient ourselves, this is the
18 Record of your Statement to the Seoul Central District
19 Prosecutor's Office.

20 A. Yes.

21 Q. So, when you were asked by the Prosecutor

22 [REDACTED]

23 [REDACTED], you responded: "[REDACTED]

24 [REDACTED]

25 [REDACTED]."

1 Do you see that?

2 A. Yes.

3 Q. So, as you told the Prosecutor, some of the
4 matters on which the Expert Committee--excuse me, [REDACTED]

5 [REDACTED]
6 [REDACTED]; right?

7 A. Well, the corporate governance is a broad
8 and wide and vague term, so I thought the four items
9 that I testified earlier--loan, and the separation of
10 subsidiaries, and the Merger Ratio--are intuitively
11 connected to the corporate governance, so I do not
12 think that this contradicts with my testimony.

13 Q. I'm not suggesting it contradicts your
14 testimony, sir. I'm just asking whether the matters
15 on which the Committee deliberates include issues of
16 corporate governance, however vague or broadly defined
17 you understand that term to be.

18 A. Yes. I think most of the issues would be
19 intuitively possible to be related to the corporate
20 governance.

21 Q. And [REDACTED] that you identified to the
22 Special Prosecutor [REDACTED]

23 [REDACTED]
24 [REDACTED]; correct?

25 A. Correct.

1 Q. And, as you also told the Prosecutor, [REDACTED]
2 [REDACTED]
3 [REDACTED];
4 correct?

5 A. Yes. After discussions and deliberation at
6 the Committee, the collective decision was to vote
7 against them.

8 Q. So, if you can turn to Page 2 of your
9 Witness Statement, Footnote 1, you cite a number of
10 different documents there that I want to ask you
11 about.

12 A. Okay.

13 Q. And these documents that you cite in
14 Footnote 1 of your Witness Statement, they're all
15 materials you were familiar with in your work on the
16 Special Committee; right?

17 A. So, every time we hold a meeting, the NPS,
18 who was preparing the meeting, copied either part or
19 all of the documents and had our members of the
20 Committee check them, so these are the guidelines that
21 we check almost every time.

22 Q. You didn't review the documents for the
23 first time in preparing your Witness Statement; right?

24 A. That is right. NPS refers some matters,
25 according to the guidelines, and we also made

1 deliberations referring to the guidelines, so these
2 guidelines are familiar with me.

3 Q. The first document you cite in Footnote 1 is
4 Exhibit R-144. That's the National Pension Fund
5 Operational Guidelines, so I want to ask you about
6 that. And if you may turn to Tab 144 in the binder in
7 front of you, that's Exhibit R-144.

8 A. I am looking at it.

9 Q. So, this document, the National Pension Fund
10 Operational Guidelines, this is the guideline for the
11 general operation of the National Pension Fund;
12 correct?

13 A. So, when we are making a deliberation at the
14 Committee, not all of the guidelines were given to us.
15 Only the part that were related to the Special
16 Committee were given to us, so I would say Article 5.5
17 of the Guidelines, only the excerpts of that was
18 provided to us when we were making a deliberation at
19 the Committee, and the rest of the document hasn't
20 been reviewed by us.

21 And there is another Article that I am
22 familiar with that is Article 17, and specifically
23 Paragraph 4 under Article 17. That is also in
24 relation to the Special Committee, so that was
25 provided to us. So, as such, only the parts that are

1 necessary for the Special Committee have been
2 extracted and given to us, so we did not review the
3 rest of the document, and it was not necessary for us
4 to review the rest of the document, either.

5 Q. Okay. So, now I'm a little confused. I
6 thought you testified a minute ago that you had
7 reviewed these materials before you cited them in your
8 Witness Statement. Was that not correct?

9 A. What I meant was that I reviewed and
10 referred to the document within the scope of that--of
11 which that relates to the Special Committee.

12 Q. Okay. So, the only parts of Exhibit R-144
13 that you had ever reviewed were Article 5.5 and 17.4;
14 is that your testimony?

15 A. That is correct. I am not familiar with the
16 rest of the provisions.

17 Q. So, you don't know, one way or the other,
18 whether this document is a guideline for the general
19 operation of the Pension Fund.

20 A. Yes. In fact, if you look at a certain part
21 of the document, then it is clear that this guideline
22 is a guideline that comes above the Guidelines for the
23 Special Committee in the National Pension Service, so
24 only the parts that are necessary were given to us for
25 review.

1 Q. I understand your testimony as to the parts
2 that are applicable to the work of the Special
3 Committee. My question was a little different.

4 Do you have an understanding, one way or the
5 other, whether this document, National Pension Fund
6 Operational Guidelines, are supposed to be a guideline
7 for the general operation of the National Pension
8 Fund?

9 A. Well, the applicable provisions were given
10 to us, and I believe that the other Special Committee
11 members thought that they were relevant to them as
12 well, but the rest of the provisions, the Special
13 Committee members, including myself, didn't think
14 deeply about their intent or content, so I cannot say
15 that I understand the meaning of the rest of the
16 document.

17 Q. Let's turn to Page 1 of the document. I
18 want to show you Article 2, which I suppose you have
19 never seen before, so let's turn to Page 1, Article 2.

20 A. Which tab are we talking about?

21 Q. Oh, apologies. We're still on Tab 144.

22 And I misspoke earlier. I meant Article 1,
23 subsection 2.

24 A. Yes, I am looking at it.

25 Q. And you see there, under Article 1,

1 subsection 2, how the document is described as a
2 guideline for the general operation of the Fund?

3 A. Yes, I see that.

4 Q. Do you have any reason to doubt that
5 description?

6 A. Well, I didn't see this part in my normal
7 work, and this is the first time that I'm seeing this,
8 so I'm not in a position to say in any ways, and,
9 plus, I do not have any experience with this
10 provision.

11 Q. Okay. This document, the National Pension
12 Fund Operational Guidelines, it was issued by the
13 Korean Ministry of Health and Welfare; right, sir?

14 A. It seems to be that way. It has the
15 Ministry of Health and Welfare in it, the name in it.

16 Q. That's the Ministry of Health and Welfare's
17 logo on the first page; correct?

18 A. Yes, it seems so.

19 Q. The Special Committee operated under the
20 Ministry of Health and Welfare; right, sir?

21 A. So, about the hierarchy or the relationship
22 between the Ministry of Health and Welfare and the
23 National Pension Fund, we didn't address that or dealt
24 with that in a serious manner. So, I did not have a
25 big--I was not fully conscious or aware of where the

1 Committee sits, specifically when I was working,
2 because our group, the Special Committee, is an
3 independent group of people who are coming from the
4 outside of the Ministry of Health and Welfare and the
5 National Pension Service.

6 So, we didn't really think deeply about the
7 relationship between the Ministry of Health and
8 Welfare and the National Pension Service.

9 Q. So, you don't know, one way or the other,
10 whether the Special Committee was part of the NPS or
11 the Ministry of Health and Welfare?

12 A. The secretaries came from both entities, the
13 National Pension Service and the Ministry of Health
14 and Welfare, but we were operated on a independent
15 way.

16 So, intuitively, I was able to think that
17 they had some relation to the entities, but we didn't
18 think that these entities are upper bodies that are
19 governing us, so we didn't--I have never thought that
20 the actions or measures taken by the NPS or the
21 Ministry of Health and Welfare to be binding on our
22 activities.

23 Q. So, from your perspective as a member of the
24 Special Committee, the Ministry of Health and Welfare
25 and NPS were one and the same thing?

1 A. So, I didn't really give a serious thought
2 into the relationship between the two; and, whenever a
3 new administration comes in, it became a big headlines
4 in the Korean media that the NPS should have an
5 independence.

6 So, I was able to have an impression that
7 these two entities are involved with the Special
8 Committee, but whenever we were asked to deliberate on
9 some matters, we made the deliberations independently.

10 And when the matter came to our table, I
11 almost didn't care about what the Ministry of Health
12 and Welfare's position would be on that issue or the
13 National Pension Service's position would be on the
14 issue, and made an independent deliberation.

15 Q. Understood.

16 Let's move on to the next document you cite
17 in Footnote 1 to your Witness Statement. That's
18 Exhibit R-55. That's the Guidelines on the Exercise
19 of the National Pension Fund Voting Rights. And
20 that's going to be behind Tab 55 in your binder.

21 A. Yes, I am looking at it.

22 Q. Are you familiar with this document?

23 A. Yes. I recall having a copy of the full
24 document with all the provisions in it provided to us
25 when we had a meeting.

1 Q. Okay. So, unlike the document we looked at
2 earlier, this document you actually familiar with in
3 its entirety, not just parts of it?

4 A. Well, not necessarily. We received the full
5 document, but the one that is related specifically to
6 the Special Committee is Article 8, and more
7 specifically Article 8.2. So, I did have a look at
8 Article 8.2. And the document in its entirety was
9 provided to us, and I did review that, but I didn't
10 pay full attention to the document in its entirety.

11 Q. So, this document, R-55, Guidelines on the
12 Exercise of the National Pension Fund Voting Rights,
13 it establishes the standards, methods, and procedures
14 for the exercise of Voting Rights by the Fund;
15 correct?

16 A. Yes, that is how I read it.

17 Q. And the Special Committee was required to
18 follow these guidelines in making decisions on how the
19 National Pension Fund would exercise its Voting
20 Rights; right, Mr. [REDACTED]?

21 A. Well, I would say that the--not all of the
22 document had been deeply looked at, and there are many
23 provisions that are related to how the Investment
24 Committee should make a decision before the matter is
25 referred to the Special Committee in this document.

1 So--and there is a separate guidelines for
2 the Special Committee, once the matter is referred to
3 the Special Committee. So, when I was deliberating on
4 the matters, I didn't think that the Special Committee
5 would need to follow all these guidelines that are
6 specified herein. Only the ones that are related the
7 Special Committee would apply. That was the
8 impression that I had.

9 Q. Okay. Let's look at Article 2 of Exhibit
10 R-55, that's on Page 1.

11 A. Yes, I am looking at it.

12 Q. So, Article 2, "Scope of Application,"
13 reads: "The Exercise of Voting Rights of Shares held
14 by the fund shall be conducted in accordance with the
15 Guidelines, except as otherwise provided by relevant
16 laws and regulations."

17 Do you see that?

18 A. Yes, I see that.

19 Q. So, is it your testimony that the Special
20 Committee was not required to follow the Guidelines in
21 Exercising the Voting Rights of the Fund?

22 A. Well, that is not my intent. Within this
23 document, there would be provisions that are related
24 to the Special Committee and that are not related to
25 the Special Committee. And the Article that you have

1 shown me is a general provision, so it will apply to
2 the Special Committee in principle.

3 But to this sort of general provisions,
4 there was rarely an occasion where the Special
5 Committee members had a meaningful discussions or
6 debate on how to interpret or apply it.

7 Q. Okay. So, pursuant to this general
8 provision, Article 2, "Scope of Application," the
9 Guidelines do apply to the Special Committee; right,
10 sir?

11 A. Yes, I agree that this would apply to the
12 Special Committee, but what I would like to say is
13 that there was no occasion where we discussed or
14 debated whether this would apply to the Special
15 Committee.

16 Q. I understand it wasn't discussed or debated.
17 Let's move on to Article 3. That's the
18 next--the next Article down.

19 Article 3, "Fiduciary Duty," reads: "The
20 Fund shall exercise Voting Rights in good faith for
21 the benefit of the subscribers, former subscribers,
22 and public pension-holders." That's what it says;
23 right?

24 A. That is right.

25 Q. And this Article 3, "Fiduciary Duty," also

1 applied to the Special Committee when the Special
2 Committee voted on Exercising the Voting Rights for
3 the Fund; correct?

4 A. Yes, I agree that this applies to the
5 Special Committee.

6 Q. Let's move on to Article 4, "Increasing
7 Shareholder Value."

8 Article 4 reads: "The Fund shall exercise
9 its Voting Rights to increase Shareholder value in the
10 long term." Right?

11 A. Right.

12 Q. And this Article 4, "Increasing Shareholder
13 Value," also applied to the Special Committee when the
14 Special Committee decided how to exercise Voting
15 Rights of the Fund; right, sir?

16 A. Yes, I agree.

17 Q. And let's move to another one, Article 4-2.
18 That's the next one down.

19 Under "Responsible Investment," Article 4-2
20 says: "The Fund shall exercise its Voting Rights in
21 consideration of factors of responsible investment,
22 such as the environment, society, and corporate
23 governance in order to enhance long-term and stable
24 rate of return." Right?

25 A. That is right.

1 Q. And this Article 4-2, "Responsible
2 Investment," also applied to the Special Committee
3 when the Special Committee decided how to exercise the
4 Fund's Voting Rights; right, sir?

5 A. Yes, I agree.

6 Q. Let's move on to the third document you cite
7 in Footnote 1 to your Witness Statement. That's
8 Exhibit R-145. That's going to be behind Tab 145 of
9 your binder.

10 A. Yes, I have it.

11 Q. And this Document R-145, "Regulations on the
12 Operation of the Special Committee on the Exercise of
13 Voting Rights," governs the operations of the Special
14 Committee of which you were a member; correct?

15 A. That is correct. I almost always looked at
16 these regulations, and most of the members of the
17 Special Committee tried to operate the Committee in
18 compliance with this regulation.

19 Q. As a member of the Special Committee, were
20 you able to exercise your vote freely?

21 A. The debates were done in a very free manner.
22 You would be expected--sorry, strike that.

23 You would consider the entity that
24 recommended you to the Committee. But in the process
25 of discussion and debate, when there is some--a

1 reasonable point that is made by other members, then
2 even when that reasonable point may be in opposition
3 to what the entity that recommended you to the
4 Committee, that member would likely to change their
5 mind to a reasonable, you know, manner.

6 And the decision-making at the Committee was
7 done in an autonomous and independent manner and
8 even--sorry.

9 And the decisions were not made before the
10 meeting, and the decisions were made after the
11 discussions that were made freely at the meeting. And
12 many members found it a little surprising, too.

13 Q. So, no one told you how to vote; right? The
14 decision how to vote was yours and yours alone?

15 A. I don't know what went into respective
16 members' minds when they made a decision, but there
17 were many people who changed their mind after debate
18 and discussions. And, in my case, I was recommended
19 by an organization that represents the employers. So,
20 if you look at a--at the cases from the employers'
21 perspective, the three cases that were mentioned
22 earlier must have been affirmed by me, but I ended up
23 voting against them after the discussions with the
24 members of the Committee.

25 So, I could have been requested to--I could

1 have been given some requests before or after the
2 meetings, but I was never bound by such requests.

3 Q. Okay. So, ultimately, the decision of how
4 to vote was yours and yours alone; right, sir?

5 A. Yes. It was up to the conscience and
6 liberty of the members.

7 Q. Did you always do your very best to act in
8 the best interests of the National Pension Service
9 when deciding how to vote on a particular issue?

10 A. Yes. According to the principles set out in
11 these regulations and guidelines, I had the mid- to
12 long-term interest of the National Pension Service in
13 mind, and that was the biggest decision-making
14 standard that we had, and I believe that was the same
15 for the other members of the Committee.

16 Q. So, both for and you the other members of
17 the Committee, first and foremost, was always the best
18 interests of the National Pension Service?

19 A. Yes, there was the shared motive of
20 promoting the best interests of the National Pension
21 Service among all the members. But after the debate,
22 whether the "Yes" vote would be in the interest of the
23 NPS or the "No" vote would be in the interest of the
24 NPS would depend on individual members' discretion.
25 It will depend on their expertise, their conscience,

1 and their rationale.

2 Q. I understand that. Leaving the debates
3 aside, when casting their votes, did you and your
4 colleagues on the Special Committee always try to do
5 so with the best interests of the National Pension
6 Service in mind?

7 A. I can say with my conscience that I did so,
8 and I believe that other members of the Committee did
9 so, too. And when there is a clarity around what is a
10 reasonable decision after the debate, there was
11 many--there were many cases when the members of the
12 Committee would change their mind to the direction of
13 reasonableness.

14 And there--while there were still some
15 people who might not change their mind, but still the
16 majority moved to the direction of rationality and
17 reasonability after the debates. That is my
18 experience.

19 Q. When the Special Committee considered how to
20 exercise the Fund's Voting Rights, it considered
21 whether a proposed transaction would cause damage or
22 profit to the Fund; correct?

23 A. That is correct.

24 Q. In fact, that's the top priority for the
25 Special Committee; right, sir?

1 A. That is right.

2 Q. Let's go back to Exhibit R-144. That's
3 Tab 144 in your binder.

4 A. I am looking at it.

5 Q. And this time I want to ask you about an
6 article on Page 2. That's Article 4 on Page 2, "Fund
7 Management Principles."

8 A. I am looking at it.

9 Q. So, Article 4(1), "Principle of
10 Profitability" states that: "Returns must be
11 maximized in order to alleviate the burden on the
12 insured persons, especially the burden on the future
13 generations." Right?

14 A. It reads so, yes. And I understood it to be
15 a given, but when we were having a deliberation, I
16 don't remember this provision provided to the members.

17 Q. Okay. So, setting this specific provision
18 aside, when the Special Committee deliberated, did it
19 consider whether the proposed transaction would
20 maximize returns for the National Pension Service?

21 A. Yes. That is always a top priority of
22 consideration of us--of ours.

23 Q. Let's go back to R-55. That's Tab 55 in
24 your binder, and I want to ask about Article 6 that's
25 on Page 1.

1 A. Yes, I have it.

2 Q. So, Article 6, "Fundamental Principles of
3 Exercise of Voting Rights," states as follows: "The
4 standards for exercising Voting Rights on individual
5 items shall be determined on the basis of the
6 following fundamental principles."

7 And then under subsection 2, it says: "If
8 the item goes against the interests of the Fund or
9 decreases Shareholder value, the Fund shall vote in
10 opposition."

11 A. Yes, I am reading it, too, and I agree.

12 Q. When you say you "agree," do you mean that's
13 when the Special Committee discussed how to exercise
14 the Fund's Voting Rights, it considered whether the
15 proposed transaction would go against the interests of
16 the Fund or decrease Shareholder value?

17 A. I agree that this provision will need to be
18 followed, and I believe that the members of the
19 Committee take--took action with this mindset, and I
20 can testify that I made my decisions according to this
21 provision.

22 Q. When the Special Committee considered how to
23 exercise the Fund's Voting Rights, did it consider the
24 views of the National Pension Service's financial
25 advisors?

1 A. The ones that were deliberated by the
2 Special Committee, when it comes to the gains or the
3 interests of the National Pension Service, if those
4 interests can be calculated, then the financial
5 profits or damages could be calculated as well. But
6 most of the time, the interests that were--that were
7 at issue were the morality, ethics, principles, and
8 the trust from the citizens, and they are related to
9 the mid- to long-term interests of the National
10 Pension Service.

11 Q. Okay. So, did the Special Committee
12 consider or not consider the views of financial
13 advisors when deciding how to exercise the Fund's
14 Voting Rights?

15 A. Of course, that was considered, but--of
16 course, that was considered, and when there was
17 numbers presented, we considered those numbers. But,
18 in most cases, financial numbers were not suggested.

19 And the thoughts or the belief of the
20 Special Committee was as follows: The--when the Board
21 of Directors make a certain decision and it goes
22 against the morality and the principles, then it will
23 undermine the long-term interests of the National
24 Pension Service. And most of the debates that were
25 held at the Special Committee was in this direction,

1 that if you keep the morality and the ethics, then it
2 will benefit the National Pension Service in the
3 long-term.

4 So, as a result, most of the discussions did
5 not center around the financial numbers, but it tended
6 to be centering around the ethics and the principles.

7 MR. HAN: Mr. President, can I make a very
8 short question to the interpretation?

9 So, if you look at time stamp 9:42:34, "when
10 the Board of Directors make a certain decision,"
11 Mr. [REDACTED] said "Shareholder Boards Meeting," not "Board
12 of Directors."

13 THE INTERPRETER: Oh, yes. Sorry. That was
14 not "Board of Directors" but the "Shareholders'
15 Meeting." Thank you for the correction.

16 PRESIDENT SACHS: Is this all right?

17 MR. PARK: Yes.

18 PRESIDENT SACHS: Thank you.

19 MS. VAZOVA: Thank you for the
20 clarification.

21 BY MS. VAZOVA:

22 Q. Now, Mr. [REDACTED], switching gears a little bit.
23 I want to ask you about the Samsung C&T-Cheil Merger.

24 Now, because the National Pension Service
25 was the largest Shareholder of Samsung C&T, it held

1 the casting vote on the Merger; right?

2 A. I knew that the NPS had a casting vote
3 because there were media reports on that, but I didn't
4 know that the NPS was the largest Shareholder.

5 Q. Can we turn to Tab 220, which is your
6 Statement to the Special Prosecutor. And we're going
7 to be looking at Page 23 of the English version, and
8 for you, Mr. [REDACTED], it's going to be Page 21 of the
9 Korean version.

10 A. Yes.

11 Q. So, the first full paragraph states a
12 question by the Prosecutor: "[REDACTED]

13 [REDACTED]
14 [REDACTED]"

15 And then you respond: "[REDACTED]

16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]."

21 That's what you told the Prosecutor; right,
22 Mr. [REDACTED]?

23 A. I think I did mention the "[REDACTED]"
24 part, but I don't remember checking the "[REDACTED]
25 [REDACTED]" part. I think when the Special

1 Prosecutor was making this document, he must have put
2 the fact in after checking the fact. The Hearing
3 didn't happen, so I didn't have an opportunity to
4 check the facts with regards to this particular case,
5 so I don't remember saying this when I was giving an
6 answer to the interview.

7 I think when the Prosecutor was sorting out
8 my answer and putting it into a document, the fact
9 that he or she was aware of was included in it.

10 Q. You did review this Record of Statement
11 before you signed and sealed it; right, Mr. [REDACTED]?
12 That's what you told us earlier.

13 A. I did review the whole document, and I
14 thought that the overall intent in the document was
15 correct, but I didn't particularly look into whether
16 the NPS was the largest Shareholder of Samsung C&T or
17 not. But it really doesn't affect the overall intent
18 or the direction of my Testimony, so I didn't give
19 much care into it.

20 Q. There are no facts--

21 MR. HAN: Mr. President, I'm sorry, there is
22 another very minor interpretation issue, so can I just
23 check with the Interpreter?

24 PRESIDENT SACHS: Yes, please.

25 MR. HAN: Look at the time stamp

1 9:47:44--actually, from 37, so Mr. [REDACTED] says, "the
2 hearing did not happen," but as I recall Mr. [REDACTED] said
3 "shimri," so "shimri" so it should be interpreted as
4 "deliberation" or "discussion," not the "hearing."

5 THE INTERPRETER: I concur.

6 BY MS. VAZOVA:

7 Q. Just to make clear, Mr. [REDACTED], as to the
8 Prosecutor's recording your statement, it is not your
9 testimony, is it, that the Prosecutor was at liberty
10 to just add random facts to the Witness Statement, to
11 the Statement of Record, that you disagreed with?

12 A. That's not exactly correct. As you can see,
13 the interview took place from 3:00 p.m. until
14 9:00 p.m., so it went on for a--long hours. And a lot
15 of the questions were given to me with an expectation
16 of a certain answer. And when the expected answer
17 doesn't come out, many of the answers that I had given
18 didn't go on the record.

19 And it was around the six-hour mark, so I
20 was very exhausted, and so I only checked the big flow
21 of what I said, and the important parts of my
22 testimony, and the minor ones have been just looked
23 over.

24 And if I can say that the most important
25 parts overall had been mostly checked.

1 Q. Can we turn back to Page 25 of the document
2 in front of you, sir. We looked at that language
3 earlier.

4 A. Which document?

5 Q. 220, Tab 220.

6 A. I am looking at Tab 220.

7 Q. And as you testified earlier, sir, when you
8 were shown this Record of Statement before you signed
9 and sealed it, you answered that [REDACTED]

10 [REDACTED]
11 [REDACTED]; that's correct, right?

12 A. That is right. And in most cases, what is
13 written here is a pre-printed statement. The fact
14 that many parts of what I actually said were not on
15 the record, and some of the expressions were slightly
16 modified to what the Prosecutor wanted it to be, could
17 be the case, but if it was overall correct, then we
18 kind of have to wrap it up there. If we start
19 debating the exact wording that is written in the
20 document, then it will go endless.

21 And this statement is a pre-printed
22 statement in every Statement Report, so the wording
23 such as "[REDACTED]"
24 may be inaccurate in some cases.

25 Q. You're a lawyer; right, sir? Is it your

1 habit to sign and seal documents without reading them
2 or without agreeing with their contents?

3 A. That is not the case. Whether it was a
4 largest shareholder or not is not really important or
5 meaningful in this document.

6 So, some of the facts that were included in
7 the document may not be something that I said, but
8 still I didn't think of them as important, so I just
9 looked over that.

10 Q. That's not what you said here, though. You
11 didn't say "the general flow is correct," you didn't
12 say "most of the facts were correct." You said there
13 were "[REDACTED]."
14 That's the language you certified to.

15 A. So, this statement is a pre-printed
16 statement in any of the Prosecutor's Statement Report
17 document; and, during the clarification process of the
18 content of the Statement Report, there could be some
19 recording that is in contrast with the existing
20 document. And many of what I said has not been
21 reflected to this document by the Prosecutor. So
22 here, if you look at the wording that is printed in
23 Korean, it says "[REDACTED]," and there was
24 reduction.

25 And why did it look over? Because, if we

1 start asking about what the specifics, then it
2 will--the interview would not end, so a lot of the
3 things that I said and that were not in line with the
4 Prosecutor's expectations were omitted in this
5 document.

6 So, if there was an addition or a reduction,
7 yes, there was reduction. But if I refused to sign,
8 then how could the interview end? So, you could
9 understand it as such. The overall direction was
10 correct, and the important meanings were checked, and
11 I signed it.

12 Q. You were given the opportunity to clarify or
13 correct; right?

14 A. So, it was a six-hour-long interview, and
15 this particular Prosecutor, unlike the earlier General
16 Prosecutor, created a rather short document after a
17 long discussion, so I could say that this Report is
18 full of omission. But I was exhausted, and the
19 Prosecutor and I agreed that if it is in the large--if
20 it is in line with the large flow, then we should just
21 end the interview.

22 And I was given an opportunity to make a
23 clarification or correction, and I looked at the
24 Report, and I found no significant areas that should
25 be added or reduced, so that is how I signed it and

1 ended the interview.

2 Q. You said a couple of times that this
3 language was pre-printed; right?

4 A. Yes, that is a typical statement in
5 every--the Report.

6 Q. So is it your testimony that when you
7 certified the language that was pre-printed, you don't
8 necessarily mean it?

9 A. That's not what I mean. What I mean is that
10 the meaningful parts have been mostly checked. And
11 for the parts that are not considered important, I
12 think as an attorney, I think all the documents will
13 need to be understood in a way that all the documents
14 would have some omissions and some requirements for
15 further clarification.

16 Q. So, there were no material omissions or
17 errors in these Statement Reports, as they were
18 presented to you, before you certified them?

19 A. So, I would say "yes," in the scope of the
20 Prosecutor's question. And in the process of
21 clarifying the direction of the Prosecutor's question,
22 there may be some areas that should be corrected and
23 clarified.

24 And there would be a possibility of addition
25 in the course of such process, and plus there could be

1 some areas that will need to be removed with the
2 possibility of misunderstanding as well.

3 But with regard to the questions given from
4 the Prosecutors and within the meaningful scope, the
5 general content was correct. Please understand my
6 testimony in such a way.

7 Q. I understand it.

8 So, it's your view as well,
9 sir--right?--that no reliable prediction could have
10 been made as to how the Special Committee would have
11 voted on the Samsung Merger. Correct?

12 A. In fact, that was the question that the
13 Prosecutor lingered on for the longest time. That
14 question went on for about more than an hour.

15 If the item was to be referred to the
16 Special Committee, would the Special Committee vote
17 against it? Would the Special Committee have voted
18 against it? And to that question, I said no one can
19 make a prediction. There is uncertainty, and I
20 continued on answering that no one could have made a
21 prediction, for a long time. The Prosecutor and I
22 compromised and agreed on the phrase there was
23 certainty-- [REDACTED] instead of nobody
24 knows, but my exact wording in the answer was that no
25 one can make a prediction.

1 Q. And just so we're clear, the Special
2 Committee never had the opportunity to consider the
3 Samsung Merger; correct?

4 A. Correct. We did not deliberate on it.

5 Q. And that was because the Samsung Merger was
6 never referred to the Committee for a vote; right?

7 A. That is right.

8 Q. So, one proposed merger that the Special
9 Committee did have an opportunity to consider was the
10 merger between two companies of the SK Group; right?

11 A. Can you ask me the question once again?

12 Q. Sure.

13 One merger that the Special Committee had
14 the opportunity to consider, because it was referred
15 to the Committee for a vote, was the merger between
16 two companies of the SK Group.

17 A. Yes. The item that was deliberated in my
18 term that is related to a merger was the SK Merger
19 one.

20 Q. And the SK Merger was referred to the
21 Special Committee for about approximately one month
22 before the NPS had to decide how to vote on the
23 Merger--on the Samsung Merger? Excuse me.

24 A. That was in May, so I think it was around
25 one or two months before then, yes.

1 Q. And the Special Committee decided that the
2 National Pension Service should vote against the SK
3 Merger; right?

4 A. Yes. We had multiple and long-hour
5 discussions on this matter as well. And in the course
6 of--sorry.

7 In the course of the discussions, the
8 collective decision changed over time from a favorable
9 direction to a negative decision.

10 Q. So, the Special Committee decided to vote
11 against the SK Merger; correct?

12 A. Correct.

13 Q. Let's turn to Paragraph 16 of your Witness
14 Statement.

15 A. I am looking at it.

16 Q. So, as you explain in this Paragraph 16 of
17 your Witness Statement, the SK Merger included a
18 proposal on how to treat treasury stock that concerned
19 you?

20 A. Yes.

21 Q. And the problem with the treasury stock was
22 that it could undermine the interests of the
23 Shareholders of the SK company that owned the greater
24 proportion of that stock; right?

25 A. So, SK had the share of treasury stocks of

1 over 20 percent--it was quite high--and the new Shares
2 were not assigned to the treasury stocks, and they
3 were to be retired afterwards. So, for the
4 Shareholders in the side where the more portion of the
5 treasury stocks were held, the number of new Shares
6 that would be allocated would go down.

7 So, it was found that the Shares in the side
8 where the more treasury stocks were held would be
9 unfairly treated.

10 So, to give you more context, when the new
11 Shares are allocated after the treasury stocks retire,
12 then a hundred Shares would be allocated, but when the
13 allocation happens before the retirement of the
14 treasury stocks and only 80 would be allocated.

15 So, either the retirement of the treasury
16 stocks had been in before or after the allocation are
17 all legal, so it was not the legal--legality issue.
18 But since the treasury stocks were to be retired
19 afterwards, the Shareholders of the entity where the
20 proportion of the treasury stock was higher, would
21 have to suffer some losses.

22 So, based on the Special Committee's
23 discretion, we decided based on the morality
24 principle.

25 Q. So, the impacts of the treatment of treasury

1 stocks that you just described, was what it would
2 cause the loss to the NPS; correct?

3 A. That was not directly related to the NPS's
4 loss because the Shares that NPS held in the SK
5 Holdings and the SK C&C were the same. So, if one
6 loses, the other would have the same amount of
7 benefits, profits. So, there was no loss that was
8 calculable.

9 However, if you look at it from the fairness
10 perspective, the Chairman of the SK Group held more
11 percentage of Shares in SK C&C, so the Shareholders in
12 the entity that the Chairman of the group held more
13 Shares then would benefit and then the Shareholders in
14 the entity where the Chairman had less percentage of
15 Shares would suffer losses, so there was some
16 imbalance between the two entities.

17 For the NPS's perspective, it was plus and
18 minus equaling zero, but from the perspectives of the
19 Shareholders, there was an element of unfairness, and
20 the NPS could not agree with that. If NPS agree with
21 such unfairness, then it will lose trust from the
22 public, and this would be a long-term loss for the
23 NPS. That was our overall view, and that is how we
24 made a decision.

25 MR. HAN: Mr. President, while we're on this

1 issue, can I make one simple clarification in terms of
2 interpretation with the Interpreter?

3 PRESIDENT SACHS: Yes, please proceed.

4 MR. HAN: If you look at time stamp
5 10:15:15, it reads, "so based on this Special
6 Committee's discretion," but as I recall, Mr. [REDACTED] said
7 in Korean "hwaesa jaeryang," so not "Special
8 Committee's discretion," but "SK's discretion." Can
9 counsel for Claimants confirm us that whether that is
10 correct? I mean, any comments on this proposed
11 correction?

12 (Comments off microphone.)

13 MR. PARK: I would agree with you that the
14 "discretion" is not the "Special Committee," but I
15 think what Mr. [REDACTED] was referring to was the discretion
16 when to retire the Shares, even though there was a
17 discretion in that regard, based on morality they
18 decided against it. I think that was what he was
19 trying to explain, not the Company's discretion.

20 PRESIDENT SACHS: Maybe this can be put to
21 the Witness so that he can confirm or correct his
22 earlier statement? We're talking about statement at
23 10:15:15.

24 THE WITNESS: So, that would be a discretion
25 of the Parties to the Merger, but more specifically it

1 would be the discretion around whether to retire the
2 treasury stocks. And depending on the timing of the
3 retirement of the treasury stocks, as I said earlier,
4 the amount of stocks that would be allocated to the
5 Shareholders would change, so you saw it correctly,
6 that the expression is around when and whether to
7 require--retire the treasury stocks.

8 BY MS. VAZOVA:

9 Q. Okay. Let me see if I can try to break this
10 down a little bit.

11 So, there was discretion as to the timing of
12 retiring treasury stocks; correct?

13 A. That is correct.

14 When the timing should be is not a legal
15 issue. That is what I have been told, and that is
16 what I have understood.

17 Q. So, the Company could have done that on one
18 point or other, depending on its discretion?

19 A. Yes. And despite that if the allocation
20 happened after the retirement of the Shares, then it
21 would have been more fair to the Shareholders in the
22 entity where the proportion of the treasury stocks
23 were higher, and there wouldn't have been an
24 unfairness issue, then. And if so, it is likely that
25 the Special Committee voted Yes for that.

1 Q. But even though there was no problem with
2 the timing of when the stocks were retired, the
3 Special Committee still rejected the Merger because,
4 under the approach adopted by the Company, the
5 founding family of the Company would unfairly benefit
6 at the expense of the other Shareholders; correct?

7 A. So, more precisely put, it was not exactly a
8 question of whether the owner Shareholders and the
9 other Minority Shareholders are in confrontation. It
10 was more about the two companies, one company where
11 the Chairman or the owner had more percentage of
12 Shares in, and the other company where the proportion
13 of treasury stocks were higher.

14 And between the two companies, the Minority
15 Shareholders of the earlier companies would gain
16 compared to the other company, so it was not exactly
17 in a collision between the owner Shareholder and the
18 Minority Shareholder, but it should be understood that
19 it was a relative gain for all of the Shareholders in
20 the Company where the Chairman had more Shares in than
21 for all the Shareholders in the other company. An
22 imbalance between the shareholders depending on the
23 company.

24 Q. Can you turn to Tab 227 in your binder,
25 page--the English version is going to be Page 5, the

1 Korean version also Page 5. And we're going to be
2 looking at the last paragraph.

3 And you were asked the following question;
4 right, Mr. [REDACTED]? "[REDACTED]

5 [REDACTED]
6 [REDACTED]" Do you see that?

7 (Overlapping interpretation with speaker.)

8 THE INTERPRETER: That was him asking you
9 what page it is.

10 MS. VAZOVA: Oh, excuse me. Page 5,
11 Tab 227.

12 THE WITNESS: Yes, I see it. Yes.

13 BY MS. VAZOVA:

14 Q. So, when you were asked by the Prosecutor

15 [REDACTED]
16 [REDACTED], you responded
17 as follows: "[REDACTED]

18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]."

23 Then you went on to say: "[REDACTED]

24 [REDACTED]
25 [REDACTED]

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That's what you said, right?

5

A. I actually explain this in detail, but as the Prosecutor was summarizing, what I explained in detail, it left some room for misunderstanding.

8

So, to be more precise, the Shareholders in a company where the large shareholder had more Shares in, and these Shareholders in the other company were in the opposite direction.

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And even though I explained this in detail to the Prosecutor, he didn't seem to get it so well, and I checked the content afterwards, and it didn't really hurt the overall flow, so I just let it stay this way.

17

18

Q. Was what the Special Prosecutor summarized here accurate or not accurate, Mr. [REDACTED]?

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A. Here, we have a term, Ordinary Shareholders, and I think there should be more specification attached to it because it can be misleading if it is just written as Ordinary Shareholder, so what it should be is that the Ordinary Shareholders of the other entity.

So, if it is understood as the Ordinary

1 Shareholders in the same entity, then it is a
2 misunderstanding. The Ordinary Shareholders in the
3 other entity opposed to the entity where the largest
4 shareholder holds more shares, would be the right way
5 to put it.

6 Q. Any other corrections you want to make to
7 this?

8 A. So, if we only--about the wording that is
9 related to the unfair capital decrease, I could make a
10 clarification there as well. I explained about the
11 exercise of discretion in the timing of the retirement
12 of treasury stocks, then, so we could clarify this as
13 the unfair exercise of discretion with regard to the
14 retirement of treasury stocks.

15 Q. Okay. Now--

16 PRESIDENT SACHS: I'm sorry, Ms. Vazova, we
17 are approaching--

18 MS. VAZOVA: I was going to suggest that,
19 Mr. Chairman.

20 PRESIDENT SACHS: Before we do, Mr. [REDACTED], we
21 need a clear testimony, and I'm a little bit lost now
22 regarding your corrections as compared to the
23 statements that we find here in the document Tab 227.

24 Now, here you are stated to say on Page 5,
25 which I quote, "[REDACTED],

1 [REDACTED]," whereas in
2 your testimony today you seem to say, well, for the
3 NPS, it was neutral. But here you are quoted saying
4 that "[REDACTED]
5 [REDACTED]."

6 So, how do you reconcile those two
7 statements, or do I understand you incorrectly?

8 THE WITNESS: Thank you so much for that
9 question for clarification.

10 As I explained earlier, in the short term,
11 NPS held similar amount--similar percentage of Shares
12 in SK and SK C&C, so the entity that the Chairman had
13 more Shares in would gain, and the other entity would
14 lose. So, overall financially, NPS's profit and
15 losses would be unclear in the Merger case. But there
16 still was a morality issue that I mentioned earlier.

17 And because of the exercise of discretion,
18 Shareholders in one company would be unfairly treated.
19 And in this situation, if NPS supports the unfair
20 decision by or the immoral decision by a company, then
21 it will end up losing the trust from the public.

22 So, in the short term, the impact on the NPS
23 could be neutral, but in the mid- to long-term, it
24 would be a loss for the NPS.

25 So, in the earlier part of my testimony to

1 the Special Prosecutor, I mentioned that the Ordinary
2 Shareholders, including the NPS, would have their
3 interests threatened, and this will need to be
4 understood in twofold: The short-term interest and
5 the mid- to long-term interest related to morality,
6 and only by understanding it twofold there would be no
7 room for misunderstanding with regard to my testimony.

8 PRESIDENT SACHS: Thank you.

9 We will now have our break.

10 MR. HAN: Mr. President, I'm sorry--

11 PRESIDENT SACHS: Is there an interpretation
12 issue?

13 MR. HAN: Yes. I have a fresh memory, I
14 would like to point out some interpretation now, if I
15 may.

16 Can you take us to time stamp 9:54:38. Can
17 you put that on the screen so that the Interpreter and
18 everyone can see. Thank you.

19 As I recall, Mr. [REDACTED] testified that "gumsaga
20 wonhaneun pyohyundaero yakgan dalajin bubun." In
21 English it should be "expressions were slightly
22 modified in a way that the Prosecutor wanted to be,"
23 but here the translation is "the expressions were
24 slightly modified to suit what is expected or what
25 could be the case."

1 PRESIDENT SACHS: I turn to the Claimant.
2 Do you remember that statement?

3 MR. PARK: Thank you, Mr. President. I
4 think this portion we will need to double-check the
5 Korean recording.

6 PRESIDENT SACHS: Okay. Maybe since the
7 Witness is present, could you please, Interpreter,
8 show him the passage.

9 We're talking about 9:54:38.

10 THE WITNESS: Well, what I intended to say
11 here was, in front of the Prosecutor, I said that
12 nobody could have predicted, but the Special
13 Prosecutor slightly modified it to that there is
14 uncertainty, and I agreed to make such slight
15 modifications. And upon the request from the Special
16 Prosecutor, more direct expression had been modified
17 to the expression that is written in the document.

18 So, upon the request from the Prosecutor
19 would be the right way to put it.

20 PRESIDENT SACHS: Okay. That's now on the
21 record.

22 MR. HAN: The Claimants took the Witness to
23 two Statement of Records made to the Prosecutor and
24 the Special Prosecutor, and those two statements were
25 interpreted as Witness Statements, but actually at

1 that time Mr. [REDACTED] was not testifying as a witness, so
2 it should be Statement of Report rather than Witness
3 Statement. And also there is consistent with
4 Claimants' own translation of those documents.

5 MS. VAZOVA: Can I just respond briefly to
6 that? So, there are competing versions of
7 translations of this document in the record. One is
8 Claimants' translations, the other one is Respondent's
9 translation. We, for purposes of being "O-A"
10 (phonetic), we dispute there is any material
11 differences between the translations, but in order to
12 be fair to the Witness, we have been using and
13 referring solely to Respondent's versions of documents
14 with competing translations where there were any
15 available for his Witness Statements. One of them,
16 for one of them there is no competing version from
17 Respondents. And for the other one we are using
18 Claimants' version because Respondent's version only
19 translated excerpts. Our version translates the full
20 statement.

21 So, I would suggest that if there are any
22 disputes about translations, I don't know that this is
23 really the forum to address those.

24 PRESIDENT SACHS: Well, I think we take note
25 of your comments and leave it there, and we will now

1 have our break. We resume at 11:00.

2 Mr. ■■■, you are still under testimony, so
3 please do not talk to anyone about the case. Thank
4 you very much.

5 THE WITNESS: Yes.

6 (Brief recess.)

7 PRESIDENT SACHS: All right. We can resume.

8 MS. VAZOVA: Do we have co-Arbitrators on
9 yet?

10 PRESIDENT SACHS: Pardon?

11 MS. VAZOVA: I was wondering whether we had
12 Dame Gloster and Professor Mayer yet.

13 (Pause.)

14 PRESIDENT SACHS: We can proceed.

15 MS. VAZOVA: Thank you, Mr. Chairman.

16 BY MS. VAZOVA:

17 Q. Welcome back, Mr. ■■■.

18 A. Yes.

19 Q. So, the last question about the SK Merger,
20 the Merger Ratio proposed in the SK Merger was an
21 issue in that case; correct?

22 THE INTERPRETER: Was an issue?

23 MS. VAZOVA: Yes.

24 (Through interpretation.)

25 THE WITNESS: Yes, in the end, it was.

1 BY MS. VAZOVA:

2 Q. Can we turn to Tab 220 in your binder, sir.
3 And I want to look at Page 7, second
4 paragraph from the top.

5 ARBITRATOR MAYER: Ms. Vazova, we don't see
6 you at all now. You should move a little bit over or
7 move the computer.

8 MS. VAZOVA: How about now?

9 ARBITRATOR MAYER: Thank you. Thank you.

10 MS. VAZOVA: Thank you, sir.

11 THE WITNESS: Yes, I am looking at it.

12 BY MS. VAZOVA:

13 Q. So, you said there: "[REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]."

19 A. That is correct.

20 Q. Now, one of the main controversies around
21 the Samsung Merger was also the Merger Ratio; correct?

22 A. Yes. This is what I am aware through the
23 media reports and through the Parties.

24 Q. One of the key issues relating for the
25 Samsung Merger was the adequacy of the Merger Ratio;

1 right, sir?

2 A. Yes, that is how I understood it.

3 Q. In the Samsung Merger, did NPS own the same
4 number of Shares in SC&T and Cheil?

5 A. Well, we didn't deliberate on it
6 specifically, but I understood that the NPS had a
7 significant portion of the Shares in both entities.

8 Q. Isn't it true, sir, that NPS, in fact, held
9 significantly more Shares in SC&T than in Cheil?

10 A. Well, I didn't deliberate on it, so I do not
11 recall the exact ratio between the two, and I don't
12 know about that, sitting here, either.

13 Q. Okay. Would the relative shareholdings of
14 the NPS in SC&T versus Cheil be relevant to the
15 Special Committee if it had the opportunity to
16 deliberate on the Merger?

17 A. It would have been one of the
18 considering--it would have been one of the factors to
19 consider.

20 Q. If, given the Merger Ratio proposed for the
21 Samsung Merger and NPS's relative shareholdings in the
22 two companies, the NPS would have suffered a loss, a
23 short-term loss, as a result of the Merger, would that
24 have been relevant to the Special Committee?

25 A. So, generally, when we are deliberating on

1 the case, we receive, as meeting materials, the
2 positions of both parties, the Shareholders who are in
3 favor of the Merger and the Shareholders who are
4 opposing the Merger.

5 So, if we were asked to deliberate on the
6 Samsung case, then we would have received documents
7 explaining the positions and the rationale for Elliott
8 and also the document explaining the positions and
9 rationale for Samsung.

10 Q. Okay. That was not quite my question.

11 My question was: If the materials that you
12 were provided reflected that, given the Merger Ratio
13 and the NPS's relative shareholdings in SC&T versus
14 Cheil would result in a loss to the NPS were the
15 Merger to be approved, is that something that the
16 Special Committee would consider in deciding how to
17 exercise the Fund's Voting Rights?

18 A. So, the argument that you just mentioned in
19 your question would be the argument that the opposing
20 party would make, and there would--must have been the
21 materials that deal with the other party's opinions as
22 well.

23 So, regardless of any matters, we would be
24 provided with the positions and the rationale of both
25 parties, and although I am speaking hypothetically, it

1 is very likely that we would have deliberated almost
2 fully, considering both parties' opinions, not just
3 one party's opinion.

4 So, I would like to say that we wouldn't
5 have listened to only one party's opinion when making
6 a deliberation.

7 Q. So I understand you weren't provided
8 material. I understand you did not deliberate on this
9 issue. My question is: If you were to deliberate on
10 this, would you consider, as part of your
11 decision-making, whether or not the NPS would suffer a
12 loss as a result of the Merger at the proposed ratio?

13 A. That would easily have been a factor to
14 consider. And back then, when Samsung and Elliott
15 went to court for the injunction requests, there were
16 a lot of opinions and rationale from both Parties that
17 came out through the process, and the Court made a
18 quite long decision for that case.

19 And in the decision made by the
20 Court--sorry, the decision made by the Court was sent
21 to me through Samsung's counsel, so I roughly looked
22 through it, and the major issue that was dealt with in
23 that decision was related to the question that you
24 asked me.

25 And, based on my recollection, even though

1 the applicant, the plaintiff, made some argument, the
2 rationale wasn't accepted by the Court.

3 Q. We'll talk about the District Court's
4 Decision. Before we get to that, though, in addition
5 to whether the NPS would suffer a loss, the Special
6 Committee would also consider the moral and ethical
7 implications of the Merger as proposed; correct?
8 That's what they did with the SK Merger.

9 A. Yes, if we were to deliberate on the Samsung
10 Merger case, it is very likely that the morality issue
11 would have been debated seriously on that matter, as
12 well.

13 Q. So, let's talk about the District Court
14 application you just referenced. I believe the
15 Samsung Merger became the subject of an application
16 from the interim injunction before the Seoul Central
17 District Court; correct?

18 A. Yes, that is how I remember it.

19 Q. And you discussed that in Paragraph 36 of
20 your Witness Statement, so let's turn to that.

21 A. Yes, I have it here.

22 Q. So, in the last sentence of this
23 Paragraph 36 of your Witness Statement, you explain:
24 "In its decision which garnered significant media
25 coverage in the lead-up to the Merger vote, the Seoul

1 Central District Court found that there were no
2 illegalities in the procedure of the Merger or in the
3 determination of the number of Samsung C&T and Cheil
4 shares that would be exchanged for shares in the
5 merged entity, i.e., (the so-called Merger Ratio)."

6 That's what you say in your paragraph 36;
7 right?

8 A. Yes, it is in line with my recollection.

9 Q. So, as explained in this Paragraph 36 of
10 your Witness Statement, the District Court found there
11 were no illegalities in the determination of the
12 Samsung Merger Ratio; correct?

13 A. That is correct.

14 Q. And the District Court also found, as you
15 also say in Paragraph 36 of your Witness Statement,
16 that there were no illegalities in the procedure for
17 the Merger, either; right?

18 A. Yes, based on my recollection, both the
19 procedure and the content of the case were reviewed
20 by--have been looked at as part of the opinion--as
21 part of the Court's process of reviewing the opinion
22 of the plaintiff, and the Court made a decision
23 accordingly.

24 Q. Did the Court opine on whether the NPS would
25 suffer a loss under the Merger Ratio as proposed?

1 A. Based on my recollection, even though it is
2 quite vague, I recall there was some mentioning about
3 the judgment on the losses as part of the Court
4 Decision.

5 Q. But ultimately the Court determined that,
6 regardless of the losses that the NPS would be
7 suffered, the Merger Ratio was still legally
8 calculated; correct?

9 A. So, I do not recall the exact wordings in
10 the full decision made by the Court, but based on my
11 recollection, the decision was very detailed. And
12 unless there is an evidence that is presented to the
13 Special Committee members that is going beyond the
14 scope of the Decision made by the Court on a new issue
15 that is not dealt with at the Court, then, since the
16 content and the authority of the Court Decision is
17 quite overwhelming, so it will be quite difficult for
18 me to make a different decision. That was the
19 impression that I got as--personally as attorney.

20 Q. Now in the--

21 A. --with legal background.

22 Q. --in the SK Merger, you didn't think there
23 was illegality in the Merger procedure; right, sir?

24 A. I do not have any recollection of having
25 discussed the procedural issues.

1 Q. Let's look at Paragraph 17 of your Witness
2 Statement, then.

3 A. Yes.

4 Q. So, you say in Paragraph 17 of your Witness
5 Statement, in relation to the SK Merger, that it was
6 not the problem of illegality that caused concern but
7 more of an ethical one; right? That's what you
8 testified?

9 A. Yes, that's how we viewed it.

10 Q. And both you and the rest of the Special
11 Committee voted against the SK Merger, even though
12 there was nothing illegal in how that Merger was being
13 proposed?

14 A. Yes.

15 Q. So, you alluded to that earlier. You allude
16 earlier to being contacted by counsel for Samsung, and
17 I want to take you to Paragraph 23 of your Witness
18 Statement.

19 A. Yes, I am looking at it.

20 Q. So, you explain in Paragraph 23 of your
21 Witness Statement that you were contacted by counsel
22 for Elliott, who suggested a meeting, and you told him
23 that the meeting would be inappropriate, but you'd
24 review any materials he may want to send you; correct?

25 A. That is correct.

1 Q. It wasn't just Elliott who tried to meet
2 with you, though; right? Samsung tried to meet with
3 you, as well?

4 A. Yes. The counsel for Elliott is two years
5 senior than me. We're from the same school. And
6 counsel for Samsung is my--in the same school--was in
7 the same school with me in the same year, so both of
8 them were the attorneys that I personally know. They
9 asked to meet me in person, but I rejected both
10 requests and said to both Parties that if they send me
11 the materials, then I will fully review them, and they
12 sent me the documents.

13 Q. And you believed that Samsung's
14 representatives tried to meet with other members of
15 the Special Committee, as well; right?

16 A. Based on my recollection, both sides were
17 making efforts to communicate with the members with
18 their best effort, and I think, depending on the
19 decisions of the individuals, some individuals may
20 have met with the representatives and some may have
21 not.

22 Q. Okay. I just want to be clear because you
23 focus on your Witness Statement--in your Witness
24 Statement in a request to meet from Elliott. It
25 wasn't just Elliott who was trying to meet with you.

1 It was also Samsung; correct?

2 A. That is correct, and I do recall having said
3 that Samsung tried to meet me at some part.

4 Q. And you also believed that Samsung tried to
5 meet with rep--with other members of the Special
6 Committee, as well; right?

7 A. Well, Samsung representative tried to meet
8 me, so I would expect that they would have tried to
9 meet with the other members of the Committee.

10 Q. Understood.

11 Let's turn to Paragraph 30 of your Witness
12 Statement.

13 A. Yes.

14 Q. And there, you discuss a report that you
15 were shown by the Prosecutor when you were
16 interviewed. The report was prepared by the Ministry
17 of Health and Welfare, forecasting how different
18 members of the Special Committee would vote; is that
19 accurate?

20 A. I think it is accurate.

21 Q. So, let's turn to your statement to the
22 Prosecutor. That's Exhibit C-220, Tab 220 in your
23 binder.

24 And, in your version, Mr. [REDACTED], we're going
25 to be looking at Page 17. For those following along

1 the English version, we're going to be on Page 19.

2 A. Yes, I am looking at it.

3 Q. So, the Report that you were asked about,
4 that's what was excerpted on Page 18, I
5 suppose--sorry, Page 16 of your version of the
6 document?

7 A. Yes, I'm looking at it.

8 Q. All right. And as we see on Page 19,
9 Page 17 for you, Mr. [REDACTED]--when you were questioned
10 [REDACTED] by the Special Prosecutor, you
11 said that: "[REDACTED]

12 [REDACTED]
13 [REDACTED]."

14 That's what you said; right?

15 A. So, the Prosecutor [REDACTED]
16 [REDACTED], saying that [REDACTED]

17 [REDACTED]
18 [REDACTED], and [REDACTED]
19 [REDACTED]. And the premise of the question asked was

20 that [REDACTED]
21 [REDACTED]. And I answered, [REDACTED]
22 [REDACTED], and this
23 opinion is around that particular premise.

24 Q. You also told the Special Prosecutor that

25 [REDACTED]

1 [REDACTED]
2 [REDACTED]; right, Mr. [REDACTED]?

3 A. Yes, and that was a point made on the
4 assumption that the premise made by the Prosecutor,
5 the hypothetical premise, was correct, so yes.

6 MR. HAN: Mr. President, while we are on the
7 page, I'm not trying to interrupt the cross, but it's
8 already on the page, we want to correct one
9 interpretation issue.

10 So, Mr. [REDACTED], if you look at time stamp of
11 Transcript 13:30:52, and here I quote that you
12 testified in Korean: I was questioned--I'm sorry, I
13 was questioned as--I was--was the question asked was
14 if there the Government tried to analyze and contact,
15 but I recall that you said in Korean "shiljero
16 jungbooga bunsukhago jupchokhatdamyun."

17 So, he--you said that actually governments
18 analyzed and contacted, not they tried to analyze and
19 contact.

20 THE WITNESS: So, that is not something I
21 could know. The Prosecutor suggested the facts that
22 he or she is supposed to know, and said that it seems
23 to be the case that the Government analyzed and
24 contacted the members. And what I said here was, [REDACTED]

25 [REDACTED]

1 [REDACTED].

2 So, my answer to this question was made
3 based on a hypothetical situation where what the
4 Prosecutor suggested was right. And this is not the
5 fact that I experienced.

6 MS. VAZOVA: Mr. Chairman, if I may, I think
7 a lot of these interpretation issues have veered into
8 redirect examination territory. I believe I've been
9 patient, even if I say so myself, but I would
10 respectfully submit that questions that seek to
11 clarify, or to give the Witness an opportunity to
12 clarify his answers, should really be in reserved for
13 redirect as opposed to being casted interpretation
14 questions.

15 PRESIDENT SACHS: Yeah, I would agree with
16 that. I mean, it's better the flow of the
17 cross-examination, if you intervene later.

18 MR. HAN: Will do so. Thank you,
19 Mr. President.

20 BY MS. VAZOVA:

21 Q. Mr. [REDACTED], let's move on to Page 19 of the
22 document in front of you. It's going to be Page 21
23 for those of us looking at the English version.

24 A. Yes, I'm looking at it.

25 Q. So, you told the Special Prosecutor,

1 Mr. [REDACTED], as said here on Page 19/21 of this document,
2 that [REDACTED]
3 [REDACTED]; right?

4 A. That is right.

5 Q. But [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]?

9 A. Yes, that is how it is written here.

10 Q. And [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]; right?

14 A. Yes. I have a thought that the Government
15 should remain neutral and perform its supervision and
16 oversight in a lawful manner.

17 Q. And [REDACTED]
18 [REDACTED]
19 [REDACTED]; right? That's what you said
20 here?

21 A. Yeah, I agree that all the employees at the
22 National Pension Fund and the members of the Special
23 Committee should work for the benefit of the National
24 Pension Service and should prevent the losses to the
25 National Pension Service.

1 Q. [REDACTED];
2 right, Mr. [REDACTED]?

3 A. Well, I was told that the Ministry--that
4 this--and if this--that if that is the fact, then I
5 understood it to be very shocking. The Government
6 making such a document and tried to adjust the
7 behaviors of the members, if that is the case, that is
8 fact, then it would be a serious problem, and I was
9 shocked.

10 Q. Now, Mr. [REDACTED], if the Samsung Merger went
11 against the interests of the National Pension Fund or
12 decreased Shareholder value, the Special Committee was
13 supposed to reject the Merger; correct?

14 A. So, if there is a consensus on the losses
15 and the gains, then, of course, I think that the
16 losses will need to be prevented and the gains--I
17 would say "yes" to the gains. But I--as I understood,
18 there was fierce discussions around the loss part.

19 Q. If the Samsung Merger were ex--was expected
20 to damage Shareholder value, the Special Committee was
21 supposed to reject it; correct?

22 A. If the loss is proven to be--proven to an
23 extent that would be agreed upon by the majority of
24 the members of the Special Committee, then it would be
25 the right decision to make.

1 Q. Now, Mr. [REDACTED], you believe the Samsung Merger
2 should have been referred to the Special Committee;
3 right?

4 A. Yes. From the point when I heard that the
5 decision was not referred to the Special Committee and
6 when the meeting, interim meeting, was held to have
7 discussions on our positions, and until now most of
8 the members of the Special Committee thought--thought
9 that the matter should have been referred to the
10 Special Committee, and I also maintain that position,
11 too.

12 Q. In fact, as you told the Special Prosecutor,
13 Mr. [REDACTED], [REDACTED]
14 [REDACTED];
15 right?

16 A. Yes, that was a position made through the
17 interim meeting that the Special Committee held on the
18 decision not to refer the case to the Special
19 Committee. We reached a collective consensus that the
20 matter should have been referred to the Special
21 Committee and we created a press release, and that was
22 published to media outlets.

23 Q. It is also your view, isn't it, Mr. [REDACTED],
24 that [REDACTED]

25 [REDACTED]

1 [REDACTED] ?

2 A. Basically, yes, but then there was a very
3 fierce debate in putting those into words, and let me
4 continue. At first, most of the Committee members and
5 myself had discussed expressions like "a breach" of
6 the Regulations.

7 And then, the--Mr. [REDACTED], the official from
8 the Ministry of Health and Welfare who attended the
9 meeting, said that if you definitively say that it was
10 a breach of Regulations then it is, in fact, not upon
11 the Special Committee members to decide on whether
12 that was a breach of Regulations and it is up to the
13 Court to decide, and plus, there could be problems
14 to--caused to the public officials as well. So, he
15 asked us not to use the expression "the breach of
16 regulations." And listening to what he said, I
17 thought--I mean, I was thinking of using the word
18 "breach of regulations" out of my habit as attorney,
19 but I realized that this is, in fact, the legal
20 phrase, and it would be inappropriate for the Special
21 Committee members to judge whether this is a breach of
22 the Regulation or not.

23 So, in the end, we were able to phrase the
24 position of the members of the Special Committee in a
25 non-legal language, such as not reasonable, not

1 appropriate, or regretful. And the consensus was
2 reached that the Judicial Branch will need to decide
3 on whether that was a violation or not, so that is how
4 we came to the final wording in the Report.

5 So, in terms of the wording, it is said that
6 the request may be made to the Special Committee to
7 deliberate on the matter. So, that is up to the
8 discretion. So, there were two different opinions
9 around what kind of discretion this is. Is it a fully
10 free discretion, or is it a discretion that is still
11 bound by the reasonable boundaries? And the Special
12 Committee members thought that it was the latter,
13 which is bound--the discretion that is bound by the
14 reasonable boundaries. And the Ministry of Health and
15 Welfare and the National Pension Service felt it is
16 the former, which is a completely free discretion.

17 And there were some differences between the
18 two sides; and, in the end, the Special Committee
19 agreed to a wording that is used in the Final Report.
20 And with the consideration that this is the--this is a
21 discretion that is describing a discretion that is
22 within a reasonable boundary.

23 Q. Well, thank you for this very detailed
24 answer. That was not my question at all.

25 I asked whether it was your view, Mr. [REDACTED],

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED].

A. So, I am a little cautious with the word "[REDACTED]"--sorry, what was it? "[REDACTED]" that was used in the question because the wording was dealt with quite seriously. It--that most of the members of the Special Committee thought that the matter should have been referred to the Special Committee; but, after a certain amount of discussion, since the wording is pointing to discretion, it is understandable that the NPS thought that they had the discretion, and it is possible that they thought that way. I mean, you can find the expression that we were able to agree to a certain degree on that thought, and that it wasn't just clear cut without any room for debate, so I wouldn't--that is why I want to be cautious with the word "[REDACTED]."

Q. Okay. Let's turn--

PRESIDENT SACHS: May I interject.

Mr. [REDACTED], this is precisely the word you used in the interview with the Prosecutor on Page 15. Is that a misquote of--how do you explain this? At the bottom of Page 15.

1 THE INTERPRETER: He's asking for the page
2 in Korean.

3 MS. VAZOVA: It's Page 14 of the Korean
4 version.

5 Last paragraph.

6 PRESIDENT SACHS: Maybe for the Transcript,
7 we could read it, if the Interpreter could please read
8 the passage in English to the record. Starting with
9 "[REDACTED]."

10 THE INTERPRETER: "[REDACTED]
11 [REDACTED]
12 [REDACTED] [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]."

18 THE WITNESS: Well, I think there is a
19 slight misinterpretation in the document. What I said
20 in Korean is interp--translated as "[REDACTED]" here,
21 but based on my understanding of English, it might not
22 be the exact--exactly accurate translation. I think
23 it should be "mandatorily" instead, so it's more about
24 explaining that it should be done, not "it is clear."

25 PRESIDENT SACHS: Thank you. So,

1 "mandatorily." All right.

2 Now, is that still your position?

3 THE WITNESS: Yes, that is my current
4 position, and I find it hard to agree with the
5 translation "[REDACTED]," and I would hope to change
6 it to "mandatorily" instead.

7 PRESIDENT SACHS: Okay.

8 BY MS. VAZOVA:

9 Q. Can you turn to Tab 214 in the binder in
10 front of you, Mr. [REDACTED].

11 A. Yes, I'm looking at it.

12 Q. So, it's an e-mail chain, and the e-mail I
13 want to ask about is the second one from the top-down.

14 ARBITRATOR MAYER: Can you tell us which
15 exhibit it is, please.

16 MS. VAZOVA: Certainly. It's C-214.

17 ARBITRATOR MAYER: Thank you.

18 THE WITNESS: Are we looking at the e-mail
19 on July 10th?

20 BY MS. VAZOVA:

21 Q. Yes, sir.

22 A. Yes, I am looking at it.

23 Q. So, this is an e-mail from [REDACTED],
24 chairperson of the Expert Committee on the Exercise of
25 Voting Rights; right?

1 A. Correct.

2 Q. And the e-mail was addressed to the Joint
3 Administrative Secretaries of the Expert Committee,
4 that's [REDACTED] and [REDACTED]; right?

5 A. Correct.

6 Q. And then it copies the members of the Expert
7 Committee including yourself; correct?

8 A. Correct.

9 Q. And then, if you were to turn to the second
10 paragraph in Chairman [REDACTED]'s e-mail?

11 A. Yes.

12 Q. It reads: "[REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED], " and I'll pause
18 there just for the transmitter because it's a long
19 paragraph.

20 A. Yes, I am looking at it, and I agree with
21 the content.

22 Q. And Chairman [REDACTED] goes to say: "[REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

1 [REDACTED]." Right? That's what it says?

2 A. Yes, that is how it reads. And plus,
3 Chairman [REDACTED] asked me: Who is the only person with
4 the legal background in the Committee to draft this
5 letter? So I drafted it. So, I am well-aware with
6 the content.

7 Q. You're just aware of the content. You also
8 agree with it, Mr. [REDACTED]?

9 A. Yes, I do agree.

10 Q. Then you also agree that, in consideration
11 of these past cases, as this paragraph we just looked
12 at continued to say: "[REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]."

18 You agree with that as well; right?

19 A. I agree with it primarily. And, after the
20 interim meeting where fierce discussion and debate
21 happened, there was some modification to the
22 expression, and the final wording in the final Press
23 Release is the final position of the collective
24 members of the Committee.

25 And this expression is representation of

1 what I thought at the time of writing the e-mail, and
2 it is basically the same even after that as well.

3 But the exact wordings that were used in the
4 end could be looked at from the "press-release."

5 Q. Now, Mr. [REDACTED], when we were discussing the
6 Press Release earlier, you mentioned that there were
7 two schools of thought, so to speak, on whether there
8 was discretion in whether to refer the Samsung Merger
9 vote to the Experts Voting Committee. Do I recall
10 that correctly?

11 A. Yes. And the most accurate expression would
12 be the wording shown in the Press Release because this
13 is a press--and the Press Release is quoted in the
14 statement to the Prosecutor, and the document that is
15 quoted in their Press Release is as a result of one or
16 two hours of tug-of-war, so I would say that the
17 expression written there would be the most accurate
18 one.

19 And about the understanding of how much of
20 the discretion that the National Pension Service had,
21 the thoughts on that is, in fact, expressed in the
22 Page 13 of the statement to the Special Prosecutor.

23 So, that is Tab 220, and the Korean version
24 Page 13.

25 So, on Page 13 of the Tab 220, "Because of

1 the ambiguity in the relevant regulations and
2 instructions, the Expert Committee sympathized with
3 considerable difficulties that the Fund Management
4 Office must have confronted in deciding whether to
5 refer the matter to the Expert Committee to make a
6 decision on this case". That was our thought on the
7 discretion part, and the opinion from the Special
8 Committee is as follows: "However, the Expert
9 Committee regrettably believes that the motion should
10 have been referred for its deliberation in view of
11 past precedents and purpose of the regulation". And
12 we also added a request further down the line, "We
13 request the Fund Management Office to further review
14 and amend the relevant provision to minimize potential
15 disputes in the future."

16 Q. It was your view, wasn't it, sir, that it
17 was an abuse of discretion for the Investment
18 Committee to fail to refer the Samsung merger to the
19 Special Committee?

20 A. Yes. That is what I said back then, and
21 inside--internally as an attorney, I thought so, but
22 at the time I decided not to use the legal terms in
23 preparing the Press Release to accurately express the
24 thoughts of the Committee members, and instead use the
25 non-legal terms to represent the thoughts of the

1 Special Committee.

2 So, the thoughts of the Special Committee
3 members are expressed in non-legal terms in the Press
4 Release.

5 Q. Well, let's talk about this meeting where
6 the words of the Press Release were negotiated.

7 I believe you described that in
8 Paragraphs 38 to 42 of your Witness Statement, if I'm
9 not mistaken.

10 A. Yes, I'm looking at it.

11 Q. So, one of the gentlemen who attended the
12 meeting--I believe you mentioned his name earlier--was
13 Director ██████ from the Ministry of Health and Welfare;
14 correct?

15 A. That is correct.

16 Q. And it was Director ██████ who insisted that
17 the wording of the Press Release you just showed us be
18 changed from "unlawful" to "regrettable"; correct?

19 A. Well, he didn't insist on a certain phrase
20 like "regretfully," but what he requested was not to
21 use the word "violation," and he said that there are
22 two reasons for his worries of using the word
23 "violation": Number 1, the public officials could get
24 into trouble; and, Number 2, that is up to the Courts
25 to decide.

1 Q. You were so frustrated with Director [REDACTED]'s
2 behavior at the meeting, Mr. [REDACTED], that you requested
3 his removal from the meeting; right?

4 A. So, in fact, Mr. [REDACTED]'s stance I would say
5 or the behavior changed over time from the start to
6 the end, and from the earlier stage to the middle of
7 the meeting, he was very adamant about not even
8 holding the meeting, interim meeting, and the Special
9 Committee should not be making a deliberation at all.
10 And in such arguments made by Mr. [REDACTED] was denying the
11 very existence of this Special Committee and the
12 authority of the Special Committee.

13 And I thought that Mr. [REDACTED], who doesn't
14 even have a vote in the Special Committee, was
15 undermining the authority of the Committee, and just
16 continued on with the arguments that are nonsensical.
17 So--and was preventing the overall flow of the
18 meeting.

19 So, at the mid-point of the interim
20 meeting--at the mid-point of the meeting that we held
21 up--up until the mid-point of the meeting that we
22 held, I was rebutting his argument quite fiercely.
23 And then even after a certain amount of discussions
24 that were based on logic, from my side, he didn't
25 listen, so I even suggested the Chairman to vote on

1 whether to remove Mr. [REDACTED] from the meeting or not.

2 And I said that his attitude changed over
3 time. At the earlier part of the meeting, he was very
4 insistent and adamant about his appeals, but then at a
5 certain point in the middle of the meeting, he
6 realized that he will not be able to prevent the
7 decision to be made, so he changed his attitude to try
8 to change the wording.

9 So, we were rebutting Mr. [REDACTED], who tried to
10 stop the decision from being made at the earlier part
11 of the meeting, but on the later part of the meeting
12 when we were discussing about the wording, he pointed
13 out that the legal term should not be used, and that
14 made me realize that, "Oh, I should be thinking of
15 this as a Special Committee member, but then I was
16 thinking of this as a legal professional", so I
17 accepted his point about using the legal terms to be
18 inappropriate in the Press Release and accepted his
19 opinion on that matter at the later part of the
20 meeting.

21 And that, I would say, is contribution that
22 he made to the meeting at the end about the wording
23 that is used in the Press Release.

24 Q. Understood.

25 And as you say in Paragraph 42 of your

1 Witness Statement, even though you requested Director
2 ██████'s removal from the meeting, on reflection, you do
3 not think that his participation in the Special
4 Committee Meeting went beyond the scope of the
5 Administrative Secretaries' duties; is that right?

6 A. Yes, that is right.

7 Q. When did you have an opportunity to reflect
8 upon that, Mr. ██████?

9 A. Mr. ██████ would attend the Special Committee
10 Meetings always, and he would deliver the opinions of
11 the Ministry of Health and Welfare at the meetings so
12 that these Committee members could consider them, so
13 his participation itself is within the scope and
14 responsibilities of the Secretary, I think.

15 Q. Did you reach this conclusion before or
16 after you were asked to testify in this Arbitration?

17 A. My thought didn't change. If you look at
18 that incident only where I thought that Mr. ██████
19 should be removed from the meeting, then it could be
20 read as him not being allowed or not being able to
21 participate in the meeting. But his participation is
22 not a problem, and he--but his attempts to prevent the
23 decision from being made is unreasonable, but
24 his--another opinion of changing the legal term to a
25 non-legal term was acceptable.

1 I mean, only pointing to a single incident
2 that happened in the course of two to three hours of
3 fierce debate would be misleading and that required
4 clarification, that is why it is written here but my
5 position didn't change.

6 Q. Last couple of questions. And for that, if
7 you can turn to Tab 165 in your binder, and that's
8 going to be Exhibit C-165. And, for the record,
9 that's the Statement Report of Director [REDACTED] to the
10 Special Prosecutor. I just want to take a look,
11 Mr. [REDACTED], about what Director [REDACTED] himself said about
12 his participation in the meeting. And we're going to
13 be looking at Page 23.

14 A. Yes, I am looking at that.

15 Q. So, when asked about the meeting, Director
16 [REDACTED] responded as follows: "[REDACTED]
17 [REDACTED]
18 [REDACTED] [REDACTED]
19 [REDACTED]
20 [REDACTED] [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED] [REDACTED]
24 [REDACTED]
25 [REDACTED]."

1 Do you see that?

2 A. Yes, I am looking at it.

3 Q. Do you still think that, Mr. [REDACTED], there was
4 nothing unusual about Director [REDACTED]'s participation in
5 the Special Committee Meeting?

6 A. To be--to precisely put it, his
7 participation in the meeting is not a problem. His
8 attempt to prevent the decision in the meeting is not
9 acceptable. But his opinion around the legal terms
10 being used being inappropriate is acceptable.
11 Mr. [REDACTED] did all he could do, but the unjust requests
12 would not be accepted by the Special Committee
13 members, and the parts that are reasonable are
14 accepted.

15 And what I want to highlight here is that it
16 was not a meeting that was controlled by Mr. [REDACTED].
17 Anyone who is giving a reasonable argument would be
18 heard, and then the decision would be made based on
19 the reasonable arguments made, and the process was
20 followed.

21 MS. VAZOVA: Thank you, sir. I have no
22 further questions.

23 PRESIDENT SACHS: Thank you.

24 Will there be questions in redirect?

25 MR. HAN: Yes, Mr. President.

1 PRESIDENT SACHS: So please proceed,
2 Mr. Han.

3 MR. HAN: Just one point in redirect. If I
4 may, I'm going to use Korean to help the
5 interpretation.

6 PRESIDENT SACHS: Yes.

7 MR. HAN: Thank you.

8 REDIRECT EXAMINATION

9 BY MR. HAN:

10 Q. The counsel for the Claimant asked you
11 questions around the operation guidelines, and I would
12 like to ask you some questions regarding that.

13 MR. HAN: Operator, R-144, please.
14 Article 17, please.

15 THE INTERPRETER: Which tab in the binder,
16 please? Is it 144 in the binder as well?

17 MS. VAZOVA: It is.

18 MR. HAN: Yes.

19 THE WITNESS: Yes, I'm looking at it.

20 BY MR. HAN:

21 Q. Witness, you testified that since Article 17
22 is related to the Special Committee, so you were
23 provided with Article 17, and you reviewed Article 17.
24 And are you familiar with Article 17.5?

25 A. Yes. They are related to the exercise of

1 Voting Rights, so Article 17-4--17.4 and 17.5 would be
2 the provisions that I looked at every time we had a
3 meeting.

4 Q. Could you explain to the Tribunal how you
5 and the other members of the Special Committee
6 understood the Article 17.5?

7 A. If you look at Article 17.5, in principle,
8 the NPS would exercise the Voting Rights. So,
9 Article--

10 MS. VAZOVA: Mr. Chairman, I'm so sorry to
11 interrupt. I do have to object here. If we look at
12 Transcript from this morning, 9:00 at 12, I asked the
13 Witness the questions, "so the only parts of Exhibit
14 R-144 that you have ever reviewed were Article 5.5 and
15 17.4, is that your testimony?" The Witness responded,
16 "that is correct."

17 I'm not familiar with the rest of the
18 provisions. He disclaimed any knowledge of Article
19 17.5. I don't ask any questions about Article 17.5.
20 I don't think this is the proper subject matter for a
21 redirect examination.

22 PRESIDENT SACHS: Let me put it differently.
23 I mean, the Tribunal is in a position to read those
24 provisions, so I doubt whether it's really helpful to
25 go along this line of questions.

1 MR. HAN: Yes, Mr. President.

2 So, Article 17.5 provision, so whether the
3 Witness and other members of the Expert Committee had
4 the same understanding of the Article 75 which
5 provides on its face was the question I was put to the
6 Witness.

7 PRESIDENT SACHS: Yes, but you had the
8 observation coming from the Claimants' counsel that
9 that was not addressed in cross-examination, and that
10 the Witness also--I don't recall that precisely, but
11 it was that he doesn't--didn't remember the content of
12 the other provisions.

13 MR. HAN: So, we submit that, by implying
14 he's aware of Article 17.5 as well, so I think Mr. [REDACTED]
15 now testifies that he is also aware of Article 17.5,
16 not only 17.4.

17 MS. VAZOVA: We're happy to put the
18 Transcript on the screen. The Witness's testimony was
19 very clear.

20 PRESIDENT SACHS: I think you should move to
21 your next question.

22 MR. HAN: Okay. Will do.

23 (Witness speaking without interpretation.)

24 PRESIDENT SACHS: Mr. [REDACTED], so we were
25 discussing this, and I said we should move to the next

1 question, so I'm sorry, but since it's now--please
2 translate what the Witness said.

3 THE INTERPRETER: Yes.

4 So, he made a point that this testimony is
5 not a test of his memory, and when he was directed to
6 look at Article 17 in the morning, he was able to see
7 Article 17.4 that has relevance to the Special
8 Committee. But what my intention was anything that is
9 related--any provision that is related to the Special
10 Committee is presented to the Special Committee. And
11 now that I look at Article 17.5, it is also relevant.

12 PRESIDENT SACHS: Yes. We've discussed that
13 Article at various instances, and I would now suggest
14 that you move to the next question.

15 MR. HAN: Yes, thank you, Mr. President.

16 BY MR. HAN:

17 Q. Mr. [REDACTED], the counsel for the Claimant asked
18 you about the decision made by the Seoul Central
19 District Court on the injunction request, and the
20 question had--the question centered around whether the
21 NPS suffered losses due to the Merger, and I would
22 like to ask you questions within that regard.

23 MR. HAN: Operator, R-177, please.

24 It is not on the tab. So the bundle should
25 be pulled up. Page 14, please.

1 Can we also see the Korean version, too?

2 THE INTERPRETER: Was that a request to the
3 operator?

4 MR. HAN: Yes.

5 Operator, can you put the Korean version
6 side by side.

7 FTI TECHNICIAN: Do you have a page for the
8 Korean version?

9 MR. HAN: Korean version is Page 14, but in
10 the internal Page 14, actually the PDF page is also
11 Page 14 in Korean version.

12 THE WITNESS: Yes, I'm looking at the Korean
13 version.

14 BY MR. HAN:

15 Q. If you look at the middle part, it says
16 whether the purpose of the Merger was unreasonable.
17 Are you looking at it?

18 A. I'm looking at it.

19 Q. So, in the decision it says it is difficult
20 to conclude that based on the records submitted, the
21 Merger only inflicted damages to the Respondent
22 Company shareholders and provided profit to the I and
23 its shareholders.

24 Were you aware of this content in the
25 decision?

1 A. I didn't have a chance to review it this
2 thoroughly.

3 Q. Let me move on to the next question.

4 MR. HAN: R-242, please. Could you put them
5 side by side, please. Page 44.

6 BY MR. HAN:

7 Q. Witness, you testified that the matter not
8 being referred to the Special Committee, whether it is
9 a violation of the Regulation or not is up to the
10 Court to decide and not up to the Special Committee to
11 decide. Did you testify so?

12 A. Basically, the decision not to use the legal
13 terms was based on my understanding that it is out of
14 the scope of Special Committee's authority to make a
15 legal judgment. So, in the end, we decided not to use
16 the legal term there.

17 Q. Are you aware that there was a Court
18 Decision on this matter?

19 A. I haven't heard of it.

20 Q. If you look at the decision on the screen.
21 And here it says, according to the
22 Guidelines set for the Exercise of Voting Rights of
23 NPS, in principle, Voting Rights of Shares are to be
24 considered and decided by the Investment Committee of
25 the Investment Management Division. And if there is

1 an Agenda that is too difficult for the Investment
2 Management Division to decide, it can exercise its
3 discretion to request the Agenda to be decided by the
4 Special Committee.

5 Can you see that?

6 A. This is the first time that I'm seeing this,
7 but I can see that.

8 (Witness speaking in Korean without
9 interpretation.)

10 PRESIDENT SACHS: Sorry, we have to hear the
11 translation first.

12 BY MR. HAN:

13 Q. And on the bottom side of the same
14 paragraph, it reads--

15 PRESIDENT SACHS: Mr. Han, if I may
16 intervene, you're putting decisions to the Witness
17 that he has not seen, so that is not very helpful to
18 the Tribunal.

19 MR. HAN: I will move on, Mr. President.

20 PRESIDENT SACHS: Please do so.

21 BY MR. HAN:

22 Q. Let us look at the Witness Statement that
23 you submitted?

24 MR. HAN: It's RWS-1, Page 4.

25 THE INTERPRETER: Which paragraph are we

1 looking at?

2 MR. HAN: Paragraph 17.

3 THE WITNESS: Yes, I'm looking at it.

4 BY MR. HAN:

5 Q. And you testified that it was more of a
6 problem of ethical issue as the Shareholders of the
7 Company whose Shares were held more by the owner
8 family of SK Group would reap unfair benefits.

9 A. Yes.

10 Q. And you were asked about the retirement of
11 the treasury stock in the morning, and you gave your
12 testimony in length.

13 Could you please explain the ethical problem
14 that you're mentioning here. Is that a problem
15 related to the Merger, the unfair Merger Ratio or the
16 problem related to the timing of the retirement of the
17 treasury stocks?

18 A. Well, those two are related. How are they
19 related? If the allocation happens in an ethical and
20 fair way after the retirement of the treasury stocks,
21 or if the allocation is made earlier than that. I
22 mean, the decision between the two would, in the end,
23 affect the Merger Ratio.

24 So, the ethical problem of the timing of the
25 retirement of treasury stocks would, in the end,

1 affect the Merger Ratio, so we viewed it as a linked
2 issue.

3 MR. HAN: Mr. President, Respondent has no
4 further questions.

5 PRESIDENT SACHS: Very good.

6 I do have a question, Mr. [REDACTED].

7 QUESTIONS FROM THE TRIBUNAL

8 PRESIDENT SACHS: You were shown the
9 Decision R-177 of July 1, 2015 by the Seoul Central
10 District Court which stated that the Merger Ratio
11 was--ought to be criticized, and you said you
12 didn't--you didn't know it. I don't know what you
13 exactly said--you didn't review it. You didn't review
14 it.

15 But you mention it in your Witness Statement
16 on Page 36, and even in a footnote, and later on in
17 Paragraph 37 you even say that this was the main
18 reason why you thought you could not have voted
19 against the Merger because that would have been
20 difficult to concile with that Decision. So, how do I
21 have to understand that?

22 THE WITNESS: So, I had made an overall
23 review of the decision by the Court on the injunction
24 request, and I do not recall having reviewed the
25 detailed parts related to the losses, means that I

1 didn't pay attention specifically to that.

2 So, I would like to say that I made a review
3 of the document in a general overall sense; and, based
4 on my overall review of the document, I prepared my
5 Witness Statement here.

6 And when I was asked a question about the
7 specifics of the document, I didn't look into the
8 detail that is the intent of my answer, so these two
9 testimonies do not contradict each other, so I would
10 like to summarize my point as such: Did I make a
11 general review of the decision? Yes. Did I make a
12 specific review of the detailed parts of the decision?
13 No. And if we were asked to deliberate on the case,
14 then it is very likely that I would have reviewed in
15 fuller detail.

16 PRESIDENT SACHS: Yes, because you said that
17 you even wanted to present that decision to the
18 Special Committee members in Paragraph 37. You said
19 that?

20 THE WITNESS: Yes, I said is that.

21 MR. HAN: Mr. President, with respect, I'm
22 wondering if you could refer to the court decision
23 that I took the Witness to and to which he was not
24 aware of.

25 PRESIDENT SACHS: R-177?

1 MR. HAN: No, it was R-242, another court
2 decision that I took the Witness to. So, the court
3 decision that he said that he is not aware of was not
4 R-177.

5 PRESIDENT SACHS: I have a different
6 recollection, but the Transcript would show this.

7 Do my co-Arbitrators have questions to the
8 Witness?

9 ARBITRATOR GLOSTER: I don't. Thank you.

10 ARBITRATOR MAYER: I don't either, thank
11 you.

12 PRESIDENT SACHS: So, Mr. [REDACTED], thank you
13 very much, your testimony has come to an end. And I
14 also thank again the Interpreter. Today it was a
15 little bit more difficult, but this is probably due to
16 the fact that we are lawyers and sometimes we need to
17 be as precise as possible.

18 What I would suggest is I would like to talk
19 to my co-colleagues in our breakout room, so please
20 stay in the room, it won't take long, and I think I
21 will get back within 10 minutes, okay? So Operator,
22 can you please switch us to the breakout room.

23 (Tribunal conferring outside the room.)

24 PRESIDENT SACHS: So, we have two
25 organizational matters that we would like to discuss

1 with you. The first matter concerns the questions
2 raised by Professor Mayer. We would suggest that we
3 hear you on these questions tomorrow, at the end of
4 tomorrow's witness hearing, expert witness hearing.

5 And the second issue concerns Saturday. So,
6 from the Tribunal's perspective, we're hesitant. We
7 think that you have provided us with very thoughtful
8 and interesting opening, both verbal and in documents,
9 so we heard, of course, some evidence, but we want to
10 flag that we would prefer to have Post-Hearing Briefs,
11 but we want to hear you first because if you think
12 that we should hear you on Saturday in a certain
13 format, then we will discuss this.

14 So I turn to you. We are here. We will be
15 here, so we're available, but we also wanted to let
16 you know that we will certainly request you to provide
17 us with Post-Hearing Submissions and
18 possibly--possibly--followed by a one-day oral
19 argument subsequent to the Post-Hearing Briefs that
20 could be held virtually in order to reduce costs. But
21 these are our ideas that we wanted to flag.

22 Do you want to take a short break
23 before--yes? Okay. So, let's say, what? 10 minutes?
24 Okay.

25 (Witness steps down.)

1 (Recess.)

2 PROCEDURAL DISCUSSION

3 PRESIDENT SACHS: So, before we get to that,
4 let me say that I was told by my assistant that I was
5 probably in error when I referred my remarks to R-177,
6 so Mr. Han--I don't see him presently--I just want to
7 put on the record that I will review the Transcript as
8 well.

9 So, this being said, can we hear you on the
10 Saturday issue.

11 MS. LAMB: Thank you. Thank you, sir. Of
12 course, we're in your very good hands on that. As you
13 know, it was our strong preference to be able to close
14 the case, if you will, while we're all in the moment
15 of the case, but we hear you.

16 Our respectful submission would be that you
17 approach the issue of Post-Hearing Briefs and any
18 post-hearing oral reflections on those Briefs with
19 both principles of efficiency and practicality in
20 mind.

21 Let me elaborate just a little on that.

22 As to efficiency, now again is the moment
23 where we are all in full familiarity with the case. I
24 would strongly urge you to set a rather tight
25 timetable in terms of when we will be able to file

1 those Briefs. I would strongly urge you to ask both
2 Claimant and Respondent file those Briefs at the same
3 time so as to draw a line under the proceedings, and I
4 would also strongly urge you to set an approximate
5 date for an Oral Hearing, if indeed having read those
6 Briefs you consider you wish to hear from us.

7 Again, and I would strongly urge you to
8 indicate to the Parties any issues on which you wish
9 us to place particular focus so that we don't end up
10 with voluminous post-hearing material, much of which
11 are just often repetitive of materials that have
12 already been submitted.

13 The second principle is rather particular to
14 our team, and it's an issue of practicality. It may
15 not have escaped your notice, Professor Sachs, that a
16 number of members of this team are due to be on
17 maternity leave in the not-too-distant future, and we
18 will be grateful to have the opportunity for all
19 members of the team to participate in whatever
20 post-hearing process unfolds from now on.

21 So, that's it from our side. Thank you.

22 ARBITRATOR GLOSTER: Ms. Lamb, can I just
23 make one point. So far as Post-Hearing Briefs are
24 concerned, what, speaking for myself, I'm particularly
25 concerned to have is both sides' submissions as to how

1 the evidence which we have heard or will hear during
2 this week impacts on both sides' arguments. I am
3 certainly not looking for a repeat or repetition of
4 the lengthy memorials which we have already had and
5 the lengthy openings which we've had. What I would
6 like--rather than having it in the Transcript, I would
7 rather have it in a post-hearing brief--is, as I'd
8 said, your respective submissions as to how we are
9 assisted either way by the evidence which we have
10 heard.

11 ARBITRATOR MAYER: I had the same
12 understanding of what kind of Post-Hearing Briefs we
13 were expecting. I guess that's also the view of the
14 President.

15 PRESIDENT SACHS: Yes, it is. But before we
16 elaborate on this, we will hear the Respondent.

17 MR. FRIEDLAND: Yes. We agree with the
18 Tribunal's instinct, that having had such extensive
19 Opening Arguments, it would not be necessary or
20 efficient to have a Closing Argument this weekend.

21 And we largely agree with the principles
22 stated by our counterpart, Ms. Lamb, as to the
23 Post-Hearing Briefs. We would suggest that counsel
24 discuss between us the appropriate deadlines and a
25 page limit. And we certainly also agree with the

1 principle stated by the Tribunal that the purpose of
2 the Post-Hearing Brief is to address what's new from
3 the Hearing, which could include, by the way, Tribunal
4 questions raised during the Hearing, not just
5 evidence, so there we go.

6 Did I cover everything, my colleagues?
7 Okay, that's it.

8 PRESIDENT SACHS: So, yes. Well, fine,
9 there seems to be common ground, and as far as the
10 questions are concerned, the Tribunal may put, yes, we
11 will consider this. It is quite likely.

12 In addition, of course, to your general
13 comments as to the results of the taking of the
14 evidence, so--well, this will not be the first case in
15 which the Tribunal will send you questions to deal
16 with in Post-Hearing Briefs, so you know how to deal
17 with that.

18 Yes, we would invite you, therefore, to
19 confer with each other as far as the deadlines are
20 concerned and the page limit; and also possible dates,
21 then, for Closing Argument respecting of the deadlines
22 on your team's side.

23 MR. FRIEDLAND: One question: Was there an
24 assumption or a direction there be two Post-Hearing
25 Briefs or a single?

1 PRESIDENT SACHS: You didn't mention it, we
2 didn't mention it, so we leave this to you.

3 MR. FRIEDLAND: Okay.

4 PRESIDENT SACHS: If we have a closing
5 hearing, one round could be sufficient.

6 MS. LAMB: I think implicitly I did because
7 I suggested that we both file our Briefs at the same
8 time, and that will draw a line under it.

9 PRESIDENT SACHS: Simultaneous Briefs?

10 MR. FRIEDLAND: Simultaneous is okay, but
11 the question is whether there were two rounds of
12 simultaneous, so maybe we could discuss that, and if
13 there is disagreement, we could get back to the
14 Tribunal.

15 PRESIDENT SACHS: Right.

16 MS. LAMB: Sir, just one further thought,
17 then, with regard to Professor Mayer's questions, you
18 made the suggestion that we come back to that tomorrow
19 at the ends of what will again be another very long
20 day. I wonder whether, in fact, we just wrap those
21 into the Post-Hearing Briefs. One of the Professor's
22 questions was actually directed to both Parties. He
23 had a hypothesis and asked whether, in that
24 hypothesis, it would still involve a violation of the
25 FET standard, so perhaps both Parties would wish to

1 reflect further on that and include it in their
2 Post-Hearing Submissions.

3 ARBITRATOR MAYER: Also the third question
4 was put to both Parties, I recall: The burden of
5 proof.

6 MR. FRIEDLAND: We would be ready to address
7 it tomorrow, but we leave it to you to direct us.

8 PRESIDENT SACHS: I think it could be
9 helpful in developing our questions, the final
10 questions, that you should deal with in the
11 Post-Hearing Briefs, so we would welcome an exchange,
12 preliminary exchange, without prejudice on these
13 questions.

14 And we thought about it again, and we would
15 prefer to have it in the morning, so prior to hearing
16 the Experts, so that we have a fresh start and
17 concentrate. In particular for my colleagues who sit
18 in Europe, they would, yes, like to have it not at the
19 end of a very long day but at the beginning of a very
20 long day.

21 MR. NYER: Mr. Chairman, tomorrow is indeed
22 a very long day--indeed the longest day of testimony
23 this week that we have on the schedule, so I wonder if
24 Friday morning might be an alternative.

25 PRESIDENT SACHS: Okay. We are flexible.

1 We are flexible. If you feel the Friday program is
2 lighter, then we should move it to Friday.

3 MS. LAMB: Either is fine for us. I'm happy
4 to say Friday.

5 MR. FRIEDLAND: It would be first thing
6 Friday, then.

7 PRESIDENT SACHS: Okay. First thing Friday.
8 Fine. Anything else?

9 So, thank you very much. See you again
10 tomorrow morning at 8:30.

11 (Whereupon, at 1:16 p.m. (EDT), the Hearing
12 was adjourned until 8:30 a.m. (EDT) the following
13 day.)

CERTIFICATE OF REPORTER

I, David A. Kasdan, RDR-CRR, Court Reporter, do hereby certify that the foregoing proceedings were stenographically recorded by me and thereafter reduced to typewritten form by computer-assisted transcription under my direction and supervision; and that the foregoing transcript is a true and accurate record of the proceedings.

I further certify that I am neither counsel for, related to, nor employed by any of the parties to this action in this proceeding, nor financially or otherwise interested in the outcome of this litigation.



DAVID A. KASDAN