

**TESTIMONY OF S. B. LEE
DIRECTOR OF OVERSEAS SALES,
KYESUNG GROUP**

Good afternoon Mr. Chairman and members of the Commission. My name is SB Lee. I am the Director of the Overseas Department of Kyesung Paper Co., Ltd. Kyesung is affiliated with Namhan Paper Co., another Korean producer of coated free sheet paper. I act as the Director of overseas sales for both companies. Kyesung and Namhan are the oldest Korean exporters of CFS Paper.

Until this year, Kyesung produced CFS paper in its only facility located in Osan, Korea and Namhan has three other facilities. In 2005, Kyesung/Namhan began to reduce their exports to the United States as part of our overall restructuring. In early 2006, Kyesung made its decision to close its Osan facility completely and consolidate all CFS production into Namhan's more efficient mills. This decision was due to the fact that the Osan plant was a high cost and inefficient facility.

As a result of this closure, Kyesung eliminated approximately 78,000 tons of paper making capacity from the Korean market and consolidated its production in the more efficient Namhan plants.

I will be happy to answer any questions.