

CORPORATE RESTRUCTURING PLAN

The government outlined its plan for restructuring vulnerable industries and financially-distressed companies

THREE-TRACK PLAN

Corporate restructuring will be proceeding on three tracks simultaneously.

- [TRACK 1] RESTRUCTURING OF CYCLICALLY-VULNERABLE INDUSTRIES

The consultative body of government officials sets a direction for restructuring; and creditor groups proceed with restructuring of individual companies in line with the direction.

- [TRACK 2] RESTRUCTURING OF MAIN DEBTOR GROUPS

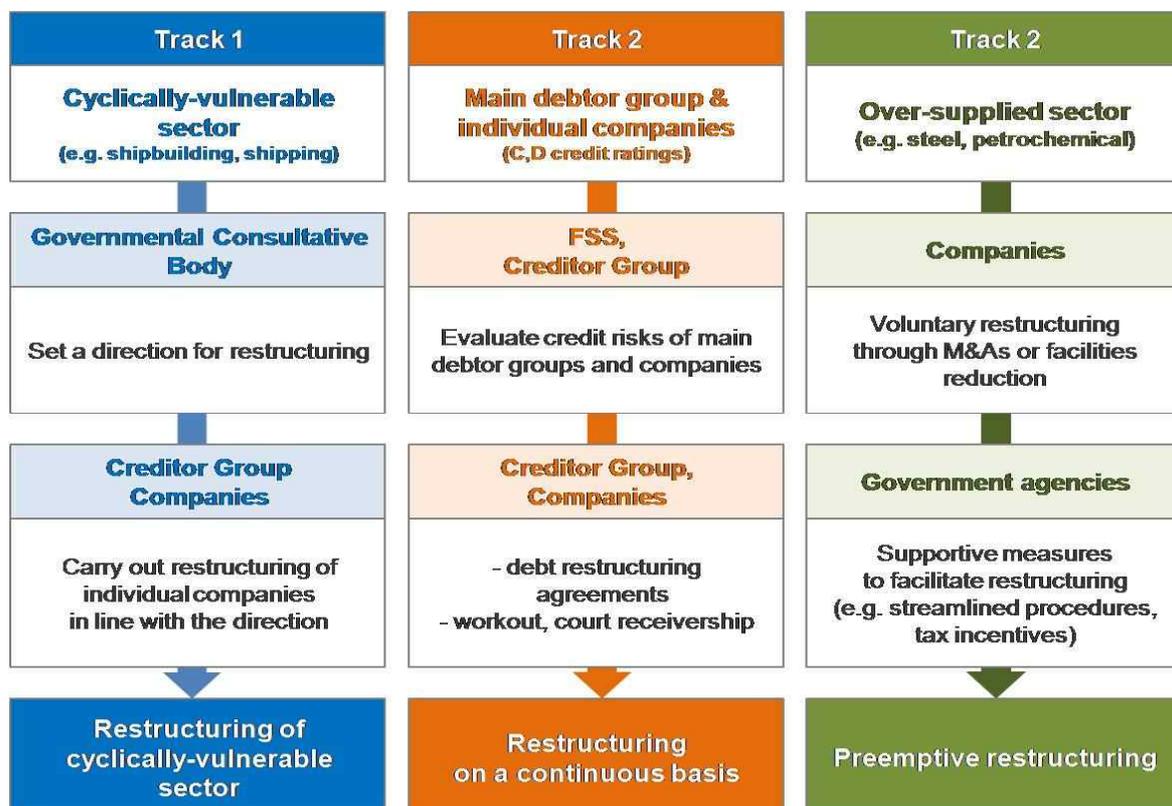
& INDIVIDUAL COMPANIES (RATED C OR D) ON A CONTINUOUS BASIS

Companies are to be sorted out through credit evaluations on a regular basis* to be put under a debt restructuring agreement, a workout or a court receivership.

* Main debtor groups (April~June), large companies (April~July), SMEs (July~October)

- [TRACK 3] PREEMPTIVE RESTRUCTURING OF OVER-SUPPLIED INDUSTRIES

Industries with overcapacity will be encouraged to carry out voluntary and preemptive restructuring and reshuffling through M&As and facilities reduction.



DETAILED PLANS FOR SHIPBUILDING & SHIPPING INDUSTRIES

Since October 2015, the government has been pushing through restructuring of five major industries vulnerable to a global slowdown to reduce overcapacity and boost long-term competitiveness. After reviewing progress in restructuring of these industries, the government has decided to push harder restructuring of shipbuilding and shipping industries as their business conditions have continuously deteriorated.

1. SHIPBUILDING

<‘Big 3’ Shipbuilders>

- Daewoo Shipbuilding & Marine Engineering (DSME)

DSME will be required to submit to creditors a stronger self-rescue plan including additional layoffs and cost savings.

- Hyundai /Samsung Heavy Industries

Creditor banks will ask self-rescue plans and check progress in implementation of such plans.

2. SHIPPING

<HMM/Hanjin>

- Hyundai Merchant Marine (HMM)

To be provided with support for business normalization from creditors, HMM is required to strike a deal with ship owners to lower charter rates and reach an agreement with bondholders to restructure the debt.

- Hanjin Shipping

Hanjin applied for a debt restructuring agreement with creditors on April 25. The creditor group will review the proposal and make a decision on whether it will initiate the procedure or not. The procedure will proceed in accordance with the same principle applied to HMM.

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For any inquiry, please contact Foreign Press & Relations Team at fsc_media@korea.kr