

Press Release

May 18, 2009

2009 CORPORATE RESTRUCTURING FUND MANAGEMENT PLAN

Amid a global financial crisis, the government has taken a number of steps to facilitate and expedite corporate restructuring of distressed companies in order to dismiss concern of worsening financial soundness of financial institutions. In line with this effort, on May 13, the legislative bill relevant to the establishment of the Korea Asset Management Corporation (KAMCO) was amended to enable the Corporate Restructuring Fund to be set up within the KAMCO. The National Assembly has previously passed a motion on providing debt service guarantees for bonds that will be issued for the envisioned KRW 40 trillion Fund throughout 2009 and 2010.

Subsequently, the 2009 Corporate Restructuring Fund Management Plan will be submitted to the National Assembly in late May, after a cabinet meeting held on May 19.

The planned amount for the Fund in 2009 is KRW 20.2 trillion, which is subject to changes in further economic developments, whereas the actual total bond issuance for the Fund will depend on the amount of distressed assets it needs to purchase, and prevailing market conditions. The payments for the purchase of the distressed assets will be made by bonds from the Corporate Restructuring Fund, so as to minimize the impact on the bond market. The liquidity support of KRW 120 billion for the companies experiencing temporary liquidity shortage is included in the Fund as well.

The majority of the Fund, KRW 20 trillion, will be used to acquire impaired loans from financial institutions and distressed assets from companies undergoing restructuring. This will preferentially include acquisitions of KRW 4.7 trillion of financial institutions' non-performing loans from project financings and KRW 1 trillion worth of struggling ships that are in operation.

The implementation of the Corporate Restructuring Fund is expected to enhance and expedite the restructuring process to preempt deterioration of asset quality of financial institutions. Through effectively utilizing the Fund in the process, the overall efficiency of restructuring will be immensely improved compared to the past restructuring during the 1997 Asian crisis.

Ernst J. Lee
Foreign Press Spokesperson
Foreign Press & Relations Office
Financial Services Commission

Tel: +82-2-2156-9582

Fax: +82-2-2156-9589

E-mail: leejernst@fsc.go.kr