

## ◆ Gist of the 2nd Changed Proposal for Planned Rehabilitation ◆

(Debtor: STX Heavy Industries Co., Ltd.)

### 1. Change of Rehabilitation Security Rights, and their Performance (payment) Method

#### A. Rehabilitation secured rights (Loan credits)

##### ■ The Korea Development Bank

###### 1) Principal and pre-commencement interest

- 32.5% of principal and pre-commencement interest should be converted into equity, and 67.5% thereof should be repaid in cash.
- 44% of the amount to be repaid in cash should be repaid in the second year (2018), 48% thereof in the fourth year (2020), and 8% thereof in equal partition annually from the fifth year(2021) to the sixth year (2022).

###### 2) Post-commencement interest

Post-commencement interest is exempted in full.

##### ■ NH Bank

###### 1) Principal and pre-commencement interest

- 14% of principal and pre-commencement interest should be converted into equity, and 86% thereof should be repaid in cash.
- 2% of the amount to be repaid in cash should be repaid in the first year (2017), 80% thereof in the third year (2019), 10% thereof in equal partition annually from the fourth year(2020) to the fifth year (2021), and 8% thereof in equal partition annually from the sixth year(2022) to the seventh year (2023)

###### 2) Post-commencement interest

Post-commencement interest is exempted in full.

##### ■ The Export-Import Bank of Korea

###### 1) Principal and pre-commencement interest

- 69.5% of principal and pre-commencement interest should be converted into equity, and 30.5% thereof should be repaid in cash.

- 10% of the amount to be repaid in cash should be repaid in the first year (2017), 10% thereof in equal partition annually from the third year (2019) to the fourth year (2020), 10% thereof in the fifth year (2021), 5% thereof in the sixth year (2022), 45% thereof in equal partition annually from the seventh year(2023) to the ninth year (2025), and 20% thereof should be repaid in cash in the tenth year(2026).

2) Post-commencement interest

Post-commencement interest is exempted in full.

■ Kyongnam Bank

1) Principal and pre-commencement interest

- 42% of principal and pre-commencement interest should be converted into equity, and 58% thereof should be repaid in cash.
- 10% of the amount to be repaid in cash should be repaid in the first year(2017), 10% thereof in equal partition annually from the second year(2018) to the third year(2019), 10% thereof in the fourth year(2020), 5% thereof in the fifth year(2021), 45% thereof in equal partition annually from the sixth year(2022) to the eighth year(2024), and 20% thereof should be repaid in cash in the ninth year(2025).

2) Post-commencement interest

Post-commencement interest is exempted in full.

■ Construction Guarantee

1) Principal and pre-commencement interest

- 100% of principal and pre-commencement interest should be repaid in cash in the first year(2017).

2) Post-commencement interest

Post-commencement interest is exempted in full.

■ Shinhan Bank/Woori Bank/Hana Bank/The Daegu Bank

1) Principal and pre-commencement interest

- 42% of principal and pre-commencement interest should be converted into equity, and 58% thereof should be repaid in cash.
- The amount to be repaid in cash should be repaid in cash in the first

year(2017).

2) Post-commencement interest

Post-commencement interest is exempted in full.

**B. Rehabilitation security rights(non-occurrence reimbursement claims)**

■ Construction Guarantee/Machinery Financial Cooperative

1) Principal and pre-commencement interest

- Where the guarantee agency, etc., repays by subrogation for the debtor company, 100% of principal and pre-commencement interest should be repaid in cash.
- The amount to be repaid in cash should be repaid in cash in the year of subrogation.

2) Post-commencement interest

Post-commencement interest is exempted in full.

■ Other guarantee agencies

1) Principal and pre-commencement interest

- Where the guarantee agency, etc., repays by subrogation for the debtor company, 88% of principal and pre-commencement interest should be converted into equity, and 12% thereof should be repaid in cash.
- 10% of the amount to be repaid in cash should be repaid in equal partition annually from the first year(2017) to the second year(2018), 15% thereof in equal partition annually from the fifth year(2021) to the seventh year(2023), 40% thereof in equal partition annually from the eighth year(2024) to the ninth year(2025), and 35% thereof should be repaid in cash in the tenth year(2026), provided that if repayment by subrogation is made in or after the second year(2018), the amount which due date for repayment elapsed should be summed up for repayment on the due date for repayment which arrives initially after such due date.

2) Post-commencement interest

Post-commencement interest is exempted in full.

### **C. Rehabilitation secured rights (Credits under commercial transaction)**

- 1) Principal and pre-commencement interest
  - 100% of principal and pre-commencement interest should be repaid in cash in the first year(2017).
- 2) Post-commencement interest
  - Post-commencement interest is exempted in full.

### **D. Rehabilitation secured rights (Lease deposit return claims)**

- 1) Principal and pre-commencement interest
  - 100% of principal and pre-commencement interest should be repaid in cash in the first year(2017).
- 2) Post-commencement interest
  - Post-commencement interest is exempted in full.

### **E. Rehabilitation claims (Lease deposit return claims)**

- 1) Principal and pre-commencement interest
  - In the event that the lease object is not subleased or the lease deposit received from the third party does not reach the previous lease deposit, such unreturned lease deposit should be repaid in cash within three months of the date when the lease object is completely delivered.
  - If the applicable lease object is sold, the purchaser is allowed to take over the lease deposit. In the event that the purchaser fails to take over the lease deposit or the lessee raises an objection to the take-over, the former lease deposit as the price for sale should be repaid in cash. If 100% of the former lease deposit as the price for sale is not repaid, the unpaid lease deposit should be repaid in cash within three months of the date when the lease object is completely delivered.
  - In the event that when the term of the lease contract expires and the lease contract is renewed with the former lessee, new lease deposit does not reach the former lease deposit, the amount of difference between the former lease deposit and the new lease deposit should

be fully repaid in cash within three months of the date when the term of former lease contract came to an end after deducting maintenance costs, etc., including rent receivable and other public charges from the principal and pre-commencement interest of total claims approved as at the closing day of the former lease contract.

2) Post-commencement interest

Post-commencement interest is exempted in full.

## **2. Change to Rehabilitation Claims and their Performance(payment) Method**

### **A. Rehabilitation claims (loan claims, reimbursement claims)**

1) Principal and pre-commencement interest

- 88% of principal and pre-commencement interest should be converted into equity, and 12% thereof should be repaid in cash.
- 10% of the amount to be repaid in cash should be repaid in equal partition annually from the first year(2017) to the second year(2018), 15% thereof in equal partition annually from the fifth year(2021) to the seventh year(2023), 40% thereof in equal partition annually from the eighth year(2024) to the ninth year(2025), and 35% thereof should be repaid in cash in the tenth year(2026).

2) Post-commencement interest

Post-commencement interest is exempted in full.

### **B. Rehabilitation claims (Non-occurrence reimbursement claims)**

1) Principal and pre-commencement interest

- Where the guarantee agency, etc., repays by subrogation for the debtor company, 88% of principal and pre-commencement interest should be converted into equity, and 12% thereof should be repaid in cash.
- 10% of the amount to be repaid in cash should be repaid in equal partition annually from the first year(2017) to the second year(2018), 15% thereof in equal partition annually from the fifth year(2021) to the seventh year(2023), 40% thereof in equal partition annually from the eighth year(2024) to the ninth year(2025), and 35% thereof should be

repaid in cash in the tenth year(2026), provided that if repayment by subrogation is made in or after the second year(2018), the amount which due date for repayment elapsed should be summed up for repayment on the due date for repayment which arrives initially after such due date.

2) Post-commencement interest

Post-commencement interest is exempted in full.

**C. Rehabilitation claims (Credits under commercial transaction)**

1) Principal and pre-commencement interest

- 86% of principal and pre-commencement interest should be converted into equity, and 14% thereof should be repaid in cash.
- 25% of the amount to be repaid in cash should be repaid in equal partition annually from the first year(2017) to the fifth year(2021), 20% thereof in equal partition annually from the sixth year(2022) to the seventh year(2023), 15% thereof should be repaid in cash in the eighth year(2024), and 40% thereof in equal partition annually from the ninth year(2025) to the tenth year(2026).

2) Post-commencement interest

Post-commencement interest is exempted in full.

3) Change and performance method for STX Engine Co., Ltd.(the "STX Engine")'s rehabilitation claims pursuant to the trial of investigation determination, etc.

- For the objected amount of claims which is subjected to the investigation determination trial of the STX Engine's rehabilitation claims, repayment should be delayed until the applicable trial of investigation determination or the suit of objection or the other related litigation is finally determined, but with regard to 16 generator-engines which the STX Engine is keeping in relation with the called A-3 project by exercising commercial lien, in the event that there is any portion which is finally determined as rehabilitation secured rights among the portions which were alleged as rehabilitation secured rights as the result of the trial of investigation determination or the suit of objection or the other related litigation, repayment should be made for such portion in accordance with "change of rights to the commercial

debt of rehabilitation secured rights, and their payment method", however the portion which is not finally determined as rehabilitation secured rights, payment should be made in accordance with "change of rights to the commercial credits of rehabilitation claims and their payment method".

- Notwithstanding the rule of due date for repayment of all the rehabilitation secured rights or rehabilitation claims pursuant to this Rehabilitation Plan, since the due date for repayment of all the STX Engine's rehabilitation secured rights or rehabilitation related to the called A-3 project (including rehabilitation secured rights or rehabilitation claims being finally determined against the STX Engine as the result of the trial of investigation determination or the suit of objection or the other related litigation mentioned above) should be not more than 7(seven) days after we receive payment from Man Diesel Turbo("MDT") who is a contractor under the contract, STX Engine's rehabilitation secured rights or rehabilitation related to the called A-3 project should be paid after we receive payment from MDT pursuant to a contract for purchase of engines with the STX Engine. In the event that MDT terminates and cancels the A-3 project in the future, it is regarded that repayment is due at the time when such termination or cancellation takes effect, and repayment should be made from such time.

**D. Rehabilitation claims (Small amount of credits under commercial transaction)**

- 1) Principal and pre-commencement interest
  - 86% of the principal and pre-commencement interest of the claims which the sum of amount for repayment after change of rights is five (5) million won or less should be converted into equity, and 14% thereof should be repaid in cash.
  - The amount to be repaid in cash should be fully repaid in cash in the first year(2017).
- 2) Post-commencement interest
  - Post-commencement interest is exempted in full.

## **E.. Rehabilitation claims (Specially related party's claims)**

### 1) Principal and pre-commencement interest

- 88% of principal and pre-commencement interest should be converted into equity and 12% thereof should be repaid in cash.
- 10% of the amount to be repaid in cash should be repaid in equal partition annually from the first year(2017) to the second year(2018), 15% thereof in equal partition annually from the fifth year(2021) to the seventh year(2023), 40% thereof in equal partition annually from the eighth year(2024) to the ninth year(2025), and 35% thereof should be repaid in cash in the tenth year(2026).

### 2) Post-commencement interest

Post-commencement interest is exempted in full.

## **3. Claims of Taxes, Etc.**

- Realization of property caused by collection and disposition for failure in payment under the National Tax Collection Act or the example of the national tax collection should be suspended until the day of repayment after deciding approval of this proposal for planned rehabilitation.
- The amount including the additional charges and aggravated additional dues of claims such as the national taxes imposed until the preceding day of the day when approval of planned rehabilitation was decided should be fully repaid in cash.
- 100% of the amount to be repaid in cash should be repaid in the first year(2017) and the third year(2019) in equal partition.

## **4. Change to Stockholder's Rights and Issue of New Stocks**

### **A. Capital decrease caused by stock consolidation (first consolidation of stocks)**

- 1) With regard to 23,792,327 shares of common stock and 2,174,900 shares of preferred stock, with the face value of 2,500 won (to be 25,967,227 shares in total) which were issued prior to approval of this proposal for planned rehabilitation, two(2) shares each of common stock and preferred stock, with the face value of 2,500 won are consolidated into one(1) share each of common stock and preferred stock, with the face



value of 2,500 won.

- 2) Effective date: Four(4) business days from the approval day of planned rehabilitation

**B. Issue of new stocks caused by conversion into equity**

- 1) With regard to issuance of new stocks caused by conversion of rehabilitation secured rights and rehabilitation claims into equity, one(1) share of common stocks with the face value of 2,500 won is issued for the credit amount converted into equity of 2,500 won.
- 2) Effective date: Eleven (11) business days after the effective date of capital decrease caused by stock consolidation

**C. Capital decrease caused by re-consolidation of stocks after conversion into equity (second consolidation of stocks)**

- 1) With regard to all the residual stocks such as the existing stocks consolidated and new stocks converted into equity for rationalization of capitalization of the debtor company, ten(10) shares each of common stock and preferred stock with the face value of 2,500 won are reconsolidated into one(1) share each of common stock and preferred stock with the face value of 2,500 won.
- 2) Effective date: Two(2) business days from the effective date of new stocks pursuant to conversion into equity.

**D. Disposal of odd-lot stocks pursuant to stock consolidation and conversion into equity**

- 1) The odd-lot stocks of less than one(1) stock caused by stock consolidation and conversion into equity should be retired without consideration by the administrator's obtaining permission from the court.

- The End -