

**Public Notification for Approval Decision of Rehabilitation Plans for
Debtor, STX Heavy Industries Co., Ltd.**

Case : 2016HOIHAP100149 Rehabilitation

Debtor: STX Heavy Industries Co., Ltd.

Administrator: Tae-Hwa CHUNG

With regard to said case, this court approved the debtor's rehabilitation plans on January 13, 2017, and accordingly, pursuant to Article 245 of the Debtor Rehabilitation and Bankruptcy Act, publicly notifies of the following:

1. Text of decision

The rehabilitation plans are approved.

2. Gist of grounds

As it is recognized that the rehabilitation plans submitted by the Administrator were approved through the assembly of related persons for deciding a proposal for planned rehabilitation on January 13, 2017, and satisfied the requirements set forth in Para. 1 of Article 243 of the Debtor Rehabilitation and Bankruptcy Act, decision is given as in the text of decision.

3. Gist of rehabilitation plans

As in the enclosed document.

January 13, 2017

Fourth Bankruptcy Division of Seoul Central District Court

Chief judge, justice, Jung-man KIM

Justice, Jin-gu HWANG

Justice, Woong-young CHOI

[Enclosure]

◆ Gist of Rehabilitation Plans ◆

1. Change to rehabilitation security rights and the repayment methods

A. Rehabilitation security 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 should be repaid annually from the fifth year (2021) to the sixth year (2022) in equal partition.

2) Post-commencement interest

- Post-commencement interest is exempted.

■ 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 should be repaid annually from the fourth year (2020) to the fifth year (2021) in equal partition, and 8% thereof annually from the sixth year (2022) to the seventh year (2023) in equal partition.

2) Post-commencement interest

- Post-commencement interest is exempted.

■ 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 should be repaid annually from the third year (2019) to the fourth year (2020) in equal partition, 10% thereof in the fifth year (2021), 5% thereof in the sixth year (2022), 45% thereof should be repaid annually from the seventh year (2023) to the ninth

year (2025) in equal partition, and 20% thereof in the tenth year (2026).

2) Post-commencement interest

- Post-commencement interest is exempted.

■ BNK 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 should be repaid annually from the second year (2018) to the third year (2019) in equal partition, 10% thereof in the fourth year (2020), 5% thereof in the fifth year (2021), 45% thereof should be repaid annually from the sixth year (2022) to the eighth year (2024) in equal partition, and 20% thereof in the ninth year (2025)

2) Post-commencement interest

- Post-commencement interest is exempted.

■ 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.

■ Shinhan Bank/Woori Bank/Hana Bank/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 the first year (2017)

2) Post-commencement interest

- Post-commencement interest is exempted.

B. Rehabilitation security rights (nonoccurrence reimbursement claims)

- Construction Guarantee/Machinery Financial Cooperative/Engineering Guarantee Insurance

- 1) Principal and pre-commencement interest
 - In the event that a guaranty agency, etc., makes payment by subrogation for the debtor company, 100% of the principal and pre-commencement interest should be repaid in cash.
 - The amount to be repaid in cash should be repaid in the year which payment was made by subrogation.
- 2) Post-commencement interest
 - Post-commencement interest is exempted.

■ The other guaranty agencies

- 1) Principal and pre-commencement interest
 - In the event that a guaranty agency, etc., makes payment by subrogation for the debtor company, 88% of the 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 annually from the first year (2017) to the second year (2018) in equal partition, 15% thereof annually from the fifth year (2021) to the seventh year (2023), 40% thereof annually from the eighth year (2024) to the ninth year (2025) in equal partition, and 35% thereof in the tenth year (2026), provided that if payment by subrogation is made in or after the second year (2018), the amount which due date for repayment has already elapsed is repaid by adding up at the due date for repayment when initially arrives after that.
- 2) Post-commencement interest
 - Post-commencement interest is exempted.

C. Rehabilitation claims (credits under commercial transaction)

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

D. Rehabilitation security rights (credits for return of lease deposit)

- 1) Principal and pre-commencement interest
 - In the event that the term of a lease contract expires or the contract is legally terminated in the middle, and reasons for returning the lease

deposit occur, and the lessee delivers a lease object, the previous lease deposit should be returned by the lease deposit which is received by leasing the corresponding object to the third party. If 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.

- In the event that the corresponding lease object is sold, the purchaser should take over the lease deposit, and in the event that the purchaser fails to take over the lease deposit, or the lessee raises an objection to the take-over, the previous lease deposit should be repaid in cash by the price for sale. In the event that the previous lease deposit cannot be repaid in full(100%) by the price for sale, unpaid lease deposit should be returned in cash within three months of the date when the lease object was delivered completely.
- In the event that the term of a lease contract expires and such contract is made again with the previous lessee, and that the new lease deposit does not reach the previous lease deposit, the amount of difference between the previous lease deposit and the new lease deposit should be repaid in cash within three months of the date when the lease term was concluded, after deducting administration costs, etc., including unpaid rental, other public charges, etc., from the total credit principal and pre-commencement interest which were approved on the date when the previous lease contract was concluded.

2) Post-commencement interest

- Post-commencement interest is exempted.

2. Change to rehabilitation claims and the repayment methods

A. Rehabilitation claims (loan credits, 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 annually from the first year (2017) to the second year (2018) in equal partition, 15% thereof annually from the fifth year (2021) to the seventh year (2023) in equal partition, 40% thereof annually from the eighth year (2024) to the ninth year (2025) in equal partition, and 35% thereof should be repaid in the tenth year (2026).

- 2) Post-commencement interest
 - Post-commencement interest is exempted.

B. Rehabilitation claims (Nonoccurrence reimbursement claims)

- 1) Principal and pre-commencement interest
 - In the event that a guaranty agency, etc., makes payment by subrogation, 88% of interest 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 annually from the first year (2017) to the second year (2018) in equal partition, 15% thereof annually from the fifth year (2021) to the seventh year (2023), 40% thereof annually from the eighth year (2024) to the ninth year (2025) in equal partition, and 35% thereof in the tenth year (2026), provided that if payment by subrogation is made in or after the second year (2018), the amount which due date for repayment has already elapsed is repaid by adding up at the due date for repayment when initially arrives after that.
- 2) Post-commencement interest
 - Post-commencement interest is exempted.

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 annually from the first year (2017) to the fifth year (2021) in equal partition, 20% thereof annually from the sixth year (2022) to the seventh year (2023) in equal partition, 15% thereof in the eighth year (2024), and 40% thereof annually from the ninth year (2025) to the tenth year (2026) in equal partition.
- 2) Post-commencement interest
 - Post-commencement interest is exempted.
- 3) Change of rights and repayment methods pursuant to the trial of investigation and final judgement for rehabilitation plans of STX Engine Co., Ltd.
 - For the amount of credits to object which is subject to the trial of

investigation and final judgement for rehabilitation plans of STX Engine Co., Ltd., repayment should be withheld until the applicable trial of investigation and final judgement, other opposition suits or the other lawsuits are finally determined. In the event that with regard to 16 generator engines being kept by STX Engine Co., Ltd., in connection with so-called A-3 project as the result of such trial, suit or lawsuit, there is a portion which was finally determined as rehabilitation security rights among the portions which mercantile lien is exercised and rehabilitation security rights are alleged, such portion should be repaid in accordance with change of rehabilitation security rights(credits under commercial transaction) and the repayment methods, but the portion which was not finally determined as rehabilitation security rights should be repaid in accordance with change of rehabilitation claims(credits under commercial transaction) and the repayment methods.

- Despite the due date for repayment of rehabilitation security rights(credits under commercial transaction) and rehabilitation claims(credits under commercial transaction) pursuant to the present rehabilitation plans, it is provided that repayment of the STX Engine Co., Ltd.'s all the rehabilitation security rights and rehabilitation claims against the debtor company related to so-called A-3 project(including rehabilitation security rights and rehabilitation claims related to the A-3 project of the rehabilitation security rights and rehabilitation claims which are finally determined with STX Engine Co., Ltd., as the result of such trial, suit or lawsuit, as mentioned above) should be due within seven days after payment is made by Man Diesel Turbo("MDT") as a contractor under the contract. Accordingly, pursuant to a contract for purchase of engine with STX Engine Co., Ltd., rehabilitation security rights and rehabilitation claims for the price of goods for A-3 project should be repaid to STX Engine Co., Ltd., after receiving such payment from MDT. In the event that MDT terminates or cancels A-3 project in the future, it is regarded that repayment should be due at the time when such termination or cancellation takes effect, and such repayment should be made from that time.

D. Rehabilitation claims (small credits under commercial transaction)

1) Principal and pre-commencement interest

- 86% of the principal and pre-commencement interest which the total amount to be repaid after change of rights is five million won or less should be converted into equity, and 14% thereof should be repaid in

cash.

- 2) Post-commencement interest
 - Post-commencement interest is exempted.

E. Claims of a specially related party (credits of a specially related party)

- 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 annually from the first year (2017) to the second year (2018) in equal partition, 15% thereof annually from the fifth year (2021) to the seventh year (2023) in equal partition, 40% thereof annually from the eighth year (2024) to the ninth year (2025) in equal partition, and 35% thereof in the tenth year (2026).
- 2) Post-commencement interest
 - Post-commencement interest is exempted.

3. Claims of tax, 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 rehabilitation plans.
- 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(100%) repaid in cash, and the amount to be repaid in cash should be repaid equally both in the first year (2017) and the third year (2019).

4. Change to stockholder's right and issue of new stocks

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

- 1) With regard to the 23,792,327 shares of common stocks and 2,174,900 shares of convertible stocks(to be 25,967,227 shares in total) which were issued prior to approval of the present rehabilitation plans, two shares each of common stocks and convertible stocks with the face value of 2,500 won should be consolidated into one share each of common stock and convertible stock with the face value of 2,500 won.

- 2) Effective date: Four business days from the approval day of the rehabilitation plans

B. Issue of new stocks caused by conversion into equity

- 1) With regard to issuance of new stocks caused by conversion of rehabilitation security rights and rehabilitation claims into equity, one share of common stock with the face value of 2,500 won is issued for the credit amount convertible into equity of 2,500 won.
- 2) Effective date: 11 business days from 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 (object for re-consolidation includes the case where nonoccurrence reimbursement claims, etc., are settled and converted into equity), ten(10) shares each of common stocks and convertible stocks with the face value of 2,500 won are reconsolidated into one share each of common stock and convertible stock with the face value of 2,500won.
- 2) Effective date: Two business days from the effective date of new stocks pursuant to conversion into equity. - The End -