

Articles of Incorporation

HD Korea Shipbuilding & Offshore Engineering Co.,Ltd.

Articles of Incorporation

CHAPTER 1. General provisions

Article 1 (Company name)

The name of the Company is referred to as HD KOREA SHIPBUILDING & OFFSHORE ENGINEERING JU-SIK HOISA(에이치디한국조선해양주식회사), and is written in English as HD KOREA SHIPBUILDING & OFFSHORE ENGINEERING CO., LTD. [abbreviated as “HDKSOE”].

Article 2 (Purpose)

The purpose of the Company shall be to engage in management of the following businesses:

1. Acquisition, ownership, management of stocks or shares of subsidiary company etc. and related business
2. Operation management and technical service
3. Business support for joint development and sale of products or service and joint use of facilities and computer system etc. with subsidiary company
4. Support to commissioned works to subsidiary company such as planning, accounting, business, computer works etc.
5. Education, training and service for subsidiary company etc.
6. Lease and supply of brand and license etc.
7. Sale, lease and service of intangible assets owned by the company such as intelligence, information, patent right, utility model right, design right, trademark right, brand right, copyright etc.
8. Market survey, management counselling and consulting
9. Technical research and study service
10. Investment, management and operation of new technology and support for starting up business
11. Shipbuilding, repair and sale
12. Manufacturing and sale of parts for ships and metal structure products
13. Investigation and evaluation of ship and iron works
14. Trade related to shipbuilding, marine plant and engine machinery
15. Facilities for prevention of environmental pollution
16. Real estate industry (development, sale, lease, supply and related services, real estate management and services)
17. Sightseeing and appurtenant business (excluding travel arrangement)
18. Operation of leisure sport facilities
19. Operation of living facilities in neighborhood (restaurant, tearoom, barbershop and beauty parlor)
20. Operation of entertainment and performance facilities
21. Operation of welfare facilities (reading room, nursery)
22. Mechanical industry (manufacturing and sale of internal combustion engine, turbine, bearing, motion transmission apparatus, valve, pipe joint, mold, casting and forged materials, pump, motor, paper making pulp, transportation loading and unloading machine, metal machine tools,
23. Education and service for officers and staffs of enterprises

24. Manufacturing equipment and apparatus for ships (manufacturing, sale, installation, repair, A/S for engine for ships, stern tube, axle, propeller, anchor, steer, electrical machines and equipments and sale, installation and A/S of engine parts)
25. Technical development and research for electrical equipments and machines
26. Installation of mechanical facilities and training service
27. Field engineering related to shipbuilding, marine plant and engine machines
28. Operation, maintenance and repair of facilities
29. Operation management of planned project in industrial field
30. Production and recycling of parts
31. House building and building lot creation
32. Engineering activity and business
33. Consulting business (specializing in technology)
34. Dispatch of talented person
35. Design and manufacturing guided flying object and launcher
36. System integration (development of software, industry, analysis, design and installation of integrated automation system)
37. Stadium operation
38. Energy saving business
39. Installation of marine structure and lease of marine installation equipments
40. Information-oriented business
41. <deleted>
42. Scrap iron sale
43. Specialized business of electric safety management
44. Importation, development, manufacture, mediation, sale and supply business of new and recycled energy, manufacture, construction and lease of new and recycled energy equipments, new and recycled energy generation industry, other business related to new and recycled energy
45. Internet, mail order business
46. Tree hospital, forest, trees and earth, natural rest forest creation business
47. Research, development and related appurtenant business to food resources such as agriculture, livestock industry etc.
48. Marine transportation
49. Lease and management of ships
50. Maritime transportation brokerage and marine transportation agency
51. <deleted>
52. Publication of regular periodicals and management of copyright
53. <deleted>
54. Agency for advertising and production and sale and purchase of advertising matters at home and abroad
55. Educational services
56. All the business appurtenant to each of the above.

Article 3 (Location of headquarters and branches)

- ① The headquarter office of the Company shall be located in Seongnam-si, Gyeonggi-do.
- ② The Company may, when deemed necessary for business purposes, establish branch offices by the resolution of the Board of Directors.

Article 4 (Method of public notice)

Public notice of the company shall be placed on internet homepage (<http://www.hdksoe.co.kr>) of company. Provided that, when such public notice can not be placed on internet homepage due to electronic trouble or inevitable reason then it shall be placed on the Korea Economic Daily, a daily newspaper published in Seoul Metropolitan City.

Chapter 2 Stocks and Stock Certificates

Article 5 (Total Number of Issued Stocks)

The number of issued stocks of the Company shall be 160,000,000.

Article 6 (Par Value)

A par value of a stock issued by the Company shall be 5,000 KRW.

Article 7 (Total number of Stocks Issued at the Time of Incorporation of the Company)

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Article 8 (Type of Stocks)

- ① All stocks issued by the Company shall be common stock and class stock in registered nominative forms.
- ② The class stocks issued by the Company shall consist of dividend preferred stock, non-voting or voting-restricted stock, redeemable stock, convertible stock and stock mixed with part of or entirety of the stocks mentioned above.

Article 8-2 (Dividend Preferred Convertible Stock: Class 1 Stock)

- ① The Company shall be entitled to issue non-voting dividend preferred convertible stocks ("Class 1 Stock") where the total number of issued stock concerned shall be 20,000,000.
- ② When Class 1 Stock is issued at 1% or higher annually based on the par value, preferred dividend shall be allotted in cash with the amount under the preferred ratio determined by the board of directors.
- ③ When the dividend rate of common stocks exceeds the dividend rate of Class 1 Stock, the exceeding amount concerned shall be allotted after being participated at the rate identical with that of common stock.
- ④ When Class 1 Stock fails to offer a certain amount of dividend in a certain fiscal year, accumulated undistributed dividends shall be preferentially allotted during the offering of dividends in the following fiscal year.

- ⑤ Voting rights shall be bestowed from the next general meeting following the general meeting rendering a resolution not to offer dividends for Class 1 Stock until the end of general meeting to render a resolution to deliver preferred dividends.
- ⑥ Paragraph 4 of Article 9, Article 48–2 and Paragraph 3 of Article 49 shall apply *mutatis mutandis* to the allocation of new stocks and stock dividends concerning Class 1 Stock.
- ⑦ The duration of Class 1 Stock shall be subject to a resolution of the board of director within the scope of 5 years or longer and 10 years or less from the date of issuance, and the stocks concerned shall be converted to common stocks upon expiration: Provided that when dividend offering is not completed during the conversion period above, the duration concerned shall be extended until the dividend concerned is completely distributed. In such cases, Article 10 shall apply *mutatis mutandis* to dividends of the stocks issued due to conversion.

Article 8–3 (Dividend Preferred Convertible Stock: Class 2 Stock)

- ① The Company shall be entitled to issue non–voting dividend preferred convertible stocks ("Class 2 Stock") which a shareholder may request the Company to convert to common stocks pursuant to the followings, where the total number of stocks to be issued shall be 20,000,000 including the number of Class 1 Stocks.
 - (1) The number of stocks to be issued due to conversion shall be identical with the number of stocks prior to conversion.
 - (2) The duration to request conversion shall be subject to a resolution of the board of directors within the scope of one month or longer and 5 years or less from the date of issuance.
 - (3) The stocks issued due to conversion shall be common stocks.
- ② Paragraph 2 through 6 of Article 8–2 shall apply *mutatis mutandis* to Class 2 Stocks.

Article 8–4 (Dividend Preferred Redeemable Stock: Class 3 Stock)

- ① The Company shall be entitled to issue dividend preferred redeemable stocks ("Class 3 Stock"), where the total number of stocks to be issued shall be 20,000,000.
- ② Paragraph 2 through 6 of Article 8–2 shall apply *mutatis mutandis* to Class 2 Stocks.
- ③ Class 3 Stocks may be redeemed subject to options of the Company pursuant to the followings:
 - (1) Redemption price shall be an accumulation of the issuance price and additional values determined within the scope not exceeding annual 10% of issuance price, where additional values shall be determined by the board of directors under the consideration of dividend rate, market situation and various issues concerning the issuance of class stocks upon its issuance: Provided that when redemption price needs to be adjustable, the board of directors shall determine the meaning of adjustability, grounds for adjustment, reference date of adjustment and adjustment method.

- (2) The redemption period shall be determined by the board of directors within the scope of one month from the closing of a regular general meeting of shareholders during the fiscal year which falls under between 1 year and 10 years from the issuance date: Provided that when any of the following subparagraphs arises, notwithstanding the expiration of redemption period, the redemption period concerned shall be extended until the grounds of extension concerned are resolved:
- A. When redemption is not completed within the redemption period;
 - B. When preferred dividends are not completed.
- (3) Class 3 Stock may be redeemed all at once or by installments: Provided that upon redemption by installments, the Company may determine the type of Class 3 Stock by the method of random drawing or proportional distribution, and fractional shares arising during the proportional distribution shall not be redeemed.
- (4) The Company shall notify or publicly announce shareholders of the said stocks and right holders enlisted at the register of stockholders of the upcoming redemption 2 weeks prior to the acquisition date of the stocks subject to redemption.
- ④ When issuing Class 3 Stock, the Company may issue voting-registered class stocks ("Class 3-1 Stock") or non-voting class stocks ("Class 3-2 Stock") subject to a resolution of the board of directors, where voting right of Class 3-1 Stock shall be one vote per share.

Article 8-5 (Dividend Preferred Redeemable Convertible Stock: Class 4 Stock)

- ① The Company shall be entitled to issue non-voting dividend preferred redeemable convertible stocks ("Class 4 Stock"), where the total number of stocks to be issued shall be 20,000,000.
- ② With regard to Class 4 Stocks, dividends shall be preferentially allotted in cash according to the ratio of 1% per annum based on the issuance price, and the conditions and details of preferred dividends regarding Class 4 Stock shall be as prescribed in the Appendix 1. The preferred dividends may be reduced as prescribed by the agreements between the Company and shareholders of Class 4 Stocks, and even when reduced adjustments are made to the preferred dividends or when no preferred dividends are offered, the voting rights of Class 4 Stock shall not be revived.
- ③ Paragraph 4 of Article 9, Article 48-2 and Paragraph 3 of Article 49 shall apply *mutatis mutandis* to the allocation of new stocks and stock dividends concerning Class 4 Stock.
- ④ With respect to Class 4 Stocks, a shareholder may request the Company to redeem the stocks concerned in accordance with the followings:
- (1) The period to request redemption shall be from the date when 4 years and 6 months have elapsed from the issuance date until the date when 5 years have elapsed from the issuance date (including the corresponding date; "Initial Redemption Date"): Provided that in cases where the redemption is not completed even when a request for redemption is

made regardless of the grounds concerned, including non-existence of distributable profits, expiration of the period to request redemption may be extended for up to 10 years from the issuance date until the redemption is completed if there is an agreement between the Company and shareholders of Class 4 Stocks.

- (2) A shareholder of Class 4 Stocks shall be entitled to request the Company to redeem Class 4 Stocks only once during the period to request redemption; and the Company shall redeem the stocks concerned within 120 days from the date of such request.
- (3) The redemption amount shall be the accumulated amount of the issuance price and the total amount of preferred dividend (Provided that the total amount of dividend actually paid through the redemption date concerned or deemed to have been paid due to the reduction under Paragraph 2 shall be excluded) until the redemption date concerned (Provided that when the period to request redemption is delayed pursuant to the second sentence in the proviso to Subparagraph 1, it shall be the Initial Redemption Date).
- ⑤ The duration of Class 4 Stock shall be from the issuance date of Class 4 Stock until the date when 5 years have elapsed from the issuance date (including the corresponding date) (the "Term of Existence"), and when Class 4 Stock is not converted to common stocks until the Term of Existence expires, such stocks shall be automatically converted to common stocks immediately upon the expiration of the Term of Existence: Provided that the Term of Existence shall be extended for up to 10 years (A) and until all related grounds are resolved when the redemption is not completed even after a request for redemption is made within the period to request redemption regardless of the grounds concerned, including non-existence of distributable profits, or when unpaid dividends still exist, or (B) and for the duration of extension when the period to request redemption is extended. In such cases, Article 10 shall apply *mutatis mutandis* to the distribution of dividends for the stocks issued due to conversion.
- ⑥ A shareholder may request the Company to convert Class 4 Stocks pursuant to the followings:
 - (1) The number of stocks to be issued due to conversion shall be identical with the number of stocks prior to conversion, but shall be adjusted in accordance with the adjustment formula for conversion price in Appendix 2.
 - (2) The duration to request conversion shall be from the date immediately following the date when 12 months have elapsed from the issuance date until the date when 5 years have elapsed from the issuance date (including the corresponding date): Provided that when the duration to request redemption is extended, the conversion period shall be extended for the same duration.
 - (3) The stocks issued due to conversion shall be common stocks.
 - (4) In any cases where a shareholder of Class 4 Stock is expected to become the largest shareholder as a result of conversion based on individual voting rights, such portion of conversion shall not be requested.

⑦ Class 4 Stocks may be converted subject to options of the Company pursuant to the followings:

- (1) The number of stocks to be issued due to conversion shall be identical with the number of stocks prior to conversion, but shall be adjusted in accordance with the adjustment formula for conversion price in Appendix 2.
- (2) The convertible period shall be under the condition where the conditions under Subparagraph 4 are fulfilled, and shall be from the date immediately following the issuance date until the date when 5 years have elapsed from the issuance date (including the corresponding date, and including the extended period when the Term of Existence is extended): Provided that when the period to request redemption is extended, the conversion period shall be extended for the same duration.
- (3) The stocks issued due to conversion shall be common stocks.
- (4) In cases where the closing price of common stocks during the period under Paragraph 2 is identical with or greater than the Initial Redemption Price of Class 4 Stock (Provided that when dilutive adjustments are made, it shall be the conversion price adjusted accordingly), the Company may convert Class 4 Stocks equivalent to 50% of the number of stocks at the time of issuance of Class 4 Stocks to common stocks by means of notifications in accordance with Paragraph 4 of Article 346 of the Commercial Act within 5 days from the above.

Article 9 (Subscription Right of New Stock)

① When the Company issues new stocks subject to a resolution of the board of directors, the issuance concerned shall comply with the followings:

- (1) Shareholders shall be given an opportunity to subscribe new stocks in order to offer new stocks according to the number of shares owned by the shareholder concerned;
- (2) When necessary to achieve business goals of the Company, including introduction of new technology and improvement of financial structure, within the scope not exceeding forty-one hundredth of the total number of stocks issued, an opportunity to subscribe new stock may be given to specified individuals (including shareholders of the Company) in order to offer new stocks to the said individuals, aside from Subparagraph 1 above;
- (3) An opportunity to subscribe new stocks may be given to many and unspecified individuals (including shareholders of the Company) in order to offer new stocks to the said individuals within the scope not exceeding thirty-one hundredth of the total number of stocks issued, aside from Subparagraph 1 above;
- (4) In cases where new stocks are issued pursuant to the issuance of depositary receipts in accordance with applicable statutes, including the Financial Investment Services and Capital Markets Act;

- ② When issuing new stocks under the method prescribed in Subparagraph 3 of Paragraph 1, new stocks shall be issued under one of the following methods subject to a resolution of the board of directors:
- (1) Where the Company offers new stocks to many and unspecified individuals without classifying the types of individuals granted with opportunities to subscribe new stocks;
 - (2) Where the Company grants opportunities to subscribe new stocks to many and unspecified individuals, including stocks offered but not subscribed by members of the employee's stock holding association, in accordance with applicable statutes;
 - (3) Where the Company grants preferential opportunities to subscribe new stocks to its shareholders and then grants opportunities to subscribe new stocks to many and unspecified individuals if there are stocks not subscribed;
 - (4) Where an investment trader or investment broker grants an opportunity to subscribe new stocks to specific types of individuals based on reasonable standards prescribed by applicable statutes, including demand forecast prepared as a subscriber or broker;
- ③ When offering new stocks to individuals other than shareholders under Subparagraph 2 and 3 of Paragraph 1, the Company shall notify shareholders of or publicly announce the matters prescribed by Subparagraph 1, 2, 2-2, 3 and 4 of Article 416 of the Commercial Act: Provided that the notification and public announcement above may be replaced by disclosing a material fact report to the Financial Services Commission and an Exchange pursuant to Article 165-9 of the Financial Investment Services and Capital Markets Act.
- ④ When The Company issues new stocks under any of the subparagraphs of Paragraph 1 above, the type, number and issuance price of the stocks to be issued shall be determined subject to a resolution of the board of directors. In such cases, the board of directors shall be entitled to determine the stocks to be allocated to be common stocks or class stocks, and the new stocks to be allocated to class stocks shall be the identical class stocks.
- ⑤ When the Company allots new stocks and when new stocks are not subscribed by the deadline or there are stocks of which payments are not made, subsequent processing methods shall be determined by a resolution of the board of directors in accordance with applicable statutes, including propriety of issuance price.
- ⑥ Fractional shares arising when the Company allots new stocks shall be processed pursuant to a resolution of the board of directors.
- ⑦ When the Company allots new stocks under Subparagraph 1 of Paragraph 1 above, the Company shall issue stock warrants to shareholders.

Article 9-2 (Stock Option)

- ① The Company may grant stock option under Article 340-2 and Article 542-3 of the Commercial Act to executives and employees of the Company (including executives and employees of relevant companies prescribed by Article 30 of the Enforcement Decree of the Commercial Act, hereinafter the same shall apply to this article) within fifteen-one hundredth of the total number of stocks issued subject to a special resolution of a general meeting of shareholders: Provided that the Company may grant stock option within one-one hundredth of the total number of stocks issued subject to a resolution of the board of directors. When stock option is granted subject to a resolution of the board of directors, approval shall be acquired from the first general meeting of shareholders convened after the Company grants the stock option subject to a resolution of the board of directors. Stock options granted subject to resolutions of the board of directors or general meetings of shareholders may be performance-based options in connection with business performance goal or market index.
- ② Persons to be granted stock option shall be an executive or employee of the Company who has contributed or has capability to contribute to establishment and management of the Company, overseas business or technical innovation; however, those who fall under any of the followings shall be excluded. Notwithstanding the above, the foregoing shall not apply to persons (including part-time executives of affiliated companies) who fall within specially related persons (referring to specially related persons under Paragraph 4 of Article 34 of the Enforcement Decree of the Commercial Act, hereinafter the same shall apply) when they become executives of the company concerned:
 - (1) The largest shareholder (referring to the largest shareholder under Subparagraph 5 of Paragraph 2 of Article 542-8 of the Commercial Act, hereinafter the same shall apply) and specially related persons;
 - (2) Major shareholders (referring to a major shareholder under Subparagraph 6 of Paragraph 2 of Article 542-8 of the Commercial Act, hereinafter the same shall apply) and specially related persons;
 - (3) Persons who become a major shareholder by exercising stock option;
- ③ Stocks to be delivered by exercising stock option (When delivering cash or treasury stocks for the difference between option price of the stock option and market price, it means the stocks which serve as the calculation standards for the difference) shall be registered common stocks or registered class stocks, but shall be determined by a resolution of a general meeting of shareholders or the board of directors under Paragraph 1.

- ④ Stock option shall not be granted at once to entire executives and employees currently in service, and stock option granted to a single individual of executive or employee shall not exceed ten—one hundredth of the total number of stocks issued.
- ⑤ Option price per share of the stocks to exercise stock option with shall be equal to or higher than the prices prescribed in the following subparagraphs below. The same shall apply when the option price is adjusted after stock option is granted:
- (1) When new stocks are issued to grant stock option, its option price shall be higher one between the following two:
- A. Actual price of stocks pursuant to Subparagraph 3 of Paragraph 2 of Article 340–3 of the Commercial Act based on the date of granting stock option;
- B. Face value of stocks in the given year.
- (2) Actual price of stock pursuant to Subparagraph 3 of Paragraph 2 of Article 340–3 of the Commercial Act based on the date of granting stock option in cases where treasury stocks are transferred;
- ⑥ Stock option may be exercised within 5 years from the date exceeding 2 years from the date of a resolution of a general meeting of shareholders granting the stock option concerned.
- ⑦ In any of the following cases, stock option granted may be revoked subject to a resolution of the board of directors:
- (1) When an executive or employee granted the stock option voluntarily retires or resigns from office;
- (2) When an executive or employee granted the stock option intentionally or negligently inflicts substantial loss on the company;
- (3) When the Company is unable to accept the exercise of the stock option due to bankruptcy, dissolution or any similar event;
- (4) When any other event stipulated as a ground for revocation in the stock option grant agreement made with the person granted the stock option occurs.
- ⑧ Persons granted the stock option may exercise the stock option after working for the Company or remaining in office for 2 years or longer from the date of the resolution under Paragraph 1: Provided that when the person granted the stock option deceases within 2 years from the date of the resolution under Paragraph 1 or when the person above resigns or retires not due to the causes attributable the person him/herself, the person concerned may exercise the stock option during the period concerned.
- ⑨ Article 10 shall apply mutatis mutandis to dividends of the stocks issued through exercise of the stock option.

Article 10 (Equivalent Dividends)

Equal dividends shall be paid for the same class of stocks issued as of the dividend record date (including the cases of conversion) regardless of their issuance date.

Article 11 (Electronic Registration of Rights Indicated at Stocks and Certificate for Subscription Right of New Stocks)

The Company shall electronically register the rights to be indicated at the stocks and certificate for subscription right of new stock with the electronic registration account book of an electronic registration authority instead of issuing the stock certificates and certificate for subscription right of new stock.

Article 12 (Transfer Agent)

- ① The Company shall have transfer agents of stocks.
- ② The scope of transfer agents, their place of business and their business shall be determined by a resolution of the board of directors.
- ③ Register of shareholders of the Company or its copy shall be displayed at the business place of transfer agent where the transfer agent shall handle electronic registration of stocks, management of register of shareholders and other affairs concerning stocks.
- ④ Procedures of administrative affairs under Paragraph 3 shall comply with provisions on transfer of stocks by a transfer agent.

Article 13 (Report of Address, Name, Seal Impression and Signature of Shareholder)

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Article 13-2 (Electronic Register of Shareholders)

The Company may prepare a register of shareholders in electronic form.

Article 14 (Record Date)

When convocation of an extraordinary meeting of shareholders is required, the Company may recognize the shareholders registered at the register of shareholders on the date specified by a resolution of the board of directors as the shareholders to practice the right concerned. The Company shall make public announcement of the above 2 weeks in advance.

Chapter 3 Bonds

Article 15 (Issuance of Convertible Bonds)

- ① The Company may issue convertible bonds to persons other than shareholders subject to a resolution of the board of directors within the scope of total nominal value of the bonds not exceeding ₩400 billion when falling under one of the followings:
- (1) Where the Company issues convertible bonds in a way granting opportunities for specific persons to subscribe the bonds aside from the ways under Subparagraph 1 of Paragraph 1 of Article 9 when necessary to achieve business goals of the Company, including introduction of new technology and improvement of financial structure;
 - (2) Where the Company issues convertible bonds in a way offering an opportunity for many and unspecified individuals to subscribe the bonds aside from the ways under Subparagraph 1 of Paragraph 1 of Article 9 and subsequently allocating the bonds to the persons subscribing;
- ② When allocating the bonds in a way under Subparagraph 2 of Paragraph 1, the Company shall allocate the bonds in a way falling under any of the followings subject to a resolution of the board of directors:
- (1) Where the Company allocates the bonds to many and unspecified individuals subscribing the bonds without classifying the types of individuals granted with opportunity to subscribe the bonds;
 - (2) Where the Company first grants opportunities to shareholders to subscribe the bonds and then grants opportunities to many and unspecified individuals to be allocated with the bonds when there are bonds not subscribed;
 - (3) Where an investment trader or investment broker grants an opportunity to subscribe the bonds to specific type of individuals based on reasonable standards prescribed by applicable statutes, including demand forecast prepared as a subscriber or broker;
- ③ With convertible bonds under Paragraph 1, the board of directors may issue the bonds under the condition to grant the right to convert only to part of the bonds.
- ④ The stocks issued due to conversion shall be common stocks for ₩200 billion KRW of total nominal value of the bonds and Class 1 Stock for ₩200 billion KRW of total nominal value of the bonds; and when the bonds are issued at the face value of the stocks or higher, the conversion price shall be determined by the board of directors.
- ⑤ The period during which conversion may be requested shall be from the following day of the issuance date of the bonds in the given year until the day immediately before the redemption date; however, the period to request conversion may be adjusted subject to a resolution of the board of directors within the period above.

- ⑥ Article 10 shall apply *mutatis mutandis* to dividends of the stocks issued due to conversion and interest payment for convertible bonds.

Article 16 (Issuance of Bonds with Warrants)

- ① The Company may issue bonds with warrants to persons other than shareholders subject to a resolution of the board of directors within the scope of total nominal value of the bonds not exceeding ₩400 billion when falling under one of the followings:

(1) Where the Company issues bonds with warrants in a way granting opportunities for specific persons to subscribe the bonds aside from the ways under Subparagraph 1 of Paragraph 1 of Article 9 when necessary to achieve business goals of the Company, including introduction of new technology and improvement of financial structure;

(2) Where the Company issues bonds with warrants in a way offering an opportunity for many and unspecified individuals to subscribe the bonds aside from the ways under Subparagraph 1 of Paragraph 1 of Article 9 and subsequently allocating the bonds to the persons subscribing;

- ② When allocating new stocks in a way under Subparagraph 2 of Paragraph 1, the Company shall allocate the bonds subject to a resolution of the board of directors in a way falling under any of the followings:

(1) Where the Company allocates the bonds to many and unspecified individuals subscribing the bonds without classifying the types of individuals granted with an opportunity to subscribe the bonds;

(2) Where the Company first grants opportunities to stockholders to subscribe the bonds and then grants opportunities to many and unspecified individuals to be allocated with the bonds when there are bonds not subscribed;

(3) Where an investment trader or investment broker grants an opportunity to subscribe the bonds to specific type of individuals based on reasonable standards prescribed by applicable statutes, including demand forecast prepared as a subscriber or broker;

- ③ The amount for new stocks to be subscribed shall be determined by the board of directors within the scope not exceeding the total nominal value of the bonds.

④ The stocks issued by exercising subscription rights shall be common stocks for ₩200 billion KRW of total nominal value of the bonds and Class 1 Stock for ₩200 billion KRW of total nominal value of the bonds; and when the bonds are issued at the face value of the stocks or higher, the issuance price shall be determined by the board of directors.

- ⑤ The period during which subscription rights may be exercised shall be from the following day of the issuance date of the bonds in the given year until the day immediately before the redemption date; however, the period to exercise subscription rights may be adjusted subject to a resolution of the board of directors within the period above.

- ⑥ Article 10 shall apply *mutatis mutandis* to dividends of the stocks issued by exercising subscription rights.

Article 16–2 (Issuance of Bonds)

- ① The Company may issue bonds subject to a resolution of the board of directors.
- ② The board of directors may entrust the representative director to issue bonds within the period not exceeding one year after determining the amount and type of bonds.

Article 16–3 (Provisions Applicable *Mutatis Mutandis* Concerning Issuance of Bonds)

Provisions in Article 12 shall apply *mutatis mutandis* to the issuance of bonds.

Article 16–4 (Electronic Registration of Rights to Be Indicated at Bonds and Certificate for Subscription Right of New Stock)

The Company shall electronically register the rights to be indicated at the bonds and certificate for subscription right of new stock with the electronic registration account book of an electronic registration authority instead of issuing the bonds and certificate for subscription right of new stock: Provided that in cases of bonds, the Company may not electronically register the rights, except for the listed bonds of which electronic registration is mandated by applicable statutes.

Chapter 4 General Meeting of Shareholders

Article 17 (Convocation)

- ① A regular general meeting of shareholders shall be convened within 3 months from the record day prescribed in Article 14, and extraordinary meetings of shareholders may be convened whenever deemed necessary.
- ② At the general meeting of shareholders, resolutions shall not be adopted for any matters other than the agenda notified to shareholders in advance: Provided that when all shareholders consent, the above shall not apply.
- ③ A general meeting of shareholders may be convened at the principal place of business of the Company, adjacent location of the principal place of business of the Company or other locations subject to a resolution of the board of directors.
- ④ A general meeting of shareholders shall be convened by the representative director or a person delegated by the representative director.

Article 17-2 (Respect for Minority Shareholders)

The Company shall honor sole shareholder's rights and minority shareholders' rights recognized under the Commercial Act and other applicable statutes.

Article 18 (Individual and Public Notification of Convocation)

- ① Upon convocation of general meetings of shareholders, the Company shall send a notification of the date, location and agenda in writing or electronic document to each shareholder 2 weeks prior to the date of the meeting.
- ② A notification to shareholders who own one-one hundredth or less of total stocks issued shall be publicly announced twice or more of the intent to convene the general meeting of shareholders and agenda through the Korea Economic Daily and Maeil Business Newspaper published in Seoul or may be replaced with the notification of convocation under Paragraph 1 by making public announcement through the electronic public disclosure system operated by the Financial Supervisory Service or an exchange.

Article 19 (Presiding Officer of General Meeting)

The representative director of the Company shall preside the general meeting of shareholders. At the time of absence of the representative director, a director designated by the representative director shall assume the duty of the representative director of the meeting; however, when designation above is not made, the duty concerned shall be assumed by a person from the directors.

Article 20 (Maintenance of Order by Presiding Officer)

- ① The presiding officer of a general meeting of shareholders may order anyone who notably disturbs the order by intentionally speaking or acting for a filibuster, to stop speaking or to leave the meeting room.
- ② The presiding officer of general meeting of shareholders may limit the length and number of times for shareholders to have the floor in order to ensure proper progress of proceedings when deemed necessary.

Article 21 (Rights to Vote of Shareholders)

In all matters, each shareholder shall have one vote for each stock registered under the name of the shareholder concerned.

Article 22 (Exercise of Voting Rights in Disunity)

- ① If a shareholder has at least two votes, he/she may exercise them in disunity. In such cases, he/she shall notify the Company, in writing, of his/her intent to do so and the grounds therefor three days prior to the date set for a general meeting of shareholders.
- ② The Company may reject the exercise of vote in disunity by a shareholder; however, the above shall not apply when the shareholder has accepted a trust of shares or holds the shares on behalf of another person.

Article 23 (Exercise of Voting Rights by Proxy)

- ① Shareholders may have their proxy to exercise their voting rights.
- ② The proxy above shall submit evidentiary documents in writing (letter of delegation) proving agency authority prior to the commencement of general meeting of shareholders.

Article 24 (Quorum and Resolution of General Meeting)

Unless otherwise provided by applicable laws, resolutions shall be adopted at a general meeting of shareholders by affirmative votes of a majority of the voting rights of shareholders present thereat and representing at least a quarter of the total issued and outstanding shares.

Article 25 (Minutes of General Meeting)

Minutes shall record a summary of proceedings of the meeting, and the chairperson as well as the directors present at the meeting shall write their names and affix their seals, or shall affix their signatures, where the minutes shall be displayed at the principal office and branch offices of the Company.

Chapter 5 Directors, Board of Directors and Audit Committee

Article 26 (Number of Directors)

- ① The board of directors of the Company shall consist of at least 5 directors but not more than 7 directors.
- ② The board of directors of the Company shall have 3 or more outside directors who shall compose a majority of the total number of directors: Provided that when the number of outside directors fails to represent a majority of the total number of directors due to vacancies, the Company shall appoint outside directors at the first general meeting of shareholders convened after such cause has occurred, to satisfy the requirements.

Article 27 (Appointment of Directors)

- ① Directors shall be appointed at a general meeting of shareholders. The Company shall appoint outside directors under Article 26 from candidates recommended by the committee for recommending candidates for outside directors, and directors to be appointed to the member of audit committee, not outside director under Article 42-3, shall be separated and appointed.
- ② Directors shall be appointed by affirmative votes of a majority of the voting rights of shareholders present thereat and representing at least a quarter of the total issued and outstanding shares.
- ③ When 2 or more directors are appointed, shareholders may exercise only one voting right to one share owned, and Article 382-2 of the Commercial Act shall not apply.

Article 28 (Term of Office of Directors)

- ① The term of office of directors shall be at least one year but not longer than three years, and the term of individual director shall be determined at the time of appointment; however, when the term expires prior to the regular general meeting of shareholders concerning the final period for settlement of accounts, the term concerned shall be extended until the closure of the general meeting concerned.
- ② Directors may be reelected.

Article 29 (Vacancies)

- ① When vacancies arise at the office of directors, appointment of directors shall be executed at a general meeting of shareholders; however, the above shall not apply if the vacancy above does not violate the statutory number of directors or hinder business performances.
- ② <Deleted>

Article 30 (Responsibilities of Directors)

The Company shall compensate all legal costs as well as other losses, damages and debts either paid or assumed by directors in the pursuit of given duties: Provided that when the losses, damages and debts concerned occurred due to breach of duty by his/her act in bad faith or gross negligence or when compensations by the Company are not permitted by applicable statutes, the above shall not apply.

Article 31 (Dismissal and Vacancies of Directors)

- ① Dismissal of directors shall be in compliance with Article 385 of the Commercial Act.

② Directors shall be removed from office when falling under any of the followings:

- (1) When submitting a letter of resignation;
- (2) When adjudicated bankrupt;
- (3) When adjudicated quasi-incompetent or incompetent;
- (4) When deceased.

Article 32 (Appointment of Representative Director)

The Company shall appoint 1 or more representative directors at the board of directors.

Article 33 (Duty of Directors)

- ① The representative director shall represent the Company and oversee entire operation of the Company.
- ② Directors shall assist the representative director and share and perform their duties. Upon absence of the representative director, a director designated by the representative director shall assume the duty of the representative director; however, when designation above is not made, the duty concerned shall be assumed by in the order of president, vice president, executive director and managing director.
- ③ Directors shall perform their duties in good faith for the interest of the Company in accordance with applicable statutes and the articles of incorporation.

Article 34 (Duty of Report by Directors)

- ① Directors shall report the progress of business to the board of directors at least once in 3 months.
- ② Directors shall immediately report to the audit committee when discovering matters likely to cause noticeable harms to the Company.

Article 35 (Duty of Auditors)

<Deleted>

Article 36 (Audit Report of Auditor)

<Deleted>

Article 37 (Constitution and Authority of Board of Directors)

- ① The board of directors shall be composed of directors, and shall adopt resolutions of matters significant to the business of the Company.
- ② The board of directors may establish separate provisions in order to determine matters required for delegation of authorities and other operations of the board of directors.

Article 38 (Convocation of Board of Directors' Meetings and Methods of Adopting Resolutions)

- ① The board of directors shall be convened by the chairperson of the board or a director separately assigned. When the board of directors' meeting is convened, notification in writing or verbal shall be served to each director one day prior to the date of the board of directors' meeting: Provided that with unanimous consent from all directors, the meeting may be convened without undergoing a convocation procedure.
- ② A resolution of the board of directors shall be adopted in the presence of a majority of directors in office by the affirmative votes of a majority of directors present at the meeting: Provided that a resolution of the board of directors upon matters falling under Article 397-2 (Prohibition of Appropriation of Company's Opportunities) and Article 398 (Prohibition of Transactions between Directors and Company) of the Commercial Act shall be adopted by the affirmative votes of two-third of directors.
- ③ No person who has special interests in a resolution by the board of directors shall exercise his/her voting rights.
- ④ The board of directors may allow all or some of the directors to take part in the adoption of a resolution without presence in person at the meeting by means of a remote communications system that enables all directors' simultaneous transmission and receipt of sounds. In such cases, the relevant directors shall be deemed present at the meeting.

Article 39 (Chairperson)

- ① The board of directors shall appoint a chairperson of the board of directors with one-year term of office at the first board of directors' meeting following an annual regular general meeting of shareholders.
- ② In preparation for an occasion where a chairperson is absent without designating an acting chairperson, the chairperson shall determine the order of directors who shall act as an acting chairperson on behalf of the chairperson.
- ③ When a chairperson is unable to attend the board of directors' meeting, the chairperson shall designate a director from all directors to act as an acting chairperson; and when the designation above is not made by the chairperson, an acting chairperson shall be appointed according to the order determined by Paragraph 2 of this article above.

Article 40 (Minutes of Board of Directors' Meeting)

Minutes shall be prepared with regard to the proceedings of a board of directors' meeting. The agenda items, summary of the proceedings and the outcomes thereof, and the objectors and grounds for their objection shall be entered in the minutes, and the directors present at the meeting shall write their names and affix seals, or affix their signatures, thereon.

Article 41 (Remuneration and Retirement Allowance for Directors)

- ① The amount of remuneration to be received by directors shall be determined by a resolution of a general meeting of shareholders.
- ② Retirement allowance for directors shall be prescribed by the regulation on executive's retirement allowance under the resolution adopted by a general meeting of shareholders.

Article 42 (Committees within Board of Directors)

- ① The board of directors shall establish the committee for recommending candidates for outside directors and audit committee for committees within the board. In addition, the board of directors may establish a committee which deliberates and determines corporate strategies and other matters delegated by the board.
- ② The committee within the board shall be composed of two or more directors, and its organization and operation shall be determined by a resolution of the board of directors.
- ③ The board of directors shall not delegate to the committees its power of the following matters:
 - (1) Proposal of matters subject to approval by a general meeting of shareholders;
 - (2) Appointment and dismissal of the representative director;
 - (3) Establishment of committees and appointment or dismissal of their members;
 - (4) Other matters as determined by the board of directors.
- ④ The committee shall notify each director of the resolutions it has adopted. In such cases, any of the directors may, upon receipt of the notification, request the convocation of a meeting of the board of directors, and the board of directors may resolve, once again, on the resolutions of the committee.

Article 42-2 (Committee for Recommending Candidates for Outside Directors)

A majority of all members of the committee for recommending candidates for outside directors shall be composed of outside directors, and the committee shall perform a function of recommending candidates for outside directors to be appointed by a general meeting of shareholders.

Article 42-3 (Constitution of Audit Committees)

- ① The Company shall establish an audit committee as prescribed by Paragraph 1 of Article 42 in lieu of auditor.
- ② The audit committee shall be composed of 3 or more directors.
- ③ Two-third or more of members of the committee shall be outside directors, and members who are not outside directors shall meet the requirements under Paragraph 2 of Article 542-10 of the Commercial Act.
- ④ With respect to the members of the audit committee, directors shall be appointed at a general meeting of shareholders; subsequently, the members of the audit committee shall be appointed from the directors appointed above. In such cases, one of the members of the audit committee shall be appointed to a director separately from other directors by a resolution of a general meeting of shareholders.
- ⑤ Members of the audit committee shall be appointed by affirmative votes of a majority of the voting rights of shareholders present thereat and representing at least a quarter of the total issued and outstanding shares: Provided that when the Company has determined the exercise of voting rights by electronic means under Paragraph 1 of Article 368-4 of the Commercial Act, members of the audit committee may be appointed by affirmative votes of a majority of the voting rights of shareholders present thereat.
- ⑥ The audit committee shall appoint a person to represent the committee by the committee's own resolution. In such case, the chairperson shall be an outside director.
- ⑦ When the number of outside directors fails to fulfill the requirements for constitution of audit committee prescribed in this Article due to resignation or death of outside directors, the Company shall appoint outside directors at the first general meeting of shareholders convened after such cause has occurred, to satisfy the requirements.
- ⑧ Any shareholder who has stocks in excess of three percent of the total number of issued stocks other than nonvoting rights of the Company (in cases of the largest shareholder, when members of the audit committee, who are not an outside director, are appointed or dismissed, the stocks held by his/her specially related parties and other individuals prescribed by the Enforcement Decree of the Commercial Act shall be accumulated) may not exercise his/her voting rights on the stocks in excess when appointing members of the audit committee as outside directors.

Article 42-4 (Duty of Audit Committee)

- ① The audit committee shall audit the accounting and businesses of the Company.
- ② The audit committee may request to convene the board of directors' meeting by submitting the objective and grounds for convocation of the meeting in writing to a director (referring to a director with the power to convene a board of directors' meeting, hereinafter the same shall apply).

- ③ When the director fails to immediately convene a board of directors' meeting despite the request under Paragraph 2 above, the audit committee so requested may convene a board of directors' meeting.
- ④ The audit committee may request to convene an extraordinary general meeting of shareholders by submitting the objective and grounds for convocation of the meeting in writing to the board of directors.
- ⑤ The audit committee may request subsidiary companies for their business reports when deemed necessary to fulfill its duty. In such case, when the subsidiary company concerned fails to immediately report or when necessary to verify the contents of the report, the committee may investigate the businesses and the status of the property of the subsidiary company concerned.
- ⑥ The audit committee shall appoint an external auditor.
- ⑦ The audit committee shall deal with matters delegated by the board of directors other than as prescribed by Paragraph 1 through Paragraph 6.
- ⑧ Resolutions adopted by the audit committee shall not be re-determined by the board of directors.

Article 42-5 (Audit Records)

The audit committee shall prepare a record pertaining to the audit; and a summary of audit process and the outcomes thereof shall be recorded in the audit record and auditors who have carried out such audit shall write their names and affix their seals, or shall affix their signatures, thereon.

Article 42-6 (Appointment of External Auditor)

The Company shall appoint an external auditor subject to approval from the audit committee in accordance with the Act on External Audit of Stock Companies; and the appointment above shall be reported to the regular general meeting of shareholders convened during the fiscal year when the appointment concerned is made, notified in writing or by an electronic document to shareholders as of the date of closing the latest register of shareholders or posted at the official website of the Company.

Article 43 (Managerial Executives)

- ① The Company may have managerial executives in order to execute the resolution of the board of directors.
- ② Matters concerning managerial executives shall be determined by separate provisions of the board of directors.

Article 44 (Adviser, etc.)

- ① The representative director may appoint advisers and consultants depending on the necessity for businesses based on the recommendation made by the chief executive officer.
- ② The chief executive officer may determine and pay advisers and consultants above remunerations and expenses required for given duties as if they are managerial executives.

Article 45 (Qualification of Outside Directors)

The Company shall appoint persons with qualifications under applicable statutes, such as the Commercial Act, from those who have professional knowledge or experiences in business management, economics, laws or relevant technologies or who have good social reputations, to outside directors; and if the person loses the qualification above after being appointed to an outside director, the person concerned shall lose the office of outside director.

Article 46 (Preparation and Availability of Financial Statements and Business Report)

- ① The representative director of the Company shall prepare documents under following Subparagraphs, accompanying statements and business report 6 weeks prior to the date of the regular general meeting of shareholders, have the documents above audited by the audit committee, and submit the documents under following subparagraphs and business report to the regular general meeting of shareholders:
 - (1) A balance sheet;
 - (2) An income statement;
 - (3) Other documents indicating financial standing and management performance as prescribed by the Enforcement Decree of Commercial Act.
- ② When the Company falls under the company subject to prepare consolidated financial statements as prescribed by the Enforcement Decree of Commercial Act, each document under Paragraph 1 shall include consolidated financial statements.
- ③ The audit committee shall submit an audit report to the representative director one week prior to the date of the regular general meeting of shareholders.
- ④ Notwithstanding Paragraph 1, the Company may approve the above subject to a resolution of the board of directors when the Company satisfies all requirements under the following subparagraphs:
 - (1) That an external auditor presents an opinion that each of the documents listed in Paragraph 1 appropriately represents the company's financial conditions and performance of management in accordance with statutes and the articles of incorporation;

- (2) That all member of the audit committee give consent thereto;
- ⑤ In cases where the board of directors gives approval pursuant to Paragraph 4, the representative director shall report the details of each document listed in Paragraph 1 to a general meeting of shareholders.
- ⑥ The representative director shall keep the documents listed in Paragraph 1 as well as an audit report at the principal office of the Company for five years and shall keep copies thereof at the branch offices for three years, from one week prior to the date set for a regular general meeting of shareholders.
- ⑦ When each document listed in Paragraph 1 is approved by a general meeting of shareholders or by the board of directors pursuant to Paragraph 4, the representative director shall immediately publicly notify the financial statements and external auditor's opinion.

Chapter 6 Accounting

Article 47 (Fiscal Year)

The fiscal year of the Company shall begin on the first date of January each year and end on the last day of December of that year.

Article 48 (Disposition of Profit and Loss)

The Company shall dispose profits (including net earned surplus forwarded) of each fiscal year in the following order of priority:

1. Earned Surplus Reserve;
2. Legal Reserve;
3. Dividends;
4. Voluntary Reserve;
5. Other amounts of appropriation of retained earnings;
6. Surplus profit carried forward to the following term

Article 48-2 (Capitalization of Reserve)

When issuing new stocks due to capitalization of reserve, the Company may issue new stocks to be allotted to common stocks with common stocks or class stocks, and new stocks to be allotted to class stocks shall be the same class stock.

Article 49 (Payment of Dividends)

- ① Dividends shall be paid with money, stocks and other properties.
- ② Dividends under Paragraph 1 shall be paid to the shareholders or the pledgees of the Company who have been duly entered in the register of shareholders as of the date prescribed in Article 14.
- ③ When paying profit dividends with stocks, the Company may issue new stocks to be allotted to common stocks with common stocks and class stocks subject to a resolution of a general meeting of shareholders, and new stocks to be allotted to class stocks shall be the same class stock.

Article 49-2 (Quarterly Dividends)

- ① The Company may distribute dividends by quarters pursuant to Article 165-12 of the Financial Investment Services and Capital Market Act to shareholders as of the end of March, June and September from the commencement of fiscal year. Quarterly dividends shall be paid with money.
- ② Quarterly dividends in Paragraph 1 shall be subject to a resolution of the board of directors; however, the resolution concerned shall be adopted within 45 days from the record date under Paragraph 1.
- ③ Quarterly dividends shall be limited to the amount subtracting the amount under following subparagraphs from net assets worth at the balance sheet of the preceding period for settlement of accounts:
 - (1) Amount of equity capital of the preceding period for settlement of accounts;
 - (2) Accumulated amount of retained earnings and capital reserve reserved until the preceding period for settlement of accounts;
 - (3) Unrealized profit as prescribed by the Enforcement Decree of Commercial Act;
 - (4) Amount to distribute dividends determined by the regular general meeting of shareholders of the preceding period for settlement of accounts;
 - (5) Voluntary reserve reserved for specific purpose pursuant to the resolution of a general meeting of shareholders or provisions of the articles of incorporation until the preceding period for settlement of accounts;
 - (6) Retained earnings which need to be reserved during the given period for settlement of accounts pursuant to quarterly dividends;
 - (7) Accumulated amount of the amounts when quarterly dividends are paid during the given fiscal year;

④ When the Company issues new stocks prior to the record date under Paragraph 1 after the commencement date of fiscal year (including capitalization of reserve, stock dividends, request to covert convertible bonds, exercise of subscription right of bonds with warrants), the provisions in Article 10 shall apply *mutatis mutandis* to new stocks of the given year for quarterly dividends.

⑤ <Deleted>

Article 49–3 (Retirement of Stocks)

<Deleted>

Article 50 (Statute of Limitation for Claims for Payment of Dividends)

① The statute of limitation for claims for payment of dividends shall expire unless exercised for 5 years.

② Dividends from the expiration of the statute of limitation in Paragraph 1 shall be attributed to the Company.

Chapter 7 ADDENDA

Article 1 (Amendments to Articles of Incorporation)

Amendments to the articles of incorporation of the Company shall be subject to a resolution of a general meeting of shareholders.

Article 2 (Detailed Regulations and Bylaws)

Detailed regulations and bylaws required for execution of business affairs and management of the Company shall be determined and implemented by the board of directors.

Article 3 (Enforcement Date)

The articles of incorporation shall enter into force on March 28, 2023.

December 28, 1973	Enacted
January 3, 1974	Amended
January 4, 1974	Amended
January 5, 1974	Amended

January 09, 1974 Amended
January 10, 1974 Amended
January 15, 1974 Amended
February 22, 1974 Amended
September 27, 1978 Amended
December 14, 1978 Amended
March 11, 1980 Amended
March 18, 1980 Amended
August 31, 1981 Amended
October 12, 1981 Amended
July 03, 1982 Amended
December 4, 1982 Amended
June 29, 1983 Amended
September 1, 1984 Amended
October 4, 1984 Amended
August 1, 1987 Amended
March 26, 1988 Amended
December 22, 1989 Amended
November 26, 1991 Amended
November 30, 1991 Amended
June 01, 1992 Amended
June 03, 1992 Amended
June 20, 1992 Amended
March 11, 1993 Amended
September 24, 1993 Amended
October 28, 1993 Amended
December 29, 1993 Amended
March 16, 1995 Amended
March 15, 1996 Amended
March 24, 1997 Amended
March 27, 1998 Amended
March 20, 1998 Amended

March 24, 2000	Amended
March 16, 2001	Amended
March 15, 2002	Amended
March 14, 2003	Amended
March 19, 2004	Amended
March 18, 2005	Amended
March 17, 2006	Amended
March 16, 2007	Amended
March 14, 2008	Amended
March 13, 2009	Amended
March 12, 2010	Amended
March 11, 2011	Amended
March 16, 2012	Amended
March 25, 2016	Amended
March 29, 2018	Amended
March 26, 2019	Amended
May 31, 2019	Amended
March 24, 2021	Amended
March 28, 2023	Amended

Article 4 (Appendix)

Appendix 1 and Appendix 2 shall constitute the portion of the articles of incorporation.

<Appendix 1>

Conditions and Details of Preferred Dividends

The Company shall be obligated to distribute preferred dividends for Class 4 Stocks in cases where the Company has distributable profits in each fiscal year for 5 years from the issuance date (excluding the extended period if the redemption period is extended), and when the Company fails to pay dividends for Class 4 Stocks in accordance with the preferred dividend rate, the dividends for common stocks shall not be distributed during the fiscal year concerned. When the Company fails to pay certain dividends for Class 4 Stocks in any given fiscal year, the accumulated unpaid dividends shall be preferentially distributed during the payment of dividends in the following fiscal year.

The Company shall calculate and pay the dividends for Class 4 Stocks based on the following formula subject to a resolution of a general meeting of shareholders within the scope of distributable profits calculated in accordance with the Commercial Act and applicable statutes (Provided that when the dividend rate of common stocks exceeds the dividend rate of preferred stocks, the dividends shall be paid in the same rate with that of common stocks for the portion in excess, and the amount of dividend per share shall be increased accordingly):

– Dividend per share = issuance price per share x preferred dividend rate

The record date of dividend payout for each fiscal year shall be as prescribed in Article 10 of the articles of incorporation.

When the preferred dividend rate becomes zero as the preferred dividends are reduced pursuant to the agreement with the shareholders holding Class 4 Stocks, the restrictions on common stocks due to preferred dividends above shall be rescinded.

<Appendix 2>

Adjustment Formula for Conversion Price

The Initial Conversion Price shall be the issuance price of Class 4 Stock. It means that the conversion rate shall be 1-to-1, but shall be adjusted as follows. Upon a number of grounds for conversion, adjustments shall be made cumulatively. When the conversion price increases based on the results from adjustments to the conversion price, the Company shall engage in the procedure of capital reduction required by the Commercial Act when necessary:

(A) Dilutive Adjustment

(1) When division, merger, merger after division, comprehensive swap of shares, comprehensive transfer of shares or reduction of capital (the “Merger, etc.”) of the Company are conducted, the conversion prices shall be adjusted in order for shares and other properties of the company (or the succeeding company during the Merger, etc. or parent company, etc.) to be received in the quantity which would have been distributed for common stocks deemed to be converted if Class 4 Stocks had been converted to common stocks prior to such Merger, etc., and the Company shall take necessary measures for such adjustments as part of procedures for such Merger, etc., and shall not engage in the Merger, etc. without taking such measures.

(2) When Class 4 Stock is split or consolidated, the conversion price of Class 4 Stock shall be adjusted corresponding to the ratio of such split or consolidation, and the amount equivalent to a fractional share less than one share shall not be converted where cash will be paid at the issuance of stock certificate.

(3) When the Company conducts the capital increase with/without considerations or pays dividends at the issuance price per share, conversion price or exercising price lower than the existing conversion price or issues stock-related bonds convertible or exchangeable with the stock of the Company, the conversion price shall be adjusted by the same method.

Conversion price following adjustments = conversion price prior to adjustments x {the number of stocks previously issued + (the number of stocks newly issued x issuance price per share/conversion price prior to adjustments)} ÷ (the number of stocks previously issued + the number of stocks newly issued)

From the formula above, (i) the “number of stocks previously issued” shall be the total number of stocks issued as of the date immediately before the grounds for adjustments arise in the given year, (ii) the “number of stocks newly issued” shall mean the number of stock actually issued or the number stocks issued to the holders of bonds or holders of subscription rights to new stocks by exercising the conversion right or subscription right to new stocks in cases where convertible bonds or bonds with warrants are issued, and (iii) the “issuance price per share” shall be zero (0) in cases of capital increase without consideration or dividend payout, and shall mean the conversion price or exercising price in cases where convertible bonds or bonds with warrants are issued. Following the adjustments according to the formula above, the conversion price below KRW unit shall be discarded.

(B) Value adjustments: The conversion price shall be adjusted according to the formula below when the adjusted amount below arises:

Adjusted conversion price = $A * B / (A - X)$

X = (Adjusted amount due to the grounds of Daewoo Shipbuilding – Preferred dividend amount reduced (up to ₩62.5 billion KRW) – the amount multiplying ₩25 billion KRW by the years passed from the redemption deadline until the time of exercising) – Adjusted amount for the grounds of the Company

A = Total amount of issuance price of Class 4 Stock, ₩1,250,000,051,328 KRW

B = Issuance price per share of Class 4 Stock, ₩137,088 KRW: Provided that in cases of dilutive adjustments under (A) above, it shall mean the conversion price following such adjustments.