

Hyundai Heavy Industries Co., Ltd.
Notes to Non-Consolidated Financial Statements

December 31, 2008

14 Retirement and Severance Benefits:

Accrued severance benefits of December 31, 2008 and 2007 are as follows:

<i>In thousands of Won</i>	<u>2008</u>	<u>2007</u>
Beginning balance	₩ 1,190,834,067	1,135,188,486
Retirement and severance payment	(169,062,230)	(143,195,698)
Provisions	230,151,603	198,841,279
	<u>1,251,923,440</u>	<u>1,190,834,067</u>
Less: Retirement and severance insurance	(1,080,063,958)	(1,042,794,852)
National pension	(32,841,150)	(37,173,633)
Ending balance	₩ <u>139,018,332</u>	<u>110,865,582</u>

Accrued retirement and severance benefits are funded approximately 86.3% and 87.6% as of December 31, 2008 and 2007, respectively, through certain insurance plans with Kyobo Life Insurance Co., Ltd. and other insurance companies. The unused portion of retirement and severance insurance deposits for these insurance plans is deducted from accrued severance benefits.