

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

December 31, 2009 and 2008

14. Retirement and Severance Benefits

Accrued severance benefits of December 31, 2009 and 2008 were as follows:

<i>(In thousands of Won)</i>	2009	2008
Beginning balance	₩ 1,251,923,440	1,190,834,067
Retirement and severance payment	(164,508,686)	(169,062,230)
Provisions	138,734,091	230,151,603
	<u>1,226,148,845</u>	<u>1,251,923,440</u>
Less: Retirement and severance insurance	(1,022,621,872)	(1,080,063,958)
National pension	(29,049,871)	(32,841,150)
Ending balance	₩ <u>174,477,102</u>	<u>139,018,332</u>

Accrued retirement and severance benefits are funded approximately 83.4% and 86.3% as of December 31, 2009 and 2008, 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.