

[Translation]

# **Articles of Incorporation**

**Hyundai Heavy Industries Co., Ltd.**

## **CHAPTER 1 . GENERAL PROVISION**

### **Article 1. (Trade Name)**

The name of this Company (the "Company") shall be Hyundai Heavy Industries Co., Ltd. ("HHI" in shortened form).

### **Article 2. (Purposes)**

The purposes of the Company shall be as follows:

- (1) Building, repairing and selling of ships.
- (2) Manufacturing and selling of industrial machinery.
- (3) Manufacturing and selling of spare parts and steel structures of ships.
- (4) Inspection and appraisal of steel-works in shipbuilding.
- (5) Trade business.
- (6) Business of manufacturing and selling anti-pollution equipments.
- (7) Business of purchasing, selling and leasing real estates.
- (8) Tourism business and other business relating thereto (except for tourist brokerage business)
- (9) Business of manufacturing equipments and facilities relating to nuclear reactors.
- (10) Business of electric works.
- (11) Business of exporting industrial facilities.
- (12) Business of operating leisure & sports facilities
- (13) Business of operating amenities (restaurants, tea shops, beauty shops and barber shops)
- (14) Business of operating recreation facilities and performance halls.
- (15) Business of operating welfare facilities (libraries and nursery schools).
- (16) Business of constructing firefighting facilities.
- (17) Machine industry (manufacturing and selling of internal combustion engines/turbine, shaft, power transmission equipment, valve/pipe connection, mold, cast-iron, pump/electromotor, paper-pulper, paper mill, material handling equipment, metal working machine tools)
- (18) Business of manufacturing heat-balance equipment and machinery and constructing special heat-balance equipment and machinery
- (19) Business of designing and constructing treatment facilities for wastes.
- (20) Telecommunication construction business.
- (21) Educational works
- (22) Business of providing services for industrial facilities.
- (23) Overseas construction businesses (comprehensive construction works, general construction works, telecommunication construction works, special construction works and electric works)
- (24) Domestic construction business (establishment of steel structure, civil

engineering works, construction works, pavement work and steel tower structure construction)

- (25) Manufacturing and sale of industrial robots, medical robots and related automation facilities
- (26) Manufacturing and sale of automation system
- (27) Manufacturing and sale of laser system
- (28) Manufacturing and sale of product distribution system
- (29) Manufacturing and sale of operating model and equipment for exhibitions
- (30) Manufacturing and sale of steel tower for distribution of electricity
- (31) Manufacturing of metallic materials for structure
- (32) Research and development of steel tower technology
- (33) Manufacturing of automobile parts
- (34) Development and sale of domestic and overseas resources
- (35) Business of manufacturing machinery and materials for shipbuilding (manufacturing and selling of ship engine, stern tube, shaft, propeller, anchor and rudder, electric machinery and tools, and manufacturing and servicing on engine parts).
- (36) Manufacturing and sale of oil and air pressure equipment and facilities utilizing oil pressure
- (37) Manufacturing and sale of electricity equipment for generating, sending, changing and distributing electricity
- (38) Manufacturing and sale of electric equipment for railway carriages
- (39) Manufacturing and sale of electric power, electric equipment, industrial control equipment and control system
- (40) Manufacturing and sale of electric equipment and measuring equipment
- (41) Research and development of electricity equipment technology
- (42) Providing machinery installation and educational services
- (43) On-site engineering
- (44) Operation and maintenance of facilities
- (45) Operation and management of planning business in industrial field
- (46) Producing and recycling of parts
- (47) Manufacturing, selling, repairing and importing of construction machinery, industrial delivery machinery, agricultural machinery and related parts thereof and selling of used machinery and equipment.
- (48) Manufacturing and sale of industrial trucks, loading machines, transporting and loading machines, and related parts
- (49) Manufacturing, sale and repair of industrial machinery
- (50) Leasing construction machinery and equipment, industrial transporting machines
- (51) Construction of housing and land reclamation
- (52) Engineering activities and businesses
- (53) Designing and construction of purification system for sewage and sewage from animal husbandry
- (54) Transporting of freight trucks
- (55) Business of consulting (specializing in technology)
- (56) Dispatching manpower

- (57) Manufacturing of machinery equipment for guided flying object and launch vehicle
- (58) Business of integration system (to develop and supply software, and to analyze, develop, install and establish integrated automated system)
- (59) Manufacturing and selling of wire and wireless communication facility
- (60) Manufacturing and selling of traffic control system
- (61) Business of intermediary treatment of wastes
- (62) Supply of steam energy and heated water
- (63) Business of stadium operation
- (64) Business of energy conservation
- (65) Oil field development, manufacturing and sale of oil production facility, setting-up service and any business subordinated thereto
- (66) Installation of offshore structures and leasing offshore facility
- (67) Information business
- (68) Business management and technology service business
- (69) Sale of used steel
- (70) Manufacturing and sale of telecommunication equipment
- (71) Manufacturing and sale of navigation and measurement system
- (72) Manufacturing and sale of naval weaponry
- (73) Electricity safety management
- (74) Manufacturing and sale of new & renewable energy products, new & renewable energy facilities engineering, developing, building and managing of new & renewable energy plants
- (75) Manufacturing and sale of diode, transistors and similar semiconductors
- (76) Internet order selling business
- (77) Domestic and overseas forestry
- (78) Sale of domestic and overseas wood and forestry products
- (79) Planning and management of forestry and preventing diseases in plants
- (80) Tree hospitals, civil engineering of forest, developing mountain resorts
- (81) Research, development and any relevant businesses of domestic and overseas food resources from agriculture and stockbreeding
- (82) Producing, distributing, processing, selling, importing and exporting of food resources and farming business in domestic and overseas
- (83) Marine transportation business
- (84) Ship charter business & ship management business
- (85) Shipbroker & shipping agency business
- (86) Any or all businesses incident to each item

**Article 3. (Office Location)**

1. The Company shall have its head office in Ulsan City.
2. The Company may establish its branch office at such places as may be required for the purpose of business, in accordance with the resolutions of the Board of Directors.

**Article 4. (Method of Public Notices)**

Public notices of the Company shall be given on the company's Web site

(<http://www.hhi.co.kr>) . ; provided that in case such notices cannot be given on the company Web site due to computer problems or other reasons, it may be published in “The Korea Economic Daily.”

## **CHAPTER II. SHARE AND SHARE CERTIFICATE**

### **Article 5. (Total Number of Authorized Shares)**

The total number of shares which the Company is authorized to issue shall be One Hundred Sixty Million (160,000,000) shares.

### **Article 6. (Par Value per share)**

All shares issued by the Company shall have a par value of Five Thousand (5,000) Won each.

### **Article 7. (Total Number of shares to be Issued at the Time of Incorporation)**

Deleted

### **Article 8. (Class of Shares)**

The shares to be issued by the Company shall be common shares in registered form and preferred shares in registered form.

### **Article 8-2. (Number and Contents of Preferred Shares)**

- (1) The number of non-voting preferred shares shall be Twenty Million (20,000,000) Shares.
- (2) The dividend rate in respect of non-voting preferred shares shall be determined at a rate of not less than 1% which is based upon par value thereof by a resolution of the Board of Directors at the time of issuance of the relevant preferred shares.
- (3) In case the dividend rate of common shares exceeds the dividend rate in respect of preferred shares, the holders of preferred shares shall additionally participate in the distribution of dividends at a rate equal to such excess rate.
- (4) In case dividends are not distributed in respect of preferred shares in a fiscal year, the cumulative unpaid dividends shall be distributed in priority in the following fiscal year.
- (5) In case a resolution is adopted that the dividends are not distributed in respect of preferred shares, the holders thereof shall be entitled to exercise voting rights from and including the general meeting of shareholders following the general meeting of shareholders at which such resolution is adopted until the close of the general meeting of shareholders at which a resolution to pay preferably dividends is adopted.
- (6) In the case of rights issue or bonus issue, the allocation of new shares in respect of preferred shares shall be common shares or shares of the same kind of bonus issue, respectively.
- (7) The existence period of preferred shares shall be determined by a resolution of

the Board of Directors within five to ten years from the issuance of such shares, and at the end of the period, preferred shares shall be converted into common shares. If dividends are not paid during the period, the period shall be extended until such dividends are paid. In such case, the provisions of Article 10 shall apply *mutatis mutandis* to dividends of profit to shares to be issued as a result of conversion.

#### **Article 9. (Pre-emptive Rights)**

(1) New shares to be issued by the Company shall be allocated to the shareholders in proportion to their respective shareholdings.

(2) Notwithstanding the provisions of Paragraph (1), new shares may be allocated by the resolution of the Board of Directors to persons other than shareholders in each of the following cases:

1. If the shareholders relinquish their preemptive rights to purchase new shares;
2. If the Company issues new shares not exceeding 30 per cent of the total number of existing shares through a public offering;
3. If the Company allocates new shares preferentially to the members of the Employee Stock Ownership Association in accordance with Article 165-7 of the Capital Market and Financial Investment Business Act; (*Act Mar. 13. 2009*)
4. If the Company issues new shares for the issuance of depositary receipts in accordance with Article 165-16 of the Capital Market and Financial Investment Business Act; (*Act Mar. 13. 2009*)
5. If the Company issues new shares in consideration for capital contribution in kind;
6. If the Company issues new shares upon exercise of the stock option pursuant to Article 340-2 and 542-3 of the Commercial Act; (*Act Mar. 13. 2009*)
7. If the Company issues new shares not exceeding 30 per cent of the total number of existing shares to financial institutions or investing institutions in consideration for emergency financing; or
8. If the Company issues new shares not exceeding 30 per cent of the total number of existing shares to a business partner for introduction of important technology, research & development, manufacturing, sales and capital affiliation

(3) In the event that any shareholder loses his or her preemptive right and there are any fractional shares, such matters shall be determined by a resolution of the Board of Directors.

#### **Article 9-2. (Stock Option)**

(1) Pursuant to a special resolution of the general meeting of shareholders, the Company may grant, subject to the limit of 15 per cent of the total shares issued and outstanding, to its executives and employees (including executives and employees of an affiliate of the company under Article 9 of the Enforcement Decree of the Commercial Act, and the same shall apply hereinafter) a stock option prescribed by Article 340-2 and 542-3 of

the Commercial Act; provided, however, that the stock options may be granted by a resolution of the board of directors, to the extent not exceeding 1 per cent of the total shares issued and outstanding. In case of the foregoing, the Company should get approval from the first general meeting of shareholders which is summoned after the

grant of stock options. Stock options granted by the general meeting of shareholders or the Board of Directors may be performance-linked, such that the stock options are linked to management goals, market indices or etc. (*Act Mar. 13. 2009*)

(2)

The executives and employees of the Company to receive the stock options shall be those who have contributed, or have the ability to contribute, to the Company with respect to the establishment and management, overseas business or technological innovations thereof; provided, however, that the persons who fall under any of the following shall be excluded. However, that the foregoing shall not be applied to a person who becomes a specially-related person (meaning a person under Article 13-4 of the Enforcement Decree of the Commercial Act, and the same shall apply hereinafter) by becoming an executive of the Company (including a non-full time executive of a subsidiary of the Company). (*Act Mar. 13. 2009*)

1. the largest shareholder (as defined in Article 542-8(2)(5) of the Commercial Act, and the same shall apply hereinafter ) or its specially related person; (*Act Mar. 13. 2009*)

2. a major shareholder (as defined in the provisions of Article 542-8(2)(6) of the Commercial Act, and the same shall apply hereinafter) or its specially related person; (*Act Mar. 13. 2009*)

3. any person who becomes a major shareholder by exercise of his stock option;

(3) The shares (which shall mean, in respect of cash distributions of the difference between the exercise price of the stock option and the market price of such share, the shares which shall be the basis of the calculation of such difference) to be delivered pursuant to the exercise of the stock option shall either be registered common shares or registered preferred shares.

(4) The stock option shall not be granted, at the same time, to officers and all employees working for the Company, and the total number of options which may be granted to a single officer or employee shall not exceed 10% of the total number of issued and outstanding shares.

(5) The price per share upon the exercise of a stock option shall be no less than the following prices; the foregoing shall apply to the adjustment in the price at which the stock option is exercised after such option is granted:

1. In the case that new shares are issued and delivered, the higher of the following prices:

a. the face price of the share at the date of granting stock options under the provisions of Article 340-3(2)(3) of the Commercial Act ; (*Act Mar. 13. 2009*)and

b. the par value of the share.

2. In transference of the treasury stocks, the face price of the share at the date of granting stock options under the provisions of Article 340-3(2)(3) of the Commercial Act; (*Act Mar. 13. 2009*)

(6) Stock options may be exercised within 2 years from the third anniversary of the date of the resolution of the general meeting of shareholders by which such options were granted.

(7) A grant of stock options may be canceled pursuant to a resolution of the Board of Directors in any of the following cases:

1. if the executive or employee who received stock options retires or resigns at his/her own volition;
2. if the executive or employee who received stock options has caused material loss or damage to the Company either by willful misconduct or negligence;
3. if the Company is not able to comply with or honor the exercise of stock options, due to its bankruptcy or dissolution; or
4. upon the occurrence of any other causes for cancellation prescribed by any agreement between the Company and the relevant officer or employee regarding the granting of the stock option.

(8) Any person who is granted a stock option may exercise the option after he works for the Company for at least two years from the date when the resolution under Paragraph (1) above is made; provided, however, that the foregoing shall not apply to a person who is retired or resigns for cause not attributable to the fault of such person such as death and retirement or resignation under the age limit.

(9) The provisions of Article 10 shall apply, *mutatis mutandis*, to the profit dividend in respect of new shares issued by the exercise of stock options.

#### **Article 10. (Date Measurement of Dividends for New Shares)**

In case that the Company issues new shares by rights issue, bonus issue or stock dividend, the new shares shall be deemed to have been issued at the end of the fiscal year immediately preceding the fiscal year in which the new shares are issued.

#### **Article 11. (Kind of Share Certificate)**

Share certificate of the Company shall be issued in eight (8) denominations of one (1), five (5), ten (10), fifty (50), one hundred (100), five hundred (500), one thousand (1,000) and ten thousand (10,000) share(s) per certificate.

#### **Article 12. (Transfer of Shares)**

- (1) The Company may have a transfer agent for shares.
- (2) Such a transfer agent, the place of business, and the scope of its agency business shall be decided by the resolution of the Board of Directors.
- (3) The Company shall keep the shareholder registry or the duplicate thereof at the office of the transfer agent and let the transfer agent handle the transfer of registration and the registration of creation or cancellation of the pledge, the representation or cancellation of property trusted, the issuance of share certificates, the receipt of reports and other activities related thereto.
- (4) The procedures to implement the provisions of Paragraph (3) shall follow the Regulations on Transfer Agency Activities and more of Transfer Agents.

#### **Article 13. (Report of Address, Name and Seal of Shareholders and Others)**

- (1) Shareholders and registered pledgees should report their names and seals to the Company or the transfer agent described in Article 12.

- (2) Shareholders and registered pledgees who reside in a foreign country shall designate and report the place and agent in Korea to which notices can be made.
- (3) The same shall apply in case of any changes to the matters in Paragraphs (1) and (2).

**Articles 14. (Closing of Shareholders' Register and Record Date)**

- (1) The Company shall suspend any entry into or modification of the Shareholders' Register of any share rights from January 1 to January 31 of every year.
- (2) The Company shall let the shareholder who is registered in the Shareholders' Register as of the last day of each financial period exercise his rights thereof at the ordinary general meeting of shareholders regarding the relevant financial period.
- (3) The Company may, in case of extraordinary general meeting of shareholders or if necessary for whatever reasons, close the Shareholders' Register for a certain period not exceeding three (3) months by giving at least two (2) weeks' prior public notice, or set the record date by resolution of the Board of Directors; provided, however, that if the Board of Directors deems necessary, the Company may close the Shareholders' Register and set the record date simultaneously.

**CHAPTER III. BONDS**

**Article 15. (Issuance of Convertible Bonds)**

- (1) Pursuant to a resolution of the Board of Directors, the Company may issue convertible bonds to persons other than shareholders of the Company in each of the following cases to the extent that the aggregate face value of the bonds shall not exceed Four Hundred Billion (400,000,000,000) Won.
1. when issuing convertible bonds by way of a public offering;
  2. when the shareholders relinquish their preemptive rights to purchase convertible bonds;
  3. when issuing convertible bonds to a business partner for introduction of important technology, research & development, manufacturing, sales and capital affiliation; or
  4. when issuing convertible bonds to domestic or foreign financial institutions for emergency financing
- (2) The Board of Directors may determine that the convertible bonds referred to in Paragraph (1) may be issued on the condition that conversion rights will be attached to only a portion of the convertible bonds.
- (3) The shares to be issued upon conversion shall be either common shares to the extent that the total face value of the convertible bonds will not exceed Two Hundred Billion (200,000,000,000) Won or preferred shares to the extent that the total face value of the convertible bonds will not exceed Two Hundred Billion (200,000,000,000) Won. The conversion price shall not be less than the par value of the shares as determined by the Board of Directors at the time of the issuance of the relevant convertible bonds.
- (4) The period during which conversion may be requested shall be from the date following the date of issuance of the convertible bonds to the day immediately before

the date of maturity, provided that the period can be adjusted by the Board of Directors during the period aforementioned.

(5) As to the interest or dividend on the shares to be issued due to conversion, Article 10 will apply *mutatis mutandis*.

#### **Article 16. (Issuance of Bonds with Warrants)**

(1) The Company may issue bonds with warrants to persons other than shareholders of the Company in each of the following cases, pursuant to the resolution of the Board of Directors, to the extent that the aggregate face value of the bonds shall not exceed Four Hundred Billion (400,000,000,000) Won.

1. when issuing bonds with warrants by way of a public offering;
2. when the shareholders relinquish their preemptive rights to purchase bonds with warrants
3. when issuing bonds with warrants to a business partner for introduction of important technology, research & development, manufacturing, sales and capital affiliation; or
4. when issuing bonds with warrants to domestic or foreign financial institutions for emergency financing

(2) The amount of new shares which can be subscribed for by the holders of the bonds with warrants shall be determined by the Board of Directors, provided that the maximum amount of such new shares shall not exceed the aggregate face value of the bonds with warrants.

(3) The shares to be issued upon exercise of warrants shall be either common shares to the extent the total face value of the bonds with warrants will not exceed Two Hundred Billion (200,000,000,000) Won or preferred shares to the extent that the total face value of the bonds with warrants will not exceed Two Hundred Billion (200,000,000,000) Won. The issue price shall not be less than the face value of the share prices as determined by the Board of Directors at the time of the issuance of the relevant bonds with warrants.

(4) The period during which a bondholder may exercise his warrants shall be from the day following the date of issuance of bonds with warrants to the day immediately before the date of maturity, provided that the period can be determined by the Board of Directors within the period aforementioned.

(5) As to the dividend on the shares to be issued upon exercise of the warrants, Article 10 will apply *mutatis mutandis*.

### **CHAPTER IV. GENERAL MEETING OF SHAREHOLDERS**

#### **Article 17. (Convening of Meeting)**

(1) The ordinary general meeting of shareholders of the Company shall be convened within three (3) months after the end of each fiscal year and an extraordinary general meeting of shareholders shall be convened from time to time whenever deemed necessary by the Board of Directors or pursuant to the relevant laws and regulations.

(2) Unless otherwise agreed by all the shareholders, no subject matters other than those notified to shareholders in advance shall be placed on agenda at the general shareholders meeting.

(3) The general meeting shall be held where the Company's head office is located.

(4) The general meeting of shareholders shall be convened by the Representative Director or the Director delegated by the Representative Director.

#### **Article 17-2. (Respect of Minor Shareholders)**

The Company shall respect each right of a holder of a share or minor shareholders as acknowledged under the Commercial Code and related law and regulations.

#### **Article 18. (Notice of Convening a Meeting and Public Notice)**

(1) For convening a general meeting of shareholders, a written notice or electronic mail specifying the date, time, place, and purpose of such meeting shall be sent to each shareholder two (2) weeks prior to the date of the general meeting of shareholders.

(2) For the shareholders holding no more than one percent (1%) of the total number of issued and outstanding shares, the written notice or electronic mail referred to in Paragraph 1 may be replaced with a public notice, which provides information regarding the general meeting of shareholders, along with the meeting agenda, to be published no less than twice in "The Korea Economic Daily" and "The Maeil Economic Daily" in Seoul or posted at the Data Analysis, Retrieval and Transfer(DART) System which is operated by the Financial Supervisory Service or Korea Exchange. Said public notice shall be published or posted at least two weeks prior to the meeting date. (*Act Mar. 13. 2009*)

#### **Article 19. (Chairman)**

The chairman of the general meeting of shareholders shall be the Representative Director of the Company. In case of the absence of the Representative Director, the Director nominated by the Representative Director, or if there is no such nomination, one of the Directors shall act the office thereof.

#### **Article 20. (Chairman's Right to Maintain Order)**

(1) The chairman of a general meeting of shareholders may order any person to stop or withdraw his statement or retire from the place of such meeting, if such person intentionally speaks and behaves to obstruct proceedings or disturbs order substantially.

(2) The chairman of a general meeting of shareholders may restrict the time and number of statements of the shareholders when deemed necessary for the smooth proceeding of the meeting.

#### **Article 21. (Voting Rights of Shareholders)**

Each shareholder shall have one vote per share.

#### **Article 22. (Exercise of Voting Right in Disunity)**

(1) In case that a shareholder representing two or more voting rights wishes to exercise his voting rights in disunity, he should notify the Company, in writing, of such

intention and the reason thereof, three (3) days prior to the scheduled date of meeting.

(2) The Company may disapprove the shareholder's exercising voting right in disunity; however, the foregoing provision shall not apply in case that such shareholder has subscribed a trust or holds shares for the benefit of other persons.

**Article 23. (Voting of Proxy)**

(1) A shareholder may exercise his voting right by appointing a proxy.

(2) The proxy of the preceding paragraph should submit a document evidencing his power of representation (Letter of Proxy) prior to the opening of a general meeting of shareholders.

**Article 24. (Constitution and Resolution of General Shareholders Meeting)**

Unless otherwise provided by law, all resolutions of a general meeting of shareholders of the Company shall be adopted by an affirmative vote of a majority of the shareholders who attend the general meeting of shareholders; provided that such affirmative vote should be at least one-fourth of the total issued and outstanding shares.

**Article 25. (Minutes of General Meetings of Shareholders)**

The proceedings of a general meeting of shareholders shall be recorded in the minutes and such minutes shall be signed and sealed by the chairman and the Directors present and shall be kept at the head office and the branch offices.

**CHAPTER V. DIRECTORS, BOARD OF DIRECTORS**

**Article 26. (Number of Directors)**

(1) The Company shall have no less than six (6) directors.

(2) The Board of Directors of the Company shall have three or more outside directors, but the number of outside directors shall be a half or more of the total number of directors; provided, however, that, if the number of outside directors does not, by their vacancy, constitute the requisite number, such requisite number shall be satisfied at the first general meeting of shareholders after such cause therefor occurs.

**Article 27. (Election of Directors)**

(1) Directors shall be elected at a general meeting of shareholders. Outside directors under Article 26 shall be recommended by the Outside Director Nominating Committee, and a separate election shall be made in respect of a director who will be a member of the Audit Committee other than a outside director under Article 42-3.

(2) Directors shall be elected by a majority vote of the shareholders who attend the general meeting of shareholders; provided that such majority should be at least one fourth of the total issued and outstanding shares.

(3) If two or more Directors are elected, a shareholder may exercise only one voting rights with respect to every single shares held and Article 382-2 of the

Commercial Code shall not apply.

**Article 28. (Term of Office of Director)**

(1) The term of office of Directors shall be three (3) years; provided, in case where such term expires before the ordinary general meeting of shareholders for the latest fiscal period during such term, such term shall be extended until the closing of such meeting.

(2) Directors can be reelected

**Article 29. (Special Election of Director)**

(1) In case of any vacancy in the office of Director, the shareholders at general meeting of shareholders shall elect a director to fill such vacancy. However, if the legal number of Directors is met or if there is no difficulty in the administration of business, the foregoing shall not apply.

(2) The terms of Directors authorized by the special election shall be the residual term of the precedent Directors.

**Article 30. (Duties of Directors)**

The Company shall indemnify the Directors for all the litigation expenses, other losses, damages and liabilities incurred by the Directors in connection with carrying out of their duties, unless such losses, damages or liabilities incur due to the bad will or negligence of such Directors or indemnification therefor is not permitted under the relevant laws.

**Article 31. (Dismissal and Vacancy of Directors)**

(1) Dismissal of Directors shall occur in accordance with Articles 385 and 415 of the Commercial Code.

(2) A Director shall be dismissed automatically upon the occurrence of any of the following cases:

1. when such Director submits a letter of resignation to the Company;
2. when such Director is declared bankrupt;
3. when such Director is adjudged to be incompetent or partially incompetent;
4. when such Director dies.

**Article 32. (Election of Representative Director)**

One or more Representative Directors shall be elected by the Board of Directors.

**Article 33. (Duties of Director)**

(1) The Representative Director shall represent the Company and manage the overall business of the Company.

(2) Directors shall assist the Representative Director and perform the business affairs under their respective charges. In case of absence and inability of the Representative Director, the President, Senior Executive Vice President, Executive Vice President, and Vice President in such order, shall act as Representative Director unless the Representative Director nominates a Director for that purpose.

(3) Directors shall perform their duties in good faith for the Company pursuant to laws and regulations and the Articles of Incorporation.

**Article 34. (Reporting Duty of Directors)**

(1) A Director must report the status of his business administration to the Board of Directors at least once every three months.

(2) In case Directors find the events to damage the Company seriously, the Directors shall report to the Audit Committee immediately.

**Article 35. (Duties of Auditor)**

Deleted

**Article 36. (Auditor's Record Book)**

Deleted

**Article 37. (Composition and Rights of the Board of Directors)**

(1) The Board of Directors shall consist of Directors and shall adopt resolutions regarding important business matters of the Company.

(2) The separate regulations on the Board of Directors may be adopted in respect of delegation of rights, constitution of subcommittees and such other matters necessary for the operation of the Board of Directors.

**Article 38. (Convening of the Meeting of the Board of Directors and Resolution of the Board of Directors)**

(1) The meeting of the Board of Directors shall be convened by the Chairman of the Board of Directors or the Director designated by the Board of Directors. The convening of the meeting of the Board of Directors shall be notified, in writing or not, to each and every Director by no later than one day prior to the meeting; provided that the meeting may be convened at any time without giving such notice if all the Directors agree thereto.

(2) The presence of the majority of the Board of Directors shall constitute a quorum for a meeting of the Board of Directors and the resolution of the Board of Directors shall be adopted by a majority of Directors present at the meeting.

(3) A Director who has a special interest in the resolution shall not exercise his or her voting right.

(4) The Board of Directors may permit so that all or any of the directors do not attend and participate in determining resolutions through telecommunications by which all Directors can send and receive moving pictures and voice each other simultaneously. In such case, the directors not directly attending the meeting shall be deemed to have attended the meeting.

**Article 39. (Chairman)**

(1) The Board of Directors shall elect the Chairman for a term of one year at its first meeting after the ordinary general meeting of shareholders.

(2) The Chairman shall determine the order of Directors who will fill in his position in case he or she may not attend the meeting without having designated a temporary alternate chairman.

(3) In case the Chairman cannot attend the meeting of the Board of Directors, a temporary alternate Chairman shall be designated amongst the Directors and in case no such alternate Chairman has been nominated, the temporary replacement will be determined in accordance with Paragraph 2 of this Article 39.

**Article 40. (Minutes of Meetings of the Board of Directors)**

The Company shall prepare minutes for the meetings of the Board of Directors. The agenda, the substance of the course of the proceedings of a meeting of the Board of Directors, the result thereof and opposing person and his opinion shall be recorded in minutes which shall bear the names and seals or signatures of the Directors present at the meeting.

**Article 41. (Compensation and Retirement Allowance of Directors)**

(1) The compensation for Directors shall be determined by a resolution of the general meeting of shareholders.

(2) Payment of the retirement allowances for Directors shall be in accordance with the regulations for payment of officers' retirement allowances adopted by the resolution of a general meeting of shareholders.

**Article 42. (Committees under Board of Directors)**

(1) The Company shall have the Outside Director Nominating Committee and the Audit Committee under the Board of Directors, and may have a Committee which deliberates and determines on the Company's management strategies and such other matters as delegated by the Board of Directors.

(2) Any Committee under the Board of Directors shall be composed of two or more directors, and the organization and management thereof shall be determined by a resolution of the Board of Directors.

(3) Any of the following matters may not be delegated to Committees:

1. presentation of a proposal which requires an approval of the general meeting of shareholders;
2. appointment and dismissal of the Representative Director;
3. establishment of a Committee and appointment and dismissal of a member thereof; and
4. other matters determined by the Board of Directors.

(4) Each Committee shall notify each director of any resolution it made. In such case, each director so notified may request the convention of the Board of Directors meeting, and the Board of Directors may re-resolve the matter which was already resolved by the relevant Committee.

**Article 42-2. (Outside Director Nominating Committee)**

The Outside Director Nominating Committee shall have a half or more of the total

number of the members as outside directors, and perform duties of nominating outside directors to be elected at a general meeting of shareholders.

**Article 42-3. (Composition of Audit Committee)**

- (1) The Company shall have the Audit Committee under Article 42 (1) in place of auditors.
- (2) The Audit Committee shall be composed of three or more directors.
- (3) At least two thirds of the Audit Committee shall be outside directors and the members who are not outside directors shall be qualified under the requirements of Article 542-10(2) of the Commercial Act. . (*Act Mar. 13. 2009*)
- (4) In respect of the election of a member of the Audit Committee who is not a outside director, where the number of shares with voting rights combined of the largest shareholder and his specially related person, a person holding shares at the calculation of the largest shareholder or his specially related person, and proxy holder whose authority to exercise voting rights is given by the largest shareholder and his specially related person exceeds 3% of the total number of shares issued and outstanding of the Company, the shareholder shall not exercise voting rights with regard to the excess thereof.
- (5) In respect of the election of a member of the Audit Committee who is an outside director, the shareholder who holds 3% or more of the total number of shares issued and outstanding with voting right shall not exercise voting rights with regard to the number of shares held in excess of said 3% level.
- (6) The Audit Committee shall elect a representative by resolution. The chairman of the Audit Committee shall be an outside director.

**Article 42-4. (Duties of Audit Committee)**

- (1) The Audit Committee shall audit the accounts and business of the Company.
- (2) The Audit Committee may request the Board of Directors to convene an extraordinary general meeting of shareholders by submitting a written application which states the objective and purposes thereof.
- (3) The Audit Committee may request a subsidiary of the Company to submit its business report if necessary. In case that subsidiary does not report without delay or that it is necessary to confirm the contents of the report, the Committee may inspect the business and financial conditions of the subsidiary.
- (4) The Audit Committee shall approve the election of an independent auditor.
- (5) The Audit Committee shall deal with matters as delegated by the Board of Directors other than those under Paragraphs (1) through (4).
- (6) The Board of Directors may not re-resolve the matter which was already resolved by the Audit Committee. (*Act Mar. 13. 2009*)

**Article 42-5. (Audit Minutes)**

The Audit Committee shall prepare minutes on an audit which include the substance and results of such audit and which shall bear the name and seal or the signature of the

members of the Committee who have performed such audit.

**Article 42-6. (Election of Independent Auditor)**

The Company shall elect an independent auditor by obtaining the approval of the Audit Committee pursuant to the provisions of the Act on Independent Auditor of Stock Companies, and shall report such election to the general meeting of shareholders during the election year, or to the existing shareholders by written or electronic documents, or shall such election on the company's Web site.

**Article 43. (Appointment and Remuneration of the Management)**

(1) The Company shall have the Management to implement the resolutions of the Board of Directors.

(2) Matters regarding the management shall be determined by the Regulations on the Board of Directors.

**Article 44. (Advisors)**

(1) The Representative Director may, if he deems it necessary, appoint Advisors or Counsel on the recommendation by the Chief Executive Officer.

(2) The Chief Executive Officer may determine and pay the remuneration and expenses of such Advisors and Counsel comparable to those granted to the members of the Management.

**Article 45. (Qualifications of Outside Director)**

The Company may appoint outside directors among those who possess professional expertise or experience or renowned reputations regarding business management, economics, law or relevant technology and are qualified under the requirements of the Commercial Act and other related regulations as may be prescribed. Should any such outside director lose his qualification after he is elected, he shall be required to step down. (Act Mar. 13.2009)

**Article 46. (Preparation and Keeping of Financial Statements and Management Reports)**

(1) The Representative Director shall prepare and submit for auditing by the Audit Committee of the Company, by no later than a date which is six (6) weeks prior to the date of each ordinary general meeting of shareholders, the following documents and the detailed schedules or attachments thereto and management reports and shall submit the following documents and management reports to the ordinary general meeting of shareholders:

(a) Balance Sheet;

(b) Statement of Income; and

(c) Statement of Appropriation of Retained Earnings and Statement of Disposition of Deficit

(2) The Audit Committee shall submit an audit report to the Representative

Director at least one (1) week prior to the date of the general meeting of shareholders.

(3) The Representative Director shall keep the documents referred to in Paragraph (1) above, together with the management reports and the audit report, along with their copies for a period of five (5) years at the Company's head office, and for a period of three (3) years at branch offices, in each case starting from the date no later than one week prior to the ordinary general meeting of shareholders.

(4) The Representative Director shall publish the Balance Sheet without delay upon approval by the meeting of shareholders of the documents referred to in Paragraph (1) above.

## **CHAPTER VI. ACCOUNTING**

### **Article 47. (Business Year)**

Each business year of the Company shall commence on the 1st day of January and end on the 31st day of December of the same calendar year.

### **Article 48. (Disposal of Profit)**

The Company shall dispose of the profits for each business year (including profit surplus carried forward to the current business year) as follows:

- (1) Profit Reserve
- (2) Other Legal Reserves
- (3) Dividends
- (4) Provisional Reserve
- (5) Other Disposal of Profit Surplus
- (6) Profit Surplus carried forward to the next business year

### **Article 49. (Dividend)**

(1) Payment of dividends may be made in cash or shares.

(2) The dividends of paragraph (1) shall be paid to the shareholders or pledgees registered in the Shareholders' Register, as of the last day of each fiscal year.

(3) In case that the Company issued some classes of shares, the dividends may be made in a different class of shares from them with the resolution of the general meeting of shareholders.

### **Article 49-2. (Interim Dividend)**

(1) The Company may provide interim dividends to shareholders at the end of March, June and September pursuant to Article 165-12 of the Capital Market and Financial Investment Business Act. And such dividends shall be made in money. (*Act Mar. 13. 2009*)

(2) The interim dividends under Paragraph (1) above shall be made by a resolution of the Board of Directors, but the resolution shall be made within 45 days from the date under Paragraph (1) above.

(3) The interim dividends shall be limited to the amount after deducting any of the following amounts from net assets amount on the balance sheet of the immediately preceding settlement period:

1. capital amount of the immediately preceding settlement period;
2. capital reserve and profit reserve combined and accumulated until the immediately preceding settlement period;
3. amount as determined for profit dividends at the general meeting of shareholders of the immediately preceding settlement period;
4. voluntary reserves for specific purposes accumulated until the immediately preceding settlement period under the Articles of Incorporation or a resolution of the general meeting of shareholders; and
5. profit reserve to be accumulated for the relevant settlement period pursuant to the interim dividends.

(4) In case the Company issues new shares (including capitalization of reserves, stock dividends, demand to convert convertible bonds and exercise of bonds with warrants) from the commencement of the fiscal year to the date under Paragraph (1) above, the relevant new shares in respect of the interim dividends shall be deemed to have been issued at the end of the fiscal year immediately preceding such fiscal year.

(5) In making interim dividends, the dividend rate of common shares shall apply to the preferred shares under Article 8-2.

#### **Article 49.3 (Redemption and Retirement of Shares)**

(1) The Company may, by a resolution of the Board of Directors, redeem and retire its issued and outstanding shares to the extent of the profit that could be distributed to the shareholders as dividends.

(2) In the event that there is an intent to redeem and retire shares under Paragraph (1) above, the board of directors shall vote on the following matters:

1. Kinds and numbers of shares to be retired;
2. Total value of shares to be acquired for retirement; and
3. Period within which such shares are to be acquired. In this case, the period shall expire prior to the ordinary general meeting of shareholders called for the first time after the resolution of the board of directors.

(3) The Company shall, when acquires its shares for the purpose of retirement under Paragraph (1) above, acquire such shares in compliance with the requirements in each of the following sub-paragraphs:

1. The shares shall be acquired according to the method prescribed in Article 165-2(2)(1) or 165-2(2)(2) of the Capital Market and Financial Investment Business Act.

In the event that the shares are to be acquired according to the method prescribed in Article 165-2(2)(1), the acquisition period and method shall be in conformity with the standards prescribed in the Presidential Decree of the Capital Market and Financial Investment Business Act; (*Act Mar. 13. 2009*)

2. The amount to be paid to acquire the shares for retirement shall not exceed the limit prescribed in the Presidential Decree of the Capital Market and Financial Investment Business Act and shall not exceed the monetary value of dividends available for

shareholders at the end of the relevant business year under Article 462 (1) of the Commercial Act. (Act Mar. 13. 2009)

3. The Company shall, if it retires its shares under Paragraph (1) above, report the specific details of the matters referred to in each subparagraph of Paragraph (2) and the fact of retiring such shares to the ordinary general meeting of shareholders called for the first time after a resolution of the board of directors with respect to the retirement of such share.

**Article 50. (Prescription of Right to Demand Payment of Dividends)**

(1) The right to demand payment of dividends shall be extinguished unless exercised within five (5) years.

(2) The dividends attributable to the right extinguished as provided in paragraph (1) shall belong to the Company.

**CHAPTER VII. APPENDIX**

**Article 1. (Amendment to Articles of Incorporation)**

These Articles of Incorporation may be amended by a resolution of the general meeting of shareholders.

**Article 2. (Internal Rules and Regulations)**

The Board of Directors adopt and implement internal rules and regulations as it deems necessary in order to promote the business and management of the Company.

**Article 3. (Date of Execution)**

The Articles of Incorporation shall be effective from March 11, 2011.

(Article 4. Method of Pubic Notices shall be effective from May 29, 2010.)

Enacted on December 28, 1973

Amended on January 3, 1974

" January 4, 1974

" January 5, 1974

" January 9, 1974

" January 10, 1974

" January 15, 1974

" February 22, 1974

" September 27, 1978

" December 14, 1978

" March 11, 1980

" March 18, 1980

" August 31, 1981  
" October 12, 1981  
" July 3, 1982  
" December 4, 1982  
" June 29, 1983  
" September 1, 1984  
" October 4, 1984  
" August 1, 1987  
" March 26, 1988  
" December 22, 1989  
" November 26, 1991  
" November 30, 1991  
" June 1, 1992  
" June 3, 1992  
" June 20, 1992  
" March 11, 1993  
" September 24, 1993  
" October 28, 1993  
" December 29, 1993  
" March 16, 1995  
" March 15, 1996  
" March 24, 1997  
" March 27, 1998  
" March 20, 1999  
" March 24, 2000  
" March 16, 2001  
" March 15, 2002  
" March 14, 2003  
" March 19, 2004  
" March 18, 2005  
" March 18, 2005  
" March 17, 2006  
" March 16, 2007  
" March 14, 2008  
" March 13, 2009  
" March 12, 2010  
" March 11, 2011