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UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY
HONORABLE JOHN K. SHERWOOD
CASE NO. 16-27041 (JKS)
Chapter 15

In re:

HANJIN SHIPPING CO., LTD.,¹

Debtor in a Foreign
Proceeding.

**FOREIGN REPRESENTATIVE'S
STATUS REPORT FOR SEPTEMBER
23, 2016 STATUS CONFERENCE**

Tai-Soo Suk, the duly appointed foreign representative (the "Foreign Representative") of Hanjin Shipping Co. Ltd. ("Hanjin" or the "Debtor") in connection with the pending proceeding (the "Korean Proceeding") filed by Hanjin under the Debtor Rehabilitation and Bankruptcy Act in the Seoul Central District Court (the "Korean Court") in Seoul, Republic of Korea, hereby provides the following status report in advance of the Court's September 23, 2016 status conference in this case.²

¹ The last four digits of Hanjin Shipping Co., Ltd.'s Business Registration Number are 1835. The Debtor's main corporate and mailing address is Hanjin Shipping Bldg., 25 Gukjegeumyung-Ro 2-Gil, Yeongdeungpo-Gu, Seoul 07327, Korea.

² This status report does not address the motions that are returnable on September 23, 2016, or the appeal filed by certain maritime lien holders.

Status of Financing

1. There have been continuous and ongoing efforts by Hanjin to raise financing for continued operations. Since the filing for rehabilitation in Korea on August 31, 2016, Hanjin has secured approximately \$45 million in financing. Approximately \$37 million is from Hanjin's chairman. The remaining approximate \$8 million was contributed by Hanjin's former chairwoman. The funds have been deposited with Hanjin in Korea.

2. On September 9, 2016, the Korean Court entered an order approving the expenditure of funds by Hanjin for the movement and unloading of vessels in the United States as follows: (i) \$10,205,702 for unloading and port charges for four vessels; (ii) \$4,388,973 for payment of terminal charges; and (iii) \$4,101,737 for bunker fees (the "Expenditure Order"). An unofficial translation of that order is attached as Exhibit A.

3. Additionally, Hanjin has significant accounts receivable from beneficial cargo owners ("BCOs"). The great majority of those receivables are for cargo either already delivered to the BCOs or inland cargo already in container yards. Hanjin expects payments to start being made from BCOs as containers are released following Hanjin's payment to port-service providers and terminal operators. Certain payments have already been received.

4. Korean Airlines, Hanjin's parent company, and Hanjin are finalizing a loan agreement whereby Korean Airlines would loan \$54 million to Hanjin. The funds are planned to be earmarked for continued business operations, including the berthing of ships and the loading and unloading of containers throughout the world.

Payments to Terminals

5. In accordance with the authority granted in the Expenditure Order, Hanjin has made payments to the following terminals for all port charges incurred prior to August 30, 2016:

- SSA/ Oakland International Container Terminal located in Oakland, CA
- PCT/ Pacific Container Terminal located in Long Beach, CA
- YTI/ Yusen Terminal Inc. located in Los Angeles, CA
- WBCT/ West Basin Container Terminal located in Los Angeles, CA
- APMT/ APM Terminal located in Los Angeles, CA
- Houston/ Port Authority of Houston located in Houston, TX
- SCSPA/ South Carolina State Port Authority located in Charleston, SC
- Maher/ Maher Terminal located in New York, NY/NJ
- Boston/ Massachusetts Port Authority located in Boston, MA
- VIT/ Virginia International Terminal located in Norfolk, VA
- Olympic Container Terminal located in Tacoma, WA³

Thus, all inland cargo (including that which was delivered on Alliance vessels) can be retrieved by the BCOs without payment of any terminal charges that Hanjin otherwise would have had to pay to those terminals (and, thereby, attempting to offset such payments against monies due from the BCOs to Hanjin). Hanjin expects that the BCOs pay past due accounts receivable to Hanjin for services rendered heretofore.

Beneficial Cargo Owners

6. In addition to the afore-mentioned payments, all port-service providers and terminal operators have been paid in cash, in advance, for all work required to be performed on Hanjin vessels that have called ports in the United States since entry of the Court’s September 9, 2016 provisional order [Docket No. 102] (the “Provisional Order”).

7. Accordingly, neither Hanjin nor the BCOs have needed to implement the BCO

³ The terminal charges to GPA/ Georgia Port Authority located in Savannah, GA also has been paid, but the stevedore charges have not. Hanjin is working with the stevedores to agree on the appropriate amount so they can get paid. Unfortunately, Everport Terminal located in Oakland, CA has been unresponsive to Hanjin.

protocol attached as Exhibit A to the Provisional Order which was intended to apply to the four vessels identified at the September 9th hearing.

8. Additionally, Hanjin has, or will, issue amended and rerated bills of lading and invoices to the BCOs to reflect charges only up to the port of discharge (a/k/a container yard or “CY”) for containers that were originally contracted to be delivered to the BCOs inland.⁴

9. Since the last status conference on September 16, 2016, the Foreign Administrator’s counsel has hosted two conference calls with counsel for BCOs and other interested parties to attempt to resolve outstanding issues. Additionally, the Foreign Administrator’s counsel has been responding to all inquiries from attorneys for the BCOs and others concerning the status of vessels and payment of terminals.

10. Hanjin’s business people in the United States and Korea have worked virtually around the clock to respond to innumerable inquiries from BCOs and others, as well as on the logistics for berthing and servicing the US bound ships whose expenses were approved in the Expenditure Order as well as the release of inland cargo to customers.

11. Lastly, Hanjin has been informed that certain providers (e.g., railways, marine terminals, container lessors) have been charging Hanjin’s customers more than what Hanjin would have charged to transport the shippers’ cargo. Although Hanjin believes such price gauging is wholly inappropriate and has tried to intervene (including notifying the Federal Maritime Commission), there is nothing more Hanjin or the Foreign Administrator can do.

⁴ As previously reported, Hanjin is currently providing only CY to CY services in the United States (which, in any event, was always the case with the majority of its customer contract terms). All delivery services beyond terminals have been suspended until further notice.

Containers

12. Hanjin does not assert any interest in containers that it does not own or are the subject of a sale-lease-back agreement. Hanjin has so advised the participants on a telephone conference on Thursday, September 22, 2016. Hanjin has not resolved issues relating to the sale-lease-back agreements.

13. Hanjin has advised customers that they should contact the owners of the containers to arrange for inland delivery and their return. As to Hanjin owned containers, Hanjin is finalizing a lease for property located near New York City for the return and storage of Hanjin containers. Hanjin also is working diligently to find space on the west coast for the return and storage of its containers. Moreover, Hanjin has been working with more than 70 marine terminals and off-dock container yards to arrange for return and storage of Hanjin-owned and Hanjin-leased containers. As of the date hereof, Hanjin has been advised by more than 40 of such terminals and yards that they are now at full capacity.

List of U.S. Bound Vessels and Status⁵

14. The following is the status of Hanjin vessels that were bound for ports in the United States as of the commencement of the Korean Proceeding.

Vessel	Status
Hanjin Boston	Departed 9/18.
Hanjin Bremerhaven	Outside U.S. waters/jurisdiction.
Hanjin Croatia	Outside U.S. waters/jurisdiction.
Hanjin Miami	Berthed in New York on September 22, 2016 and then will sail to Wilmington, North Carolina and Savannah, Georgia.
Hanjin Montevideo	Arrested in Long Beach, California after the commencement of the Korean Proceeding. Expressly carved out of the September 9, 2016 Order. ⁶
Seaspan Efficiency	Outer Anchorage.
Hanjin Scarlet	Arrested in Prince Rupert, British Columbia, Canada.
Hanjin Jungil	Outer Anchorage.
Hanjin Marine	Outer Anchorage.
Hanjin Gdynia	Departed 9/14.
Hanjin Greece	Departed 9/15.
Hanjin Vienna	Arrested in Vancouver, British Columbia
Hanjin Baltimore	Arrested in Panama.
Hanjin Chongqing	Currently anticipated to arrive in New York 10/27.

⁵ There have been reports in the media that the Korean Court ordered Hanjin to return all (U.S. and non-U.S. bound) chartered ships to their owners. That report is inaccurate.

⁶ Hanjin has made payments to all bunker suppliers for the Montevideo. Hanjin is still in the process of trying to resolve the other liens on that vessel.

Revised Timeline in Korean Proceeding

15. The Korean Court has set the following revised timeline with respect to the Korean Proceeding.

- a. 9/1/16 (old)-10/10/16 (new): Deadline to submit list of rehabilitation creditors with claim amounts, rehabilitation secured creditors with claim amounts and shareholders.
- b. 10/11/16 (old)-10/25/16 (new): Reporting period for claims.
- c. 10/26/16 (old) -11/15/16 (new): Inspection period for claims.
- d. 11/25/16 (old) - 12/23/16 (new): Deadline to submit rehabilitation plan.

16. An application for further distribution of funds is pending before the Korean Bankruptcy Court. Additionally, the Foreign Representative has applied to the Korean Bankruptcy Court for authority to make expenditures in the ordinary course of business without further court approval. As of the date hereof, no decision has been received.

Ancillary Proceedings

17. The following is a list of each ancillary insolvency proceeding that has been commenced, or will be commenced, by the Foreign Representative, and the status of each:

Jurisdiction	Status
Japan	Commenced and provisional relief granted
United Kingdom	Commenced and provisional relief granted
Singapore	Commenced and provisional relief granted
Germany	Commenced and provisional relief granted
Belgium	To be commenced on or before September 21, 2016
Spain	To be commenced on or before September 23, 2016
Italy	To be commenced on or before September 23, 2016
France	To be commenced on or before September 23, 2016
Australia	To be commenced on or before September 23, 2016
Netherlands	To be commenced on or before September 23, 2016
Canada	To be commenced on or before September 30, 2016

DATED: September 23, 2016

Respectfully submitted,

COLE SCHOTZ P.C.

/s/ Ilana Volkov

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Edward S. Kiel

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