

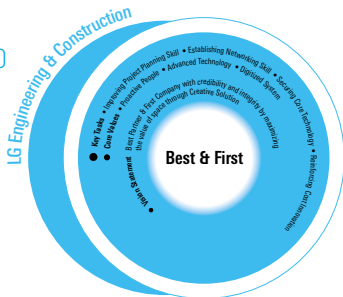
VISION

We are committed to becoming the “best and first” in our industry by creating the finest living and working environments. We will bring together talented people and equip them with state-of-the-art technology to establish an unparalleled standard of quality in the product we deliver to our clients. Our shareholders will prosper as we establish the highest standards in brand identity, market leadership and profitability.

2004 2005 2006 2007 2008 2009



2010

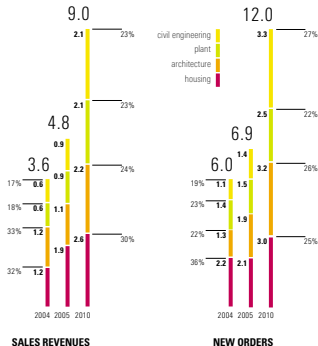


STRATEGY

We will “select and focus” on the four business cores; civil engineering, plant, architecture and housing. While we continue to hone our skills and expertise in these areas, we will pursue opportunities in new arenas as well. To this end, we will remain vigilant for profitable opportunities that compliment the skills and disciplines we have developed. We will look to broaden our business base hence become a world-class total service provider.

(Unit: trillions of Won)

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SALES REVENUES

NEW ORDERS

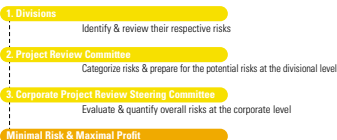
• RISK MANAGEMENT

Risk and opportunity go hand in hand in business. Risk in the construction industry involves construction time, engineering technology, finance, safety, and government policy, not to mention the world economy. As for LG E&C, any poor managerial decisions or mishaps at worksites can result in diminishing quality in products, jeopardizing financial position and compromising the safety of people. The Company-developed, proactive risk management system minimizes this potential and thereby makes a valuable contribution to the Company's continued growth and profitability. An integrated efficient risk management is an integral element for success, LG E&C continues to raise the risk awareness of our employees.

BUSINESS RISKS

Business risks refer to potential losses caused by poor management decisions, employees' activities, operational system shortcomings, or negative outside factors. The Corporate Project Review Steering Committee ensures that only projects, which are identifiably profitable and associated with calculable risks, are accepted. Each division has the Project Review Committee as part of risk management process, which ensures that projects are handled in accordance with the Company's risk management guidelines. LG E&C carries appropriate insurance against liability risks and casualties. The scope of this insurance is reviewed on an ongoing basis and revised as necessary.

Formal Project Risk Management Procedure



FINANCIAL RISKS

Liquidity Risks

Liquidity risk is the risk of having a long-term imbalance between assets and debt, a sudden decrease in the cash balance, liquidity dilemma, and other financial problems that result in insufficient cash to sustain normal business activity. LG E&C's funding strategy seeks to spread out the maturities of borrowings to minimize funding pressure from loan repayment. Importantly, the Company has a variety of lines of credit to ensure smooth cash management and operations.

Foreign Exchange Risks

Foreign exchange risk is the effect that unanticipated or fluctuating exchange rate changes have on the value of assets, liabilities, and potential gain or loss on foreign currency transactions. LG E&C's foreign exchange risk is minimal. Overseas projects represent only a small portion of sales revenue, and many of the materials used in these projects are purchased locally, limiting foreign exchange exposure. Exchange rate fluctuations, too, have little effect on income. The Company's foreign exchange policy with regard to overseas projects is to match cash received with cash paid out to minimize foreign exchange exposure. To cover any mismatch or surplus US Dollar payment, however, the Company maintains foreign currency accounts and borrowings as needed.

Interest Rate Risks

Interest rate risk is defined as the variability of a corporate value due to an unexpected change in market interest rates. This can result from cash flows from material interest bearing assets or liabilities that will produce an interest return or cost. LG E&C has reduced debt in large volume each year. The Company keeps reducing debt for an all-weather sustainability in an unfavorable business climate, uncertain financial market, long-term recession, and emerging new economic paradigm worldwide.

• ENVIRONMENTAL, SAFETY, AND HEALTH POLICY

LG E&C incorporates environmental, safety and health considerations into every project. These concerns for our clients, employees, and the public are an integral part in our corporate ethic. We feel that embracing these highest standards will ultimately create value for our customers and shareholders by enhancing the Company's reputation as a solid corporate citizen. It is our Company policy that we protect the natural environment, safety and health of the public, clients and employees by all means throughout the execution of our business activities with the following principles;

- LG E&C shall establish and maintain the ESH Management System, objectives and targets in accordance with ISO 14001 standard to contribute to continual improvement of natural environment.
- LG E&C shall observe customers' requirements as well as relevant environmental, safety and health legislation and regulations.
- LG E&C shall make every effort to become the best company in ESH performance and to create an accident and injury free culture for the benefit of public, clients and employees by means of identifying ESH issues and controlling them.
- LG E&C shall take part in regional ESH programs and cooperate closely with the regional society.
- All of the LG E&C employees shall reduce the consumption of materials and energy and shall eliminate unnecessary waste generation.

The Management Representative shall ensure that this ESH Policy is fully understood, implemented and maintained at relevant functions and all levels of organizations by means of monitoring it's continued suitability and improving the effectiveness of the documented ESH management system. At LG E&C, all of our employees take part in the ESH Management System and make efforts to enhance the ESH mindset. We will continue to expand on the environmental protection, safety and health management while taking a critical look at existing measures.

ESH MANAGEMENT OVERVIEW

1. Leadership & Culture

Management from top to down will demonstrate, encourage, and participate ESH activities

2. ESH Policy & Goal

The utmost our customer satisfaction and reaching our ZERO INJURY GOAL

3. Organization & Coordination

For successful handling of ESH matters, we establish network between central committee and area management committee. Also we operate different delegations from a view of positive participation by all levels of management supervision.

4. Planning & Risk Management

Instructions/procedures for risk reduction in accordance with our ESH policy.

5. Implementation & Monitoring

We develop detail instructions and systems and safety promotion programs as well as work permit system and site patrol.

6. Auditing & Reviewing

To effectively carry out our regular inspection and audit, we develop risk classification, reporting sequence, non-compliance penalty system, etc. Lessons learned will be feed back to all workers in site.



CERTIFICATE OF ISO 14001