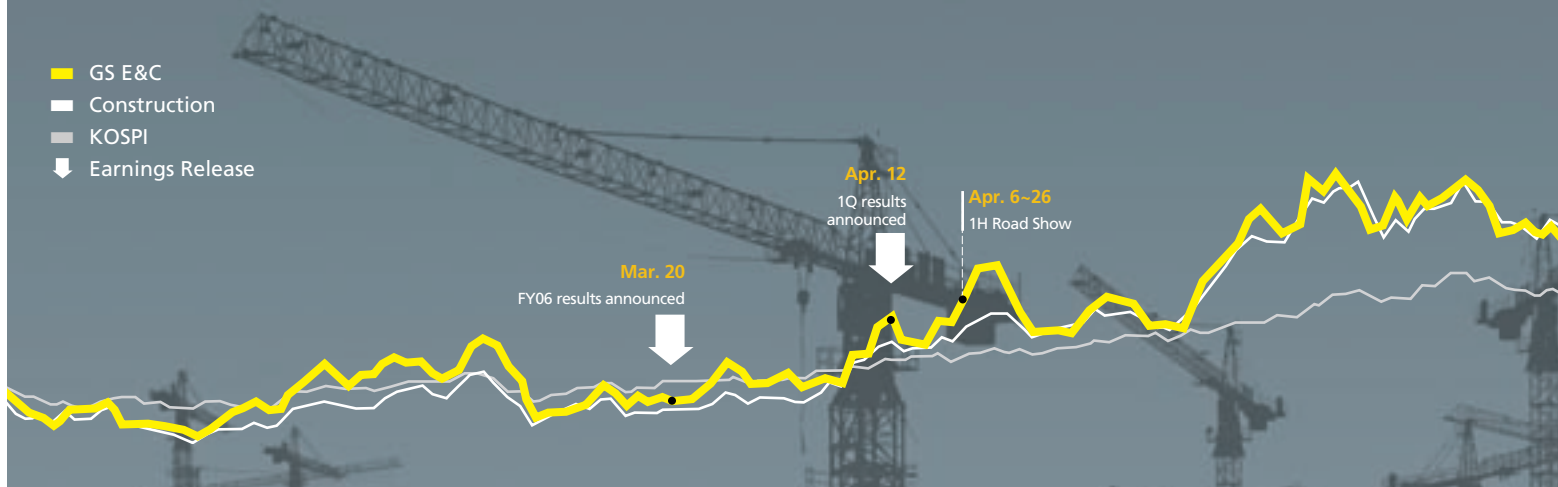


Share Data



GS E&C shares closed at ₩156,000 at the end of 2007, up 88% from the 2006 closing price.

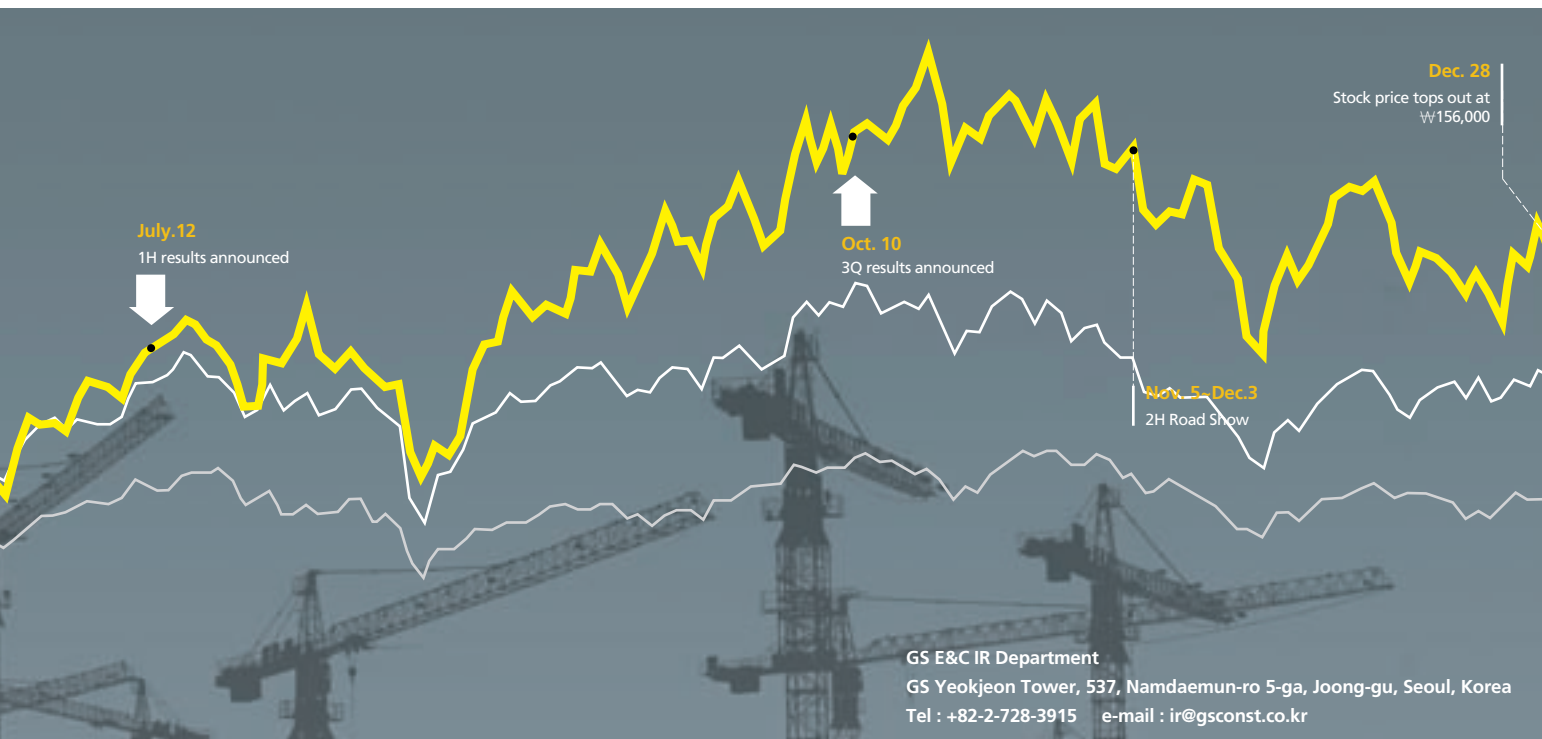
The Stock Market

The Korean Composite Stock Price Index (KOSPI) was 32.3% higher at the close of 2007 than it had been a year earlier. This was the fifth straight year and the first time since the late 1980s for the Korean stock market to rise for five straight years. Moreover, the index surpassed the 2,000-point barrier for the first time. The stock market grew 752% over ten years after hitting the historical low of 277.37 points on June 15, 1998. Moreover, total market capitalization has reached one quadrillion won. On the other hand, the KOSPI fell sharply in the wake of the subprime mortgage crisis that broke out in the US. Thus, the Korean stock market broke records and showed various peculiarities during 2007.

Breaking 2,000 points was interpreted as a symbolic change showing that the Korean stock market was no longer boxed in and had achieved an upward slope. This rise in the index can also be attributed to the healthy inflow of capital from indirect investments. Moreover, despite the rise in

savings interest rates, capital continued to flow into stocks and funds. The underpinning of the Korean financial market had clearly shifted from savings to investments. Market movement is following quality capital, so the capital flow is considered stable. If this paradigm shift continues through 2008, it should bolster the attractiveness of investing in the stock market.

Overseas stocks emerged as the greatest issue in the 2007 Korean stock market. Korean stock investors were not particularly interested in foreign stocks, but indirect investments raised the attention paid to overseas stock markets. During the past eleven years, emerging stock markets have had a higher PER evaluation than the advanced stock markets. Korea, too, has been quickly shedding its discount over the past decade. Korea had a disappointing showing compared with global stock markets in 2006, but in 2007 the KOSPI gains were far higher than the 16.4%



average figure for indices in the world's top fifty economies. The message here is that the emerging markets have been driving global growth. That feature is why the Korean stock market had a very memorable year in 2007.

Construction Stocks

The Korean construction market entered a correction phase after the government enacted a series of measures to curb speculation. Delayed passage of a Housing Act that imposes a price ceiling on the advanced sale of new apartments caused the price of construction company stocks to fluctuate. The uncertainty eased and prices stabilized after an amended version of the Housing Act was finally passed on April 2. Subsequently, the issuance of public contracts was slow while the private sector, which centered on housing construction, worsened. The number of advance units left unsold increased, but Korea's largest contractors led the increase in overseas orders as well as large-scale

development projects at home. This provided the momentum to drive construction stocks up 61.2% (399.88 points) during 2007, which was much higher than the KOSPI average.

The most important factor for forecasting the share prices of Korean construction companies in 2008 will be unequivocal performance improvements and positive news that can enhance the business environment. Key examples include continued growth in profitable overseas orders, particularly in the Middle East, and pro-business changes in housing policy by the newly elected Korean government. The effects of these factors on share prices must be watched carefully.

GS Engineering & Construction

The price for GS Engineering & Construction stocks closed at ₩156,000 at the end of 2007, which was 88% higher than the ₩83,100 figure posted at the end of 2006. The gain was 56% higher than the KOSPI average, and the company's market

capitalization increased from ₩4.2 trillion at the beginning of the year to ₩7.96 trillion twelve months later. The strong growth was accomplished at a time when the real estate market was unstable and the overall business environment was difficult. Thus, it can be attributed to the market's trust in and expectations for GS E&C's performance and future vision. During the coming year, GS Engineering & Construction will launch an all-out drive for global growth, getting off to a strong early start in the power generation and environmental sectors. The focus will also be on quality growth as business operations globalize. Management will continue to put shareholder needs first and will engage in diverse IR activities as part of efforts to increase corporate value.