

September 2007

INVESTOR RELATIONS

Award of Overseas Power Plant with Contract Amount USD 218 million – Armenia Yerevan Combined Cycle Power Plant –



Contents

Armenia Country Overview	1
Project Summary	2
Risk Analysis & Experiences	3
Location & Local Condition	4
Significance & Business Prospect	5

Armenia Overview

Armenia acquired independence from Soviet Union in 1991, and established diplomatic relations with Korea on February 1992. Armenia's economy has been growing 10% per year since 2002 after strong execution of the government to expose corruptions, and policy to open its economy.

Map



Major Index

Area	298,000 km ² (1/7 size compare to Korea)
Capital City	Yerevan (Population 1.1 million)
Population	3 Millions in 2004 – Armenian 93%, Russian 2%, Azerbaijani 1%
Government	Presidential System
Currency	Dram (AMD, US\$ 1= 335.750 AMD) (Sep. 2007)
Country Risk	BB ('06, Fitch), Similar level with Vietnam, Indonesia, Pakistan
GDP	<ul style="list-style-type: none"> - GDP USD 6.4 Billion in 2006 - GDP per person USD 2,133 in 2006 - Nominal GDP growth 13% in 2006, Inflation Rate 2.9 %

* Information Source : Korea Export Import Bank

Project Summary

Armenia Yerevan Combined Cycle Power Plant (YCCPP) is the first power plant award in CIS countries as a Korean E&C company. GS E&C will expand overseas power plant business through YCCPP experience, and this project will be the fundamental base of continuous business award through cooperation with Mitsui & Co. Ltd.

Project Summary	
Project	Yerevan Combined Cycle Power Plant (YCCPP)
Facility Capacity	Combined Cycle Power Plant : - Power Capacity 205 MW - Heat Capacity 105 Gcal/hr
Client	Yerevan Thermal Power Plant (YTPP)
Contract Type	Lump Sum Tern Key
Consortium	GS (95%) + Mitsui (5%)
Site Location	10 km south from Yerevan, Armenia
Financing	Public financial support by Japan Bank for International Corporation
Contract Amount	USD 218 Million
Period	December 2007 to March 2010 (28 Months)





Risk Analysis & Construction Experiences

GS E&C will successfully complete YCCPP Project with many domestic power plant business experiences, and superior EPC ability. Also, GS E&C would like to hedge all the risks before YCCPP business execution.

Project Risk Analysis	
Performance Ability	<ul style="list-style-type: none">• GS E&C holds superior technology with experiences of domestic power plant construction.• GS E&C will make a sub-contract with local partners and domestic partners.
Payment	<ul style="list-style-type: none">• advance receive 40%, the middle payment 55%, the remained 5%• Contract Currency: Japan Yen• Maintaining favorable relationship with the client
Raw Material & F/X Risk	<ul style="list-style-type: none">• The client accepts escalation cost during the construction period.• Apply Foreign Currency Insurance of KEIC• Apply derivative
Etc.	<ul style="list-style-type: none">• Reflect contingency cost.

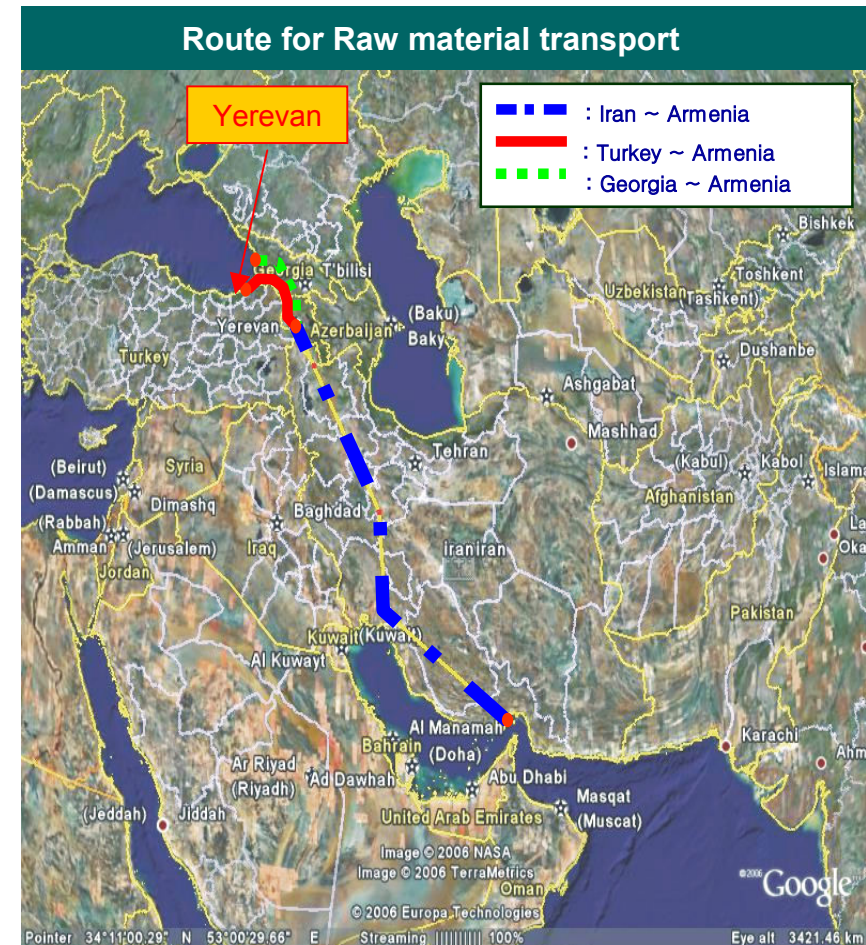
Similar type of Construction List			
Domestic	Project Name	Period	Work Scope
Kyungju	Shin Wolsung Nuclear Power Plant	2004~2010	Construction
Dangjin	Dangjin Coal Fired Power Plant	2003~2007	Construction Procurement
Incheon	Incheon combined Cycle Power Plant	2003~2005	Construction Procurement
Taeon	Taeon Coal Fired Power Plant (Unit 5 & 6)	1997~2002	Construction
Bugok	GS Bugok LNG Combined Cycle Power Plant Phase- I	1998~2001	EPC
Ilsan	Ilsan LNG Combined Heat Power Plant	1994~1996	Construction

Location & Local Condition

Construction site is located on 10 km South from Yerevan, the Armenian capital city. The client plans to order the second and third power plants on the same place. It is positive that the client would like to make a contract with the EPC contractor who performed the first order.



- ① Boilers & Turbines
- ② Chemical Shop
- ③ Switch Yard





Significance & Business Prospect

☐ YCCPP Business Point

GS E&C is going to expand their business in power plant and freshwater fields although it is the number one refinery, petrochemical and gas plant EPC company in domestic. Award of YCCPP project will help maintaining business portfolio of plant division in balance, and confirm status of GS E&C as a global builder.

It is necessary to diversify award area in case of order decrease in the middle-east because domestic EPC companies are counting on 70 % of their award in the region currently. GS E&C's YCCPP award is the first power plant construction in CIS countries as a domestic EPC companies. It is another example of GS E&C's positive outcome to diversify its regional award area.

In addition, it was usual that power plant order was divided into two processes as major gas turbine award and construction company work. However, GS E&C awarded YCCPP project as entire Lump Sum Turn Key EPC project with base on the trust of the client.

< Completed GS Bugok LNG Combined Cycle Power Plant Phase- I on April 2001 >





Overseas Plant Projects

(Unit : KRW)

	Description	Project	Client	Project Type	Contract Amount	Project Period
New Order in 2007	Egypt	ERC Hydrocracker	Egyptian Refinery Co.	Refinery	1700bn	2007 – 2011
	Thailand	HMC PP	HMC Polymers Co. Ltd.	Poly Propylene	185bn	2007 – 2009
	Oman	Salalah Methanol	SMC	Methanol	678bn	2007 – 2010
Progressing Projects	Oman	Aromatics	AOL	Aromatics	1,110bn	2006 – 2009
	Qatar	Laffan Refinery	QP 80%+ExxonMobil 10%+TotalFinaElf 10% J/V	LAB	387bn	2005 – 2008
	Egypt	LAB	E-LAB	LAB	211bn	2005 – 2008
	Thailand	ATC Aromatics	The Aromatics (Thailand) Public Co. Ltd	Aromatics	159bn	2005 – 2008
	Turkey	Tupras Kirikkale	TUPRAS	DHP	103bn	2005 – 2007
	Iran	SP 9&10	NIOC	Gas	663bn	2003 – 2008
	Turkey	Tupras Izmit	TUPRAS	Desulfuration	82bn	2003 – 2007