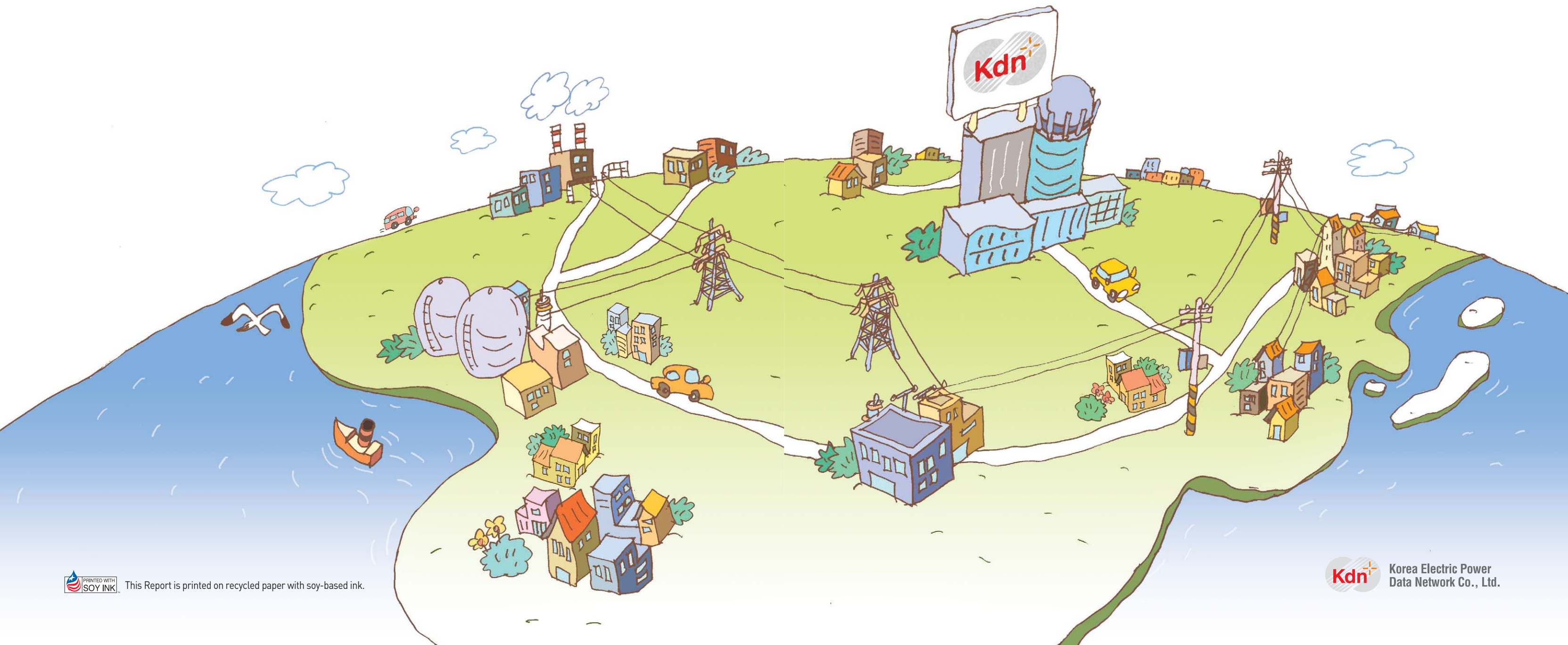


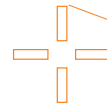
Better World with Electric Power IT





KDN's Ubiquitous Technology with Electric Power IT will Help Create a World Where our Children's Dreams come true

The World can enjoy bright electric lights thanks to KDN's Electric Power IT Technology. Though invisible, Electric Power IT Brings Safety and Comfort to the World. We will Light up the Future Beyond our Imaginations.



Report Outline

Purpose of the Publication | This report has been published for the purpose of transparently outlining the sustainable management activities of the Korea Electric Power Data Network (KDN) for all parties concerned. It includes the company's management activities and accomplishments in the social, economic, and environmental spheres.

Reporting Period | This is the first report. It focuses on the current conditions and outcomes from 2007. Wherever it is considered useful to demonstrate changes in quantitative accomplishments, data from 2005 to 2007 are included in this report.

Report Scope | This report covers the head office and all 25 business branches.

Guidelines for Reporting | This report was based on the Sustainability Reporting Guidelines 2006 (G3) as proposed by GRI*. Check the criteria proposed under GRI's guidelines in the GRI Index.

*GRI : Global Reporting Initiative(www.globalreporting.org)

Standards for Data Calculation in the Report | The financial information included is reported in line with financial accounting principles verified by the board of directors and outside auditors. The currency unit quoted is the Korean won. Other units used are specified where applicable.

Verification | All the reported information has been thoroughly reviewed by internal professionals at the respective departments and verified by a third party, the Korean Standards Association (KSA).

Follow-Up Reporting Plan | This report is the first sustainability report prepared by KDN and subsequent reports will be published biennially. Publication of the next report is slated for 2010.

How to Access Additional Information | Additional information may be accessed at KDN's homepage and by contacting the team in charge.

Homepage : www.kdn.com

Team in Charge : Strategy & Innovation Team

Phone : +82-2-6262-6073

E-mail : sustainability@kdn.com

Contents of the Sustainability Report

Profile

- 3 Major Sustainable Management Issues
- 4 CEO's Message
- 6 Company Outline

Material issues

Issues	Main Stakeholders						Contents
	Shareholder	Customers	Government	Executives & Employees	Business partners	Local communities	
10 The Role of Electric Power IT	●	●	●			●	Contributing to the national electric power industry and people's lives through Electric Power IT
14 Opportunities and Challenges	●	●	●				Vision and sustainable management strategies, channels for interested parties
18 Improving Values through Innovation	●	●	●				Accomplishments of management innovation arising from business fields for customers
22 Transparent and Open Management	●		●	●	●		3C-oriented ethical management system, ethical management activities
26 Risk Management	●	●	●	●	●		Risk management activities from strategic, operational, and financial perspectives
30 Technology... the Key to Services	●	●					Technology management and efforts to secure the best Electric Power IT
34 Training of Core Talent		●		●			Visions of current conditions and accomplishments of professional talent training
38 Make the Pie Bigger!			●	●			Background, strategies, and current conditions of overseas projects
42 People First				●			Efforts and welfare systems to create enjoyable workplaces
46 Win-Win Cooperation and Collective Development	●		●		●		Strategies to support small and medium-sized businesses and current conditio
50 Shared Joy, Shared Happiness						●	Community services and contributions, such as the KDN One Heart Volunteer Corps and the Love Fund

Performance

- 56 Financial Accomplishments
- 60 Social Accomplishments
- 64 Environmental Accomplishments

Appendix

- 68 Code of Ethics / Major Associations and Memberships / Verification Statement / GRI Index / Reader's Opinions

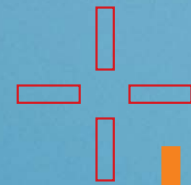
Application of GRI

The 2007 KDN Sustainability Report faithfully carried out both qualitative and quantitative levels of reporting as demanded by the GRI Application Levels Criterion, receiving a score corresponding to "B+" from a verification agency.



GRI Application Levels Table

Report Application level	C	C+	B	B+	A	A+
G3 Profile Disclosures	Report on : 1.1, 2.1-2.10, 3.1-3.8, 3.10-3.12, 4.1-4.4, 4.14-4.15		Report on all criteria listed for Level C plus : 1.2, 3.9, 3.13, 4.5-4.13, 4.16-4.17		Same as requirement for level B	
G3 Management Approach Disclosure	Not required		Management Approach Disclosures for each indicator Category		Management Approach disclosed for each Indicator Category	
G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.		Report on a minimum of 20 Performance Indicators, at least one from each of: Economic, Environment, Human Rights, Labor, Society, Product responsibility.		Respond on each core G3 and Sector Supplement indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	
		Report Externally Assured		Report Externally Assured		Report Externally Assured



KDN Profile



Major Sustainable Management Issues

*Step 1 Driving Major Issues for Interested Parties

Internal Issue Survey

We considered corporate policies such as our vision, strategies, CEO's policies and codes of conduct, along with key performance indices (KPI) that have direct economic effects. In addition, we collected opinions on other internal issues with which stakeholders parties are concerned through various channels.

External Issue Survey

We considered issues relating to domestic regulations and international standards. Particularly, we reflected the indices proposed by GRI's G3 guidelines on each of the major issues. Furthermore, we developed KDN's major issues from press reports after searching through media coverage during the reporting period.

*Step 2 Testing Each Issue for Significance

We comprehensively evaluated sustainable management issues derived from Step 1 in accordance with the 7-step significance assessment, and then selected the most appropriate major issues.

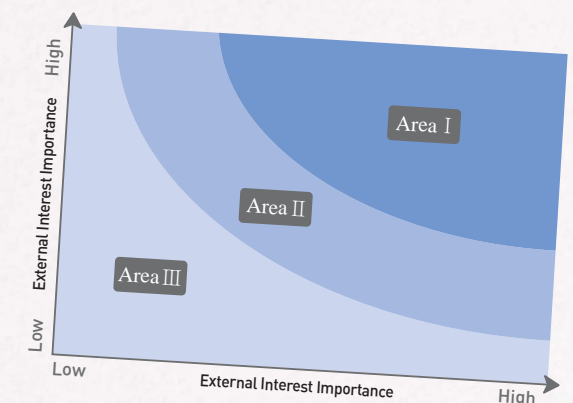


*Step 3 Setting the Priorities of Issues for Reporting

Area I covers issues important to both internal and external stakeholders and the related content areas have been fully elaborated in this report.

Area II covers issues relatively less important, and the contents are only briefly outlined in this report.

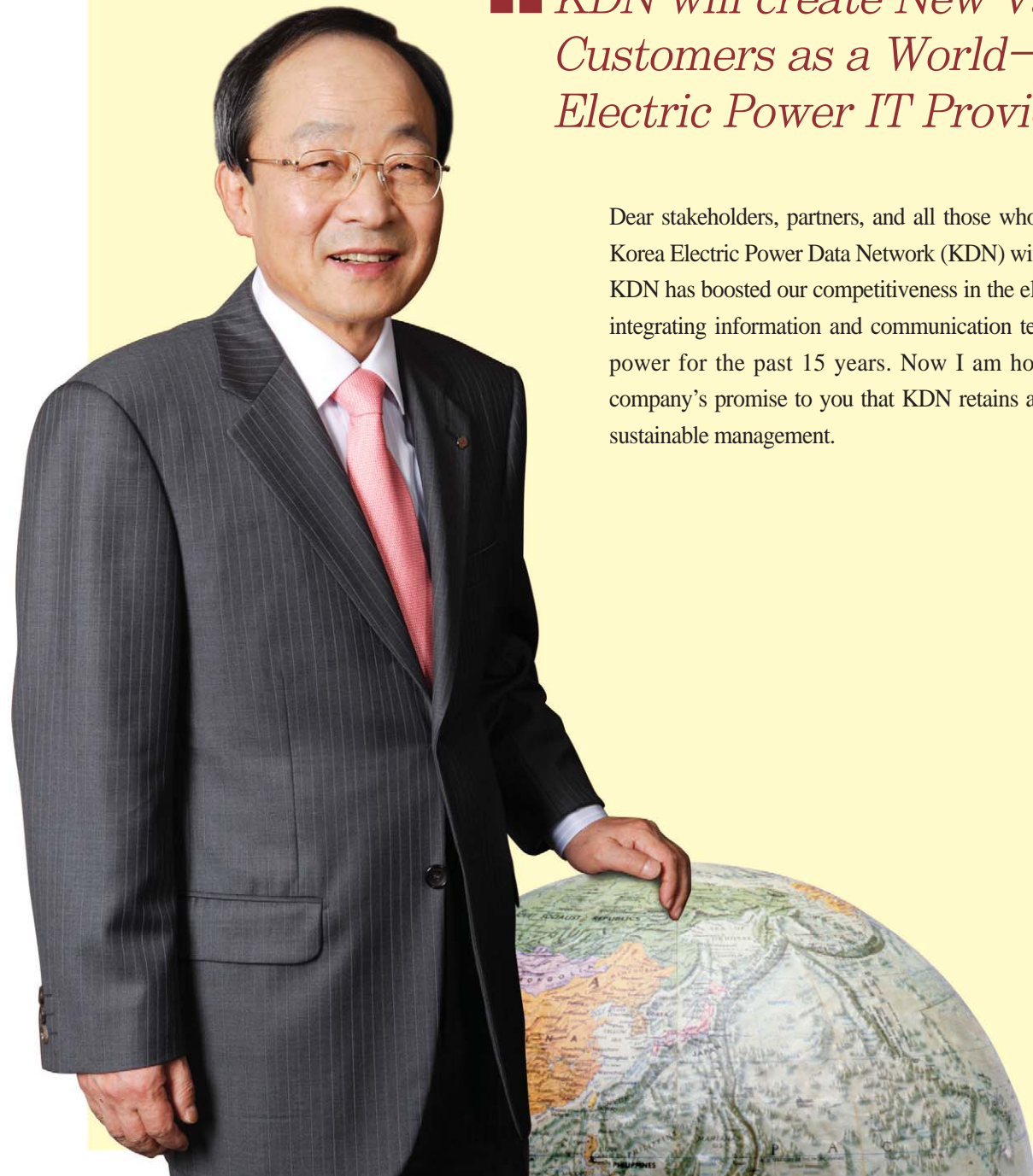
Area III has been excluded from the report. We plan to publish this section on our homepage while we prepare our next report.





CEO's Message

“KDN will create New Values for Customers as a World-Class Electric Power IT Provider.”



Dear stakeholders, partners, and all those who have watched over the Korea Electric Power Data Network (KDN) with support and interest, KDN has boosted our competitiveness in the electric power industry by integrating information and communication technologies with electric power for the past 15 years. Now I am honored to represent our company's promise to you that KDN retains a strong will to carry out sustainable management.

We have contributed to supplying high-quality power by offering Electric Power IT services in the power generation, transmission, distribution, and sales areas. Emphasizing excellent human resources and technologies, our company has continuously promoted changes and innovation in its overall management. As a result, KDN has been growing quickly as a global company, providing Electric Power IT services even overseas.

We have expanded our scope and frequency of management announcements to increase management transparency. By providing equal opportunities to social minorities, treating men and women equally, and securing creative talent from a range of backgrounds, we have also expanded our social responsibilities to employ and educate our executives and employees. We have established the One Heart Volunteer Service Corps for all our executives and employees to fulfill their roles and responsibilities as part of the community. Furthermore, we undertake voluntary service for the less fortunate, with activities such as conducting IT campaigns for rural communities to eliminate the digital divide and building a number of social welfare facilities.

Based on our Vision 2015 Mid/Long-Term Management Strategies, our goal is designed to realize our vision to become a "World-Class Power IT Provider" by pursuing balanced development from economic, social, and environmental perspectives.

We will heighten our corporate value through management innovation that promotes customer success and satisfaction.

We will establish a corporate culture where all our executives and employees participate in change and innovation and adjust our internal systems and practices to meet international standards. Accordingly, we will switch to a more advanced business structure to create high value. Also, we will offer services of new value to our customers by fusing and combining electric power and IT.

We will secure core talent-the essence of competitiveness-and improve the quality of lives of our executives and employees.

Since the competencies and technologies of our executives and employees are the sources of KDN's competitiveness, we will offer our people endless educational opportunities and support them in growing as creative and pioneering core talent. Recognizing our executives and employees as our most valuable assets and clients, we will fully allow them to use their capabilities in a mentally stimulating and physically safe environment. In addition, we will develop a win-win labor-management culture to find solutions acceptable to everyone, and create a pleasant workplace that guarantees human rights and diversity.

We will aim to achieve development together with various interested parties, and faithfully fulfill our social responsibilities.

We will conduct our management activities in a transparent and fair manner and, at the same time, provide the socially disadvantaged with opportunities to realize their dreams. We will apply more strict standards of ethics to our management activities. Moreover, we will actively listen to the opinions of all interested parties, including customers, government agencies, business partners, and local communities and reflect these opinions in our business management. By carrying out technological development and marketing activities with small and medium-sized businesses, we will contribute to the national economy.

We will expand our range of eco-friendly products and services, and pay more attention to sustainable development.

By expanding our products and services to cut down on energy consumption and strengthening our efforts to save and recycle resources such as water and paper, we will implement eco-friendly business management strategies. Beyond increasing our supply of intelligent traffic information systems and street lamp control systems using power line communication, we intend to improve the efficiency of the electric power industry, and reinforce our R&D and supply of eco-friendly products and services. Ultimately, these efforts will contribute to sustaining human society.

Through this report, published for the first time, KDN's executives and employees have had a chance to recognize the importance of sustainable management. Reminding ourselves of the significance of our promise to fulfill our social responsibilities in accordance with an enhanced corporate reputation, and to make great strides toward becoming a global specialist in Electric Power IT, our company will further develop as a globally respected one. Thank you.

President & CEO Hi-taek Lee 




Company Outline

Corporate Status
Established on 23 January 1992 with a 100% investment from the Korean Electric Power Corporation (KEPCO). KDN is an electric power grid IT service provider.

General Information

- Corporate Name : Korea Electric Power Data Network, Ltd.
- Head Office Address : 1355 Seocho-dong, Seocho-gu, Seoul, Korea
- Foundation Date : 23 January 1992
- Capital : Authorized capital of KRW Billion 100.0 (Paid-in capital of KRW Billion 64.0)
- Investment : 9,000,000 shares (21.4%) of YTN
- Sales : KRW Billion 376.1
- No. of Employees : 1,237

Major Business Areas
Building, maintaining and repairing IT systems in the electric power industry, including the stages of generation, transmission, distribution, and sales.



Corporate Governance

Board of Directors | KDN's highest decision-making body, the board of directors, consists of 4 permanent directors and 5 non-permanent directors, including 2 outside directors. After a recommending committee recommends appropriate personnel, the government verifies them through relevant procedures, and then the general meeting of shareholders elects the president and the permanent directors. With these processes, KDN can enhance the sense of responsibility and professionalism among the board of directors. In addition, two non-permanent directors without any conflict of interest with the company, i.e. outside directors, are elected to maintain the independence of the board. To satisfy the public's and stakeholders' right to know and to enhance the transparency of the board of directors, profiles of the directors and all meeting records are published in the management information section of KDN's homepage (www.kdn.com). The president holds an additional position of the chairperson of the board of directors. 9 meetings in total were held in 2007. The number of bills amounted to a total of 27, including 21 bills passed and 6 bills reported. The attendance rate of directors was, on average, 91.4%.

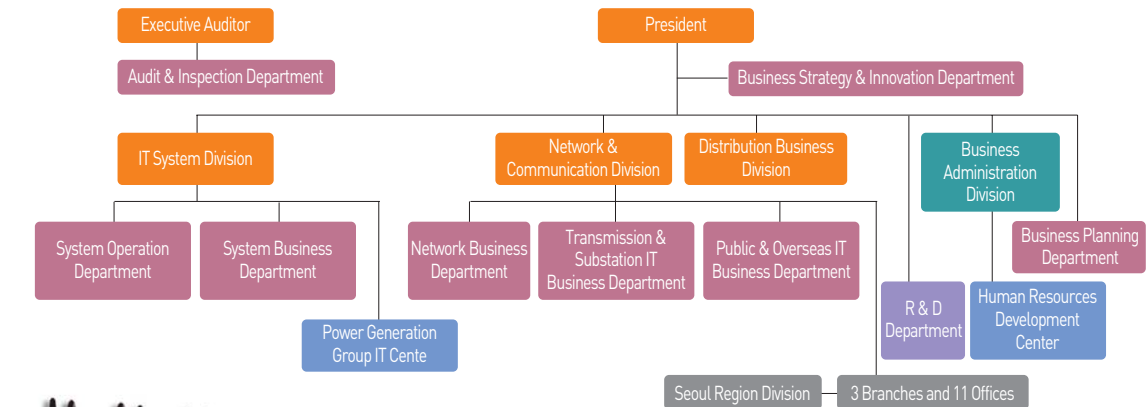
President & CEO | With an office term of three years, the president is elected at a general meeting of shareholders after a recommendation from a presidential recommending committee consisting of non-permanent directors and private members. Since 2005, fair judgment standards have been established through consultation with a specialist external agency. Candidates are invited openly and KDN is the first company in the electric power industry to implement an open invitation system. The records kept at meetings of the presidential recommending committee are published in the management information section of KDN's homepage (www.kdn.com). The president enters into a management contract with the president of KEPCO, KDN's parent company, regarding business goals of the year. The achievements of the goals are evaluated by the Public Agency Management Evaluation Board, consisting of professionals from relevant fields and the Ministry of Planning and Budget.

Non-Permanent Directors | Since 2003, the outside director system has been implemented as a way of not only realizing management transparency but also collecting various outside opinions with respect to innovation of corporate governance and decision-making for major business issues. The first-term outside directors included an auditing specialist and a telecommunications specialist. They contributed to generating corporate transparency and growth momentum. The second-term outside directors consisted of an electric power industry professional and a public welfare specialist. They not only helped improve corporate governance in line with the government's guidelines, but also improved company transparency and efficiency.

Organization

The headquarters consists of 3 divisions, 1 group, and 8 departments, whereas the work centers include 2 centers, the Seoul Region Division, 13 branches, 11 offices and an R&D Department.

In 2007, we reorganized the business into the IT System Division, the Network & Communication Division, and the Distribution Business Division in order to strengthen liable management. KDN has built a faster and more efficient customer response system by restructuring the headquarters into a system division, a communication division, a distribution division, and a support group and planning department. In addition, we reinforced the organizational structure for each electric power system so that KDN can carry out our mid/long-term strategies. Thus, our work centers have been categorized into the system, communications, transmission & substation IT, public & overseas IT, distribution, and group IT departments.



History

:: The Birth of Seil Telecommunications

- Jan. 1992 Seil Telecommunications, Ltd. was founded (with KEPCO as the sole shareholder)
- May 1993 Opened the Electric Power IT R&D Center
- Aug. 1994 Designated as an exclusive vendor and operator for Korea's Industrial Information Network
- May 1995 Established a "Service Consignment Agreement on Telecommunications Facilities, Operation, and Maintenance" with KEPCO

:: The Grand Conversion to the KEPCO Information Network

- Apr. 1996 Changed the corporate name to KEPCO Information Network, Ltd.
- Jan. 1997 Acquired ISO 9001 and TickIT certification
- Dec. 1997 Founded the Electric Power Grid Technology Center
- May 1999 Established a "Service Consignment Agreement on Software and DB Operation and Maintenance" with KEPCO
- Nov. 1999 Won an order to develop an electric power transaction system
- Dec. 1999 Held a ceremony for the completion of the Localization No. 1 Gwangju Electric Power Supervisory Control & Data Acquisition (SCADA) System

:: A New Start as KDN

- Apr. 2000 Changed the corporate name to Korea Electric Power Data Network, Ltd.
- Nov. 2000 Entered into an MOU on a Strategic Alliance with ABB EIS (U.S.)
- Feb. 2001 Won the 2001 Digital Management Grand Prize from the Government
- Feb. 2001 Established a strategic alliance with SAP
- Oct. 2001 Established a strategic alliance with LG Telecom
- Jan. 2002 Won several large orders for the Two-Way Bidding Pool Market Operating System (TWBP MOS) project
- Mar. 2002 Completed the nationwide installation of a small-sized Electric Supply Automation System
- Dec. 2002 Named as a certified e-commerce trader by the government

:: Leaping Forward as a Specialist in Electric Power IT through innovation

- Jan. 2004 Declared a peaceful labor-management partnership
- May 2004 Established a "Contract for the Supply of PLC Solutions" with Malaysia
- Jan. 2005 Organized the KDN One Heart Volunteer Corps and held a foundation ceremony
- Apr. 2005 Entered into a cooperation agreement with the KEPCO Research Institute for R&D activities
- Jul. 2005 Acquired the Korean Service Quality Certificate (SQ) for excellence in corporate performance
- Sep. 2005 Won the Forbes Grand Prize in 2004 from Forbes Korea
- Sep. 2005 Set up the One-on-One Volunteer Support System with a village financially supported by KDN
- Feb. 2006 Signed a Technology Cooperation Agreement with LG Industrial Systems for a digital watt-hour meter and AMR
- Jun. 2006 Entered into an MOU for Electric Power IT solutions with BDG in Saudi Arabia
- Jun. 2006 Established an MOU with the Yemeni Government for the creation of the Yemeni e-government project
- Nov. 2006 Revised a long-term vision to become a "World-Class Electric Power IT Provider"
- Dec. 2006 Ranked 1st in customer satisfaction among Korea's public entities, according to a survey conducted by the Ministry of Commerce, Industry & Energy (MoCIE) and the Ministry of Planning and Budget (MoPB)

:: Headed Toward Sustainable Growth

- Apr. 2007 Became the first domestic SI company to join the UN Global Compact
- Sep. 2007 Established a "Contract for the Supply of PLC Solutions" with Malaysia
- Oct. 2007 Changed the corporate ideal to "To Pursue Customer Success... To Create Corporate Value"
- Oct. 2007 Won the Ministerial Award from the MoCIE in the Service Quality (SQ) Innovation Contest



Material issues

*KDN will create customer value,
also satisfying our customers
through open communication.*

- 10 The Role of Electric Power IT
- 14 Opportunities and Challenges
- 18 Improving Values through Innovation
- 22 Transparent and Open Management
- 26 Risk Management
- 30 Technology... the Key to Services
- 34 Training of Core Talent
- 38 Make the Pie Bigger!
- 42 People First
- 46 Win-Win Cooperation and Collective Development
- 50 Shared Joy, Shared Happiness



The Role of Electric Power IT

●●● The global electric power industry has grown mainly around developing countries: the demand for electric power has increased only slightly in the developed world. In line with escalated interest in new & renewable energy sources, such as solar, wind, and hydrogen energy, the Electric Power IT market has grown substantially. In addition, developed countries have promoted digitalization in the electric power grids as major policy objectives in order to build the core infrastructure for the efficiency and safety of electric power supply. To this end, Electric Power IT has been actively applied to new & renewable energy.

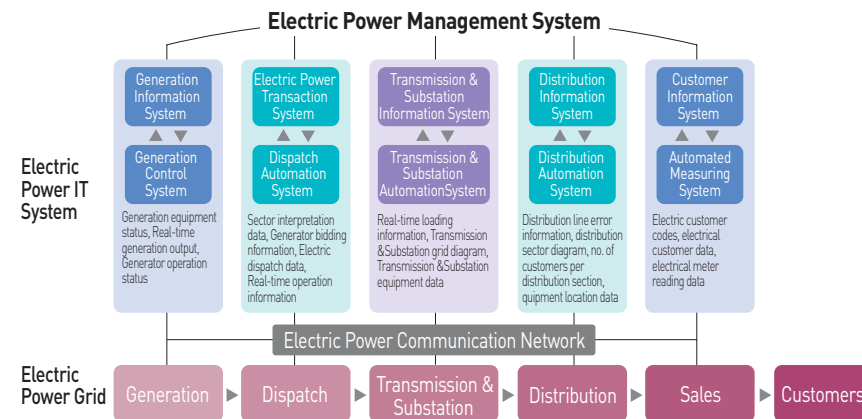
Even in South Korea, the demand for electric power is likely to remain stagnant until around 2015, but the dominant forecasts of the Electric Power IT market expect the market to continuously post high levels of growth. It is not easy to expand electric power facilities, such as transmission lines and electric power plants, because interest in, and public concern for, the environment are increasing. This is why we are pursuing optimal and streamlined alternatives by fusing IT with existing electric power facilities.

Characteristics of Electric Power and the Importance of Electric Power IT

As electric power is an essential element of human life and industrial production, its stable supply is more important than anything else. Electric power policy aims to supply the electric power required for economic activities in a timely manner and at affordable prices by increased efficiency. The key element that cannot be missed here is Electric Power IT.

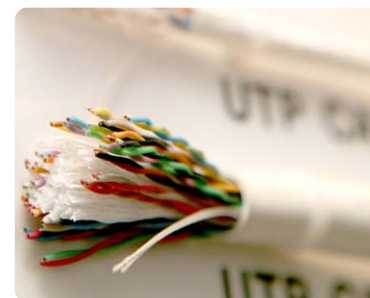
Electric Power IT means integrating informatization technology and telecom technologies into the electric power grids, from generation to distribution, and digitizing electric power facilities and equipment. Namely, its aim is to advance and intellectualize electric power technologies by fusing IT into the conventional electric power industry and to offer more convenient and highly value-added electric power services.

[Operation of Electric Power IT in Each Electric Power Grid]



Considering the characteristics of electric power, the role and importance of Electric Power IT are quite evident. Electric energy is intangible and contains very risky properties. Because the demand and supply of electricity occur at the same time, and because electric power cannot be easily stored, its features resemble those of the network industry. In addition, electric power facilities are complicated and spread out widely and customer demands are accordingly very diverse. Consequently, IT techniques are being implemented to satisfy safety, suitability, and efficiency, so that KDN can successfully control electric power and conduct unified management procedures for electric systems, equipment, and our customers.

The fusion of IT in all processes of the electric power industry has already made Electric Power IT essential in the industry.



Changes in the Electric Power IT Execution System

Playing a pivotal role in the Korean electric power industry, KEPCO began pursuing computerization and automation of its operations in the mid 1960s in order to improve the smooth supply and management efficiency of electric power. This was important because quality depends considerably on how many advanced automation systems are applied from the moment the electricity is produced at power plants to the moment when it reaches the customers through transmission and distribution lines.

Nevertheless, given the sharp growth of the IT industry in the 1980s, KEPCO faced limitations to the internal development of Electric Power IT. Accordingly, there was a necessity to establish a spin-off specializing in Electric Power IT. Subsequently, KDN (Seil Telecommunications, Ltd. at the time) was founded in January 1992. Since then, human resources and operations relating to Electric Power IT were separated from KEPCO and transferred to KDN. Consequently, KEPCO searches for Electric Power IT demand and carries out the administrative duties in the business, whereas KDN is involved in construction, operation, and maintenance & repair.

Even during the government's public corporation restructuring process in the wake of the financial crisis in 1997, KDN remained a public company, because KDN alone appeared to be competently carrying out its role in strengthening the competitiveness of the national electric power industry by building, maintaining, and repairing electric power grids & electric power-related equipment, grid information systems, and electric power transaction systems. This was attributable to KDN's bold initiative as it focused on accumulating technologies related to Electric Power IT-the concept of which had not even been defined at the time-developing projects around its core competencies and eliminating non-core business areas such as cable and telecom system businesses.

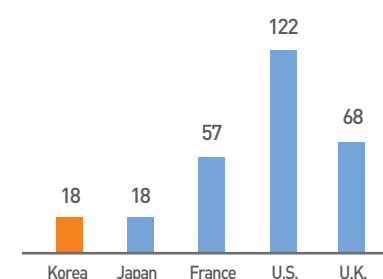
Contributing to the Advancement of the National Electric Power Industry

Having been in the spotlight after its establishment as an information and communication company in the electric power industry, KDN has been faithfully playing the role as a specialist in Electric Power IT. The company has developed automation technology to control electric power generation and supply, provided a remote control system, built and operated the electric power information system and the infrastructure for electric power businesses, and constructed and monitored the electric power transmission system to adjust to electric power demand and supply levels. KDN contributed to the streamlining of the electric power industry by executing all of the Electric Power IT operations outlined in [Operation of Electric Power IT in Each Electric Power Grid], excluding the generation control system. Particularly, after the company opened the Electric Power Grid Technology Center (presently the R&D Department) in 1997 and endeavored to develop electric power information technologies, KDN finally succeeded in localizing the SCADA¹⁾ system for transmission/substation, for which we once relied on foreign technologies and products.

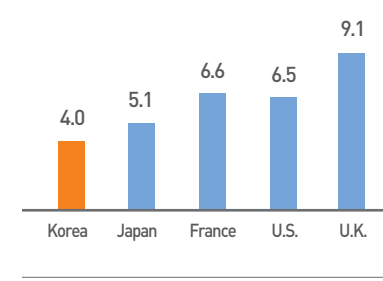
By offering services to closely monitor and control the electric power network nationwide, KDN has contributed to world-class quality of electric power and an almost perfect reliability rating of 99.73% in operating electric power systems. Additionally, the company has accurately processed complicated electricity applications and billing statements for nearly 17 million customers in such a way as to help KEPCO rank number 1 in customer satisfaction surveys among government-managed public corporations over the past ten years.

We began with the construction and maintenance of information and communication systems in the electric power industry at the time of our foundation. KDN now contributes to creating high value-added electric power businesses based on its new technologies, such as automatic meter reading using Power Line Communications (PLC) and IT-fused transmission/distribution export projects. In addition, we have taken part in the Korean Energy Management System (EMS) project-a next-generation national Electric Power IT task-to help develop technologies for the future. We have been also actively involved in Electric Power IT advancement projects in Southeast Asia, and the Middle East, etc.

[Duration of Electricity Failure]
[Unit : Minutes per house per year]



[Transmission & Distribution Loss]
[Unit : %]



1) SCADA : Supervisory Control And Data Acquisition



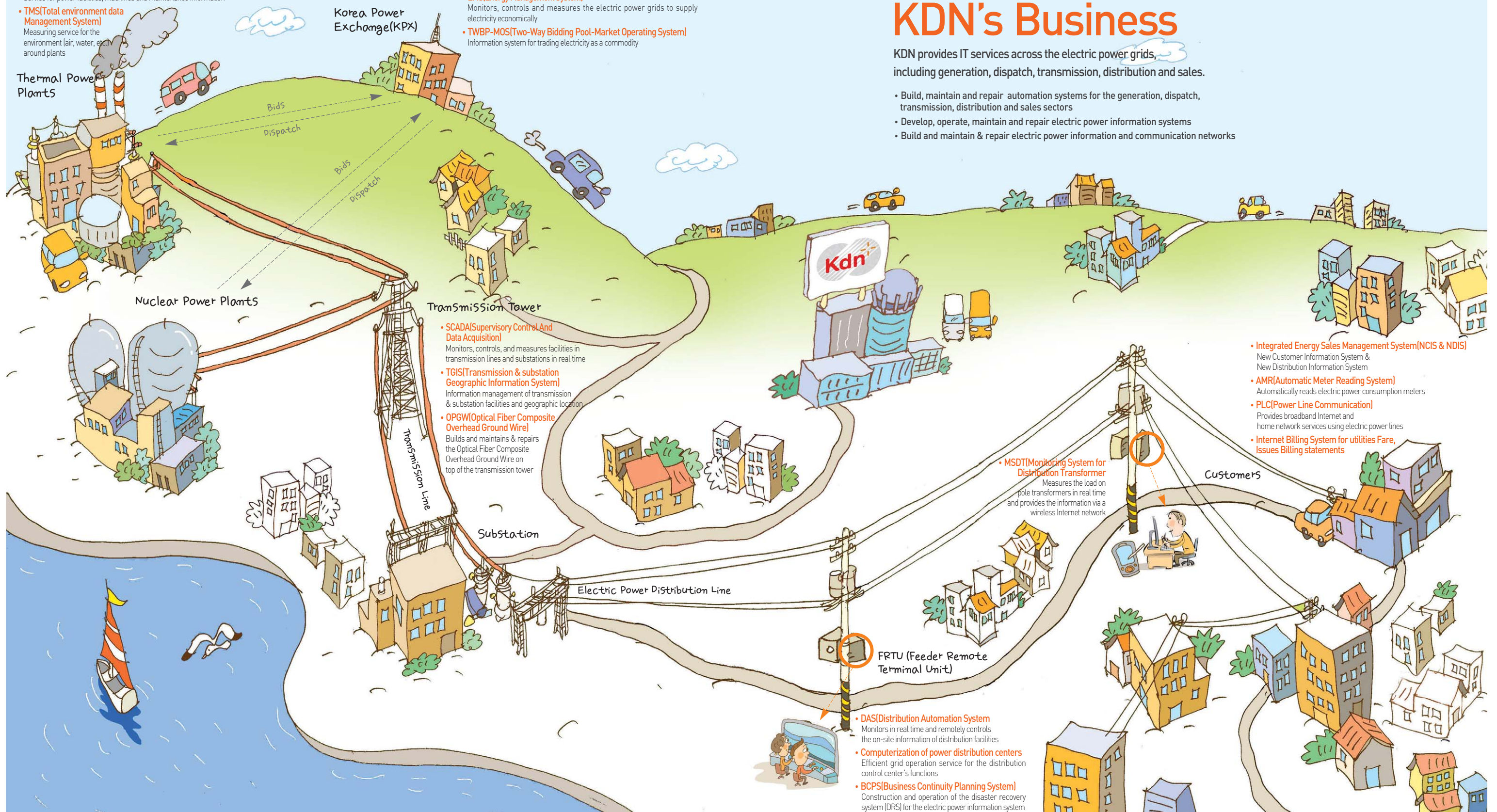
- **Power maintenance management system**
Service for power facilities, machines and maintenance information
- **TMS(Total environment data Management System)**
Measuring service for the environment (air, water, etc.) around plants

- **EMS(Energy Management System)**
Monitors, controls and measures the electric power grids to supply electricity economically
- **TWBP-MOS(Two-Way Bidding Pool-Market Operating System)**
Information system for trading electricity as a commodity

KDN's Business

KDN provides IT services across the electric power grids, including generation, dispatch, transmission, distribution and sales.

- Build, maintain and repair automation systems for the generation, dispatch, transmission, distribution and sales sectors
- Develop, operate, maintain and repair electric power information systems
- Build and maintain & repair electric power information and communication networks



- **SCADA(Supervisory Control And Data Acquisition)**
Monitors, controls, and measures facilities in transmission lines and substations in real time
- **TGIS(Transmission & substation Geographic Information System)**
Information management of transmission & substation facilities and geographic location
- **OPGW(Optical Fiber Composite Overhead Ground Wire)**
Builds and maintains & repairs the Optical Fiber Composite Overhead Ground Wire on top of the transmission tower

- **MSDT(Monitoring System for Distribution Transformer)**
Measures the load on pole transformers in real time and provides the information via a wireless Internet network

- **Integrated Energy Sales Management System(NCIS & NDIS)**
New Customer Information System & New Distribution Information System
- **AMR(Automatic Meter Reading System)**
Automatically reads electric power consumption meters
- **PLC(Power Line Communication)**
Provides broadband Internet and home network services using electric power lines
- **Internet Billing System for utilities Fare, Issues Billing statements**

- **DAS(Distribution Automation System)**
Monitors in real time and remotely controls the on-site information of distribution facilities
- **Computerization of power distribution centers**
Efficient grid operation service for the distribution control center's functions
- **BCPS(Business Continuity Planning System)**
Construction and operation of the disaster recovery system (DRS) for the electric power information system



Opportunities and Challenges

● ● ● By actively utilizing social, economic, environmental, and technological changes, KDN will discover new opportunities in its existing business, look for new business areas, and accomplish sustainable growth.

Changes in the Market Environment

The IT market has developed to its limits and competition has intensified.

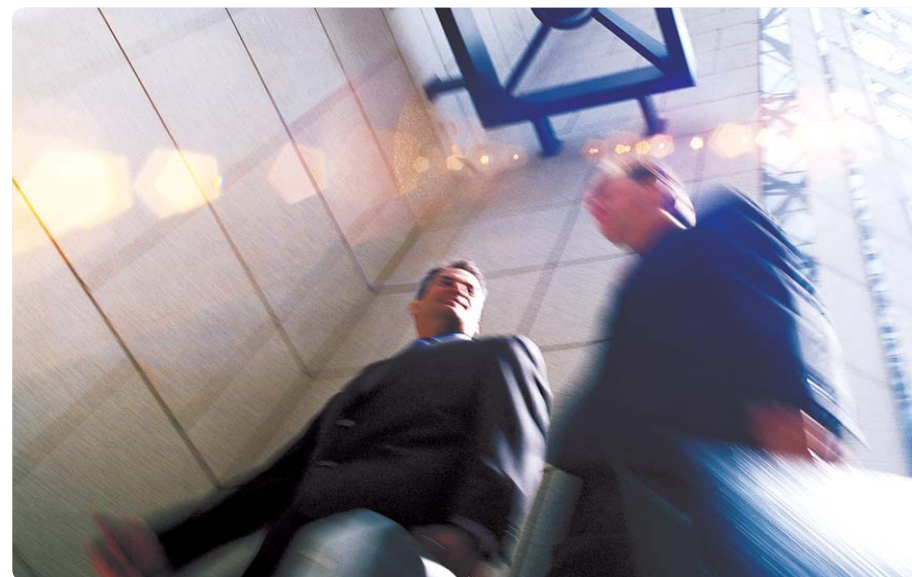
In the IT market, large-scale corporate IT investment has been completed and growth is becoming stagnant. Few opportunities can attract new investments. Therefore, general IT companies are moving into Electric Power IT projects—a new field—and competition in the field is intensifying.

Stakeholders have diversified and their demands have increased.

Due to informatization and globalization, it is becoming easier for companies to acquire and share information relating to business activities. As the connections between companies, industries, and countries have escalated, the scope of interested parties—which once consisted of customers, investors, and employees—has broadened to include business partners, local communities, countries, and the entire global community. As a result, companies are susceptible to differing and increasing demands from different stakeholders.

Concerns about climate change and the environment have surged.

As climate change, due to global warming, is becoming recognized as a global issue, environment-related regulations, such as those from the Climate Change Convention, have now emerged as important issues for corporate business activities. Consequently, both interest and investment in eco-friendly technologies and products, such as resource recycling, improving equipment efficiency to minimize the consumption of resources, and developing new & renewable energy sources (including solar, wind and tidal energy), are increasing.



“
Competition in the IT market has intensified and stakeholders' demands have diversified. KDN will implement sustainable management with Vision 2015 Mid/Long-Term Management Strategies, and will focus on major sustainability issues such as the achievement of future growth momentum, win-win development with stakeholders, environment-oriented management, and people-oriented management
 ”

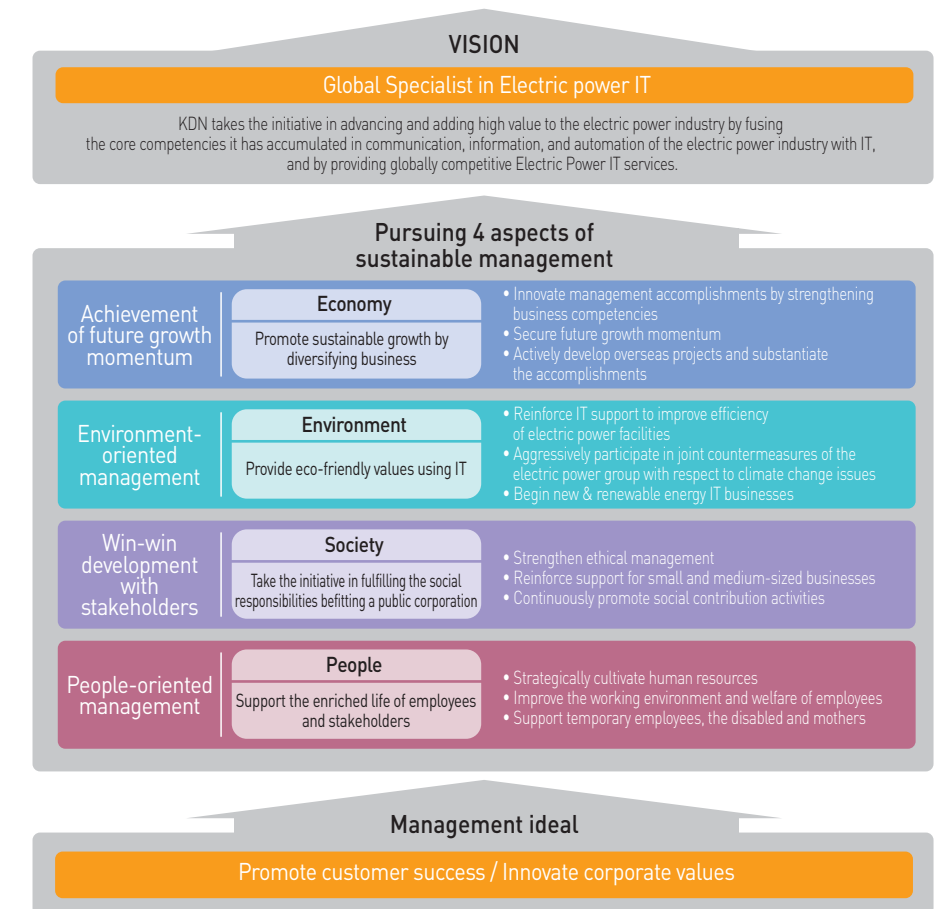
Sustainability Issues

Achievement of future growth momentum, win-win development with stakeholders, environment-oriented management, and people-oriented management are the major sustainability issues relating to KDN.

KDN will continue to pursue economic growth—the most fundamental goal of a corporation. To achieve this, we will evaluate and consolidate our existing business areas, discover new business opportunities by utilizing technologies and competencies that we presently possess, and achieve future growth momentum.

We will accomplish win-win development with all stakeholders—including our shareholder, employees, business partners, local communities, and the government—by returning the fruits of our economic growth harvested through securing future growth momentum. Combining IT with electric power grids, KDN will contribute to efficiently operating the electric power industry, improving efficient energy utilization, and expanding the supply of new & renewable energy. With these contributions we will also pursue environment-oriented management. The most important asset of an IT company is its people. In order to enable employee growth to lead to the company's growth, KDN will place an emphasis on rewarding employees based on their abilities and performance, educating professionals in key areas, and creating a dynamic corporate culture. At the same time, the company will execute people-oriented management by providing for gender equality, maternity protection, and employment of the disabled.

[Pursuing 4 Aspects of Sustainable Management]



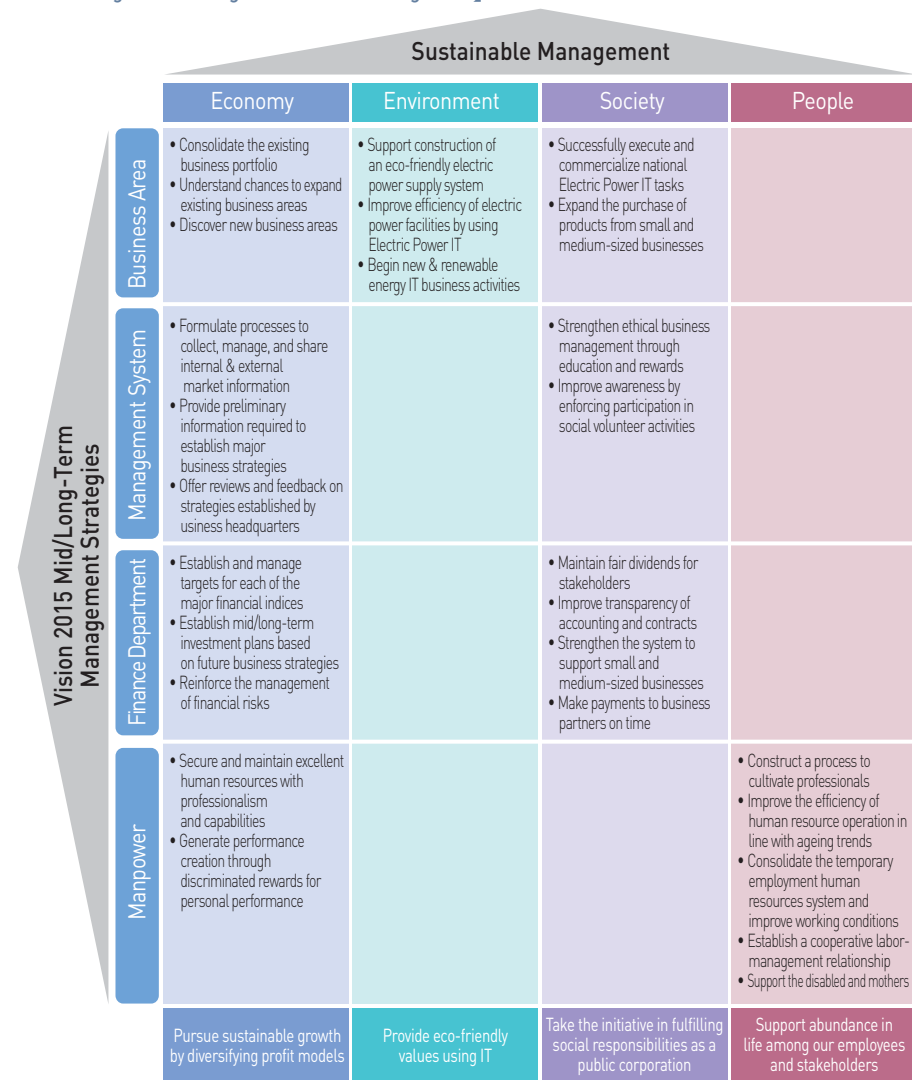


Sustainable Management Strategies

In order to accomplish its vision to become the “global specialist in Electric Power IT”, KDN will pursue sustainable management in all the economic, environmental, social, and human spheres.

In order to achieve the company’s mid/long-term development direction and opportunities, KDN has established the Vision 2015 Mid/Long-Term Management Strategies publication. By pursuing these established mid/long-term management strategies and sustainable management, the company will strengthen its strategies and become a driving force behind the implementation of sustainable management.

[Connection between Sustainable Management and Mid/Long-Term Management Strategies Sustainable Management]



Communication with Stakeholders

Regarding corporate management, KDN recognizes its co-existence with various stakeholders. To prepare the foundations for sustainable growth, the company has opened up diverse channels, established demand from stakeholders, and reflected these in its business management activities.

Selection of Major Stakeholders

Among all of the stakeholders in KDN’s business environment, we have designated those that give and take managerial influence as major stakeholders. We analyzed whether each party strongly affected KDN’s social, economic, and environmental accomplishments or vice versa, and whether they robustly influenced KDN’s future or vice versa. We conducted a 5-point-scale evaluation survey on sustainable business activities relating to these criteria and ranked stakeholders according to their total score. As a result, we chose employees, shareholder, customers, the government, and business partners as the main stakeholders in KDN’s sustainable business activities. Furthermore, we included local communities as the party representing the public, in light of our duties and social obligations to implement the common good as a public corporation, despite their somewhat less direct correlation with our economic values.

Channels to Stakeholders

Through various online and offline channels to our stakeholders, we were able to gain meaningful insight into the future direction of improvements for KDN’s sustainable growth policies. KDN will not simply listen to and reflect the opinions of its stakeholders in the future, it will allow stakeholders to directly participate in our business activities and build partnerships. Please refer to pages 2-3 for the selection and content of the material issues, based on the collected opinions of our stakeholders. We will discuss the issues in detail throughout this report.

Party	Channel
Employees	CEO Hotline, Young Directors Meeting
Shareholder	General meeting of shareholder, meetings of the Board of Directors
Customers	Integrated Call Center, Customer Satisfaction Card Program
Government	Electronic Communication Center, Community of Practice
Business partners	General Support Center, bull sessions
Local Communities	One-on-One Volunteer Support System, Homepage





Improving Values through Innovation

● ● ● We establish and conduct strategies and pursue management innovation to achieve our business goals and strengthen our foundations for sustainable growth. Having endlessly promoted management innovation around our customers and business sites, KDN has improved its competitiveness, enhanced its strategic performance, changed its organizational culture, and innovated an effective cycle driving new innovation activities. Thanks to employee awareness of the necessity for innovation and active participation, we have increased our corporate values.

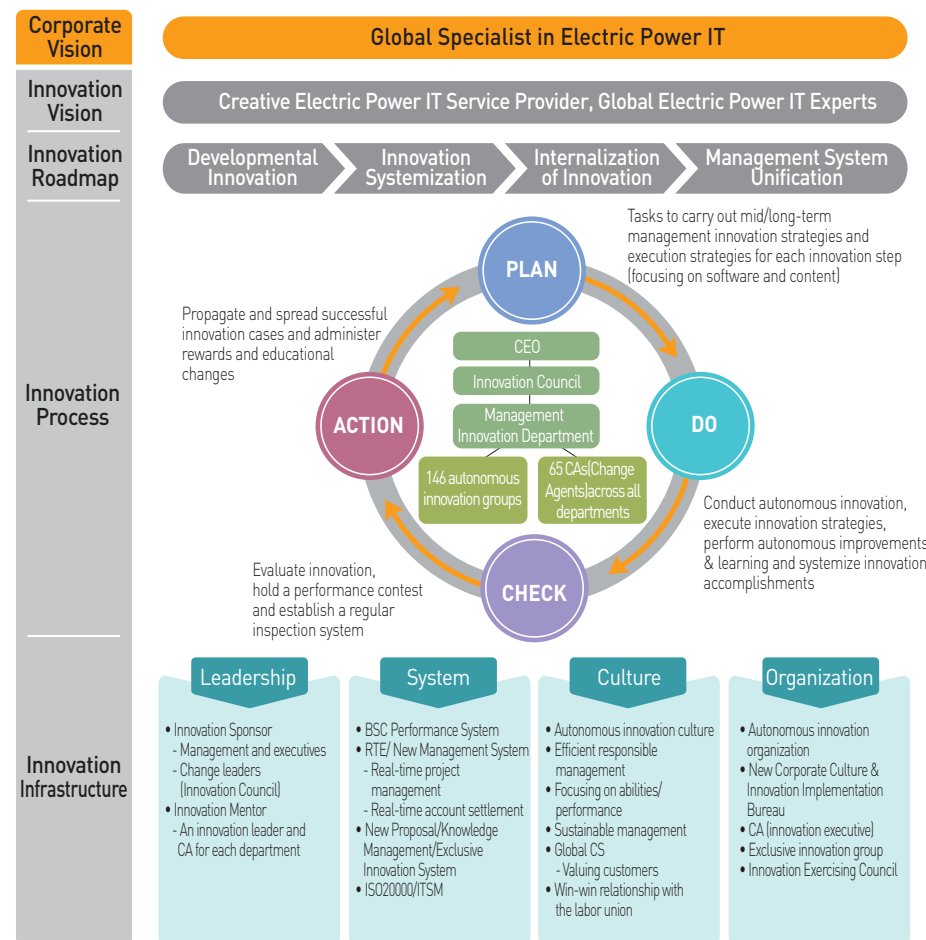
Year	Innovated new businesses (Contribution to total revenue)	Discovered creative ideas	Reduction in fixed costs
2006	KRW27.5bln (10%)	1,037 cases	KRW14.2bln
2007	KRW83.8bln (23%)	2,618 cases	KRW10.4bln

“*With our innovation goal to be “Creative Electric Power IT Service Provider” and “Global Electric Power IT Experts,” by promoting systematic innovation strategies, we focus on creating visible accomplishments and added values for customers.*”

Management Innovation System

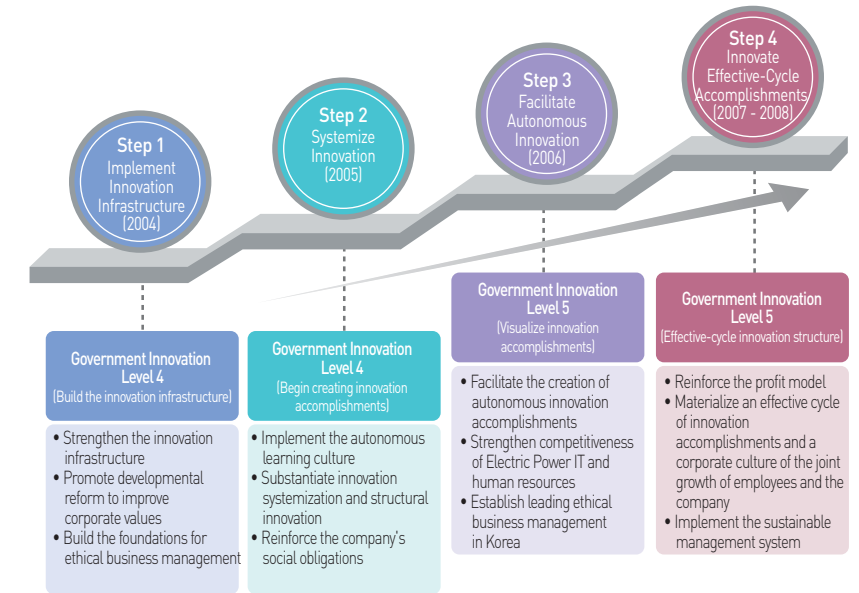
Innovation Strategies and Implementation System

Having established “Creative Electric Power IT Service Provider... Global Electric Power IT Experts” as our innovation goal, we are executing systematic innovation strategies to offer our customers creative Electric Power IT services by cultivating global Electric Power IT experts.



Gradual Strategies and Innovation System

Since 2004, KDN has pursued systematic innovation strategies, such as developmental innovation, the systemization of innovation internalization, and visible innovation performance, focusing on improving customer values. We intend to establish autonomous innovation-which has been regularized from 2007-as our corporate culture to advance the innovation system. In order for the entire organization to innovate and share innovation accomplishments, we have built and operated the BSC performance management system and systematically run the processes, from setting strategies and goals, managing goals, inspecting results, to providing feedback. In addition, to become a real-time enterprise, we have constructed the real-time project management and settlement system and operated a new proposal system and knowledge management system to actively discover and reflect the creative ideas of our employees.



Innovation Activities

Autonomous Innovation

It is imperative for the company to support innovation activities through corporate policies and for employees to spontaneously participate in those activities in order to expand management accomplishments and solidify the growth momentum. With its traditional strength being enjoying a spontaneous learning culture, KDN has developed this culture into a learning organizational system that develops learning and innovation side-by-side. This has now evolved into a number of autonomous innovation organizational activities participated in by all employees and led to numerous innovation accomplishments.

Criterion	2006	2007
Autonomous Innovation (Learning) Group	131 groups	146 groups (11.1% ↑)
Innovation (Learning) Activity	54.3 days/person	68 days/person (108.8% ↑)
Innovation Task Promoted	243 tasks	447 tasks (83.9% ↑)
Successful Innovation Case	20 cases	29 cases (45% ↑)



Workout (Improving Work Processes)

KDN's innovation is unique in that work and innovation are accomplished as one. We focus on finding better ways to do things on the fields, frequently improving work processes, removing unnecessary jobs and processes, and improving the efficiency and productivity of our operations. We have dramatically enhanced operational productivity by improving 64 order-receiving processes in 2006 and 44 regulations and 46 processes in 2007. In addition, we have promoted the one-innovation-activity-per-person campaign for individual employees, improving technology power and operational competencies of all employees and accelerating our operational innovation.

Visiting Innovation Consulting

Believing that overall corporate innovation competency will strengthen only if innovation competencies of the field units grow strong and innovation activities are internalized, we operate a field innovation support program. This is KDN's unique innovation change management program, whereby an innovation specialist and a consultant visit a field to diagnose the work group, derive issues, establish solutions, and provide feedback on performance while working together with members of the work group.

[Innovation Consulting Process]



Innovation Mutual Mentor Program

The innovation mutual mentor program is a system that allows for the learning and sharing of excellent innovation cases and experiences within the company. It is a means that creates large innovation accomplishments at minimal expense. Additionally, it has torn down invisible walls between groups and strengthened the ties and sense of unity among the groups, substantially contributing to spreading the innovation atmosphere. Currently, 27 departments, (42% of all departments), are participating in the program.

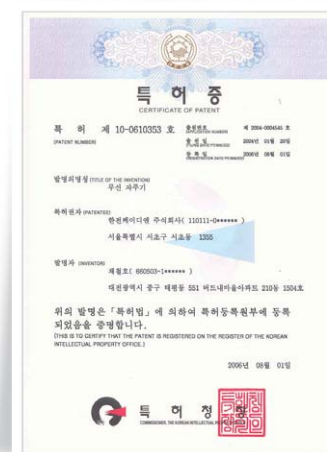
Creative Proposals and Knowledge Activities

To actively uncover the creative ideas and knowledge of our employees, our intangible assets, we have built a new proposal system and stimulated the operation of a knowledge management system. Thanks to flourishing proposal activities, knowledge accumulation, and sharing activities, we identified nearly 270 excellent proposals that led to management accomplishments. For instance, we developed a new OPGW (Optical fiber composite overhead Ground Wire with optical fiber) technique for transmission towers to carry out unmanned construction approximately 100m above the ground, saving almost KRW30bln in electricity failure costs.

[Unit : per person]

Criterion	2006	2007
No. of Excellent Proposals	270	636 (135% ↑)
No. of Proposals/Knowledge Cases	6,934 5.87 per person	10,048 8.1 per person (38% ↑)

[Patent for a new OPGW Technique]



Management Innovation Accomplishments

Advanced Customer Service

A company's competitiveness depends on the ability of its customer-focused management to locate and resolve even unexpressed complaints. KDN has actualized customer satisfaction by diagnosing potential problems and complaints before customers notice them and solving them in creative ways, beyond the expectations of the customers.

Case 1_ KDN cut down the waiting time for people at the reception window. | During the beginning hours of KEPCO's business operations, the company's final customers had to wait at the reception window for more than ten minutes due to bottlenecks in the communication network. To improve this situation, we needed an investment of KRW8.5bln and KEPCO had a difficult time procuring the funds. Accordingly, as an alternative to making a large-scale telecom network investment, we utilized the spare capacity of the GIS servers that KEPCO's branch offices had been using nationwide, and modified them so that the company could simultaneously use them as distribution servers for free. As a result, customer waiting times at the window declined to 1/12th of previous levels and the company's savings on labor and investment costs were KRW23bln.

Case 2) KDN built an electricity failure detecting system for special customers. | We proposed to our client, KEPCO, a system to minimize time and costs of restoring electric power by detecting electricity failure conditions and locations in real time for the company's special customers. Designed for those who may be likely to experience large damage as a result of electricity failures-such as fish farms, stables, greenhouses, and restaurants serving raw fish-this system received a tremendous response from the company's customers. Since the trial installation at the Jeju branch office, KEPCO plans to install the special customer electricity failure detecting system in its branch offices nationwide, expecting to generate new revenues of approximately KRW124.8bln.

Accomplishment of Innovation Level 5

After acquiring Step 4 of the Management Innovation Assessment conducted by the government for two consecutive years in 2004 and 2005, KDN accomplished Step 5 of the innovation level in 2006 and was duly recognized as an excellent innovation company. This means that innovation activities have been internalized within the company sufficiently for ordinary self-regulating activities of the unit groups to produce visible accomplishments. Going forward, KDN will unfold innovation activities without retreat by establishing innovation as part of its corporate culture and continuously improving the system.

Receipt of the Minister of Commerce, Industry & Energy Award at the SQ Furtherance Conference

Owing to our service improvements through innovation activities focused on customers and different fields, we won the Minister of Commerce, Industry & Energy (MoCIE) Award at the 2007 SQ Furtherance Conference. The SQ (Service Quality) certification is awarded by the Korean Agency for Technology and Standards under the MoCIE after an objective evaluation of service quality in order to improve competitiveness in the service sector. Since being awarded its first certification in 2005, KDN has endeavored to maintain the best possible service quality levels through 2007.



Transparent and Open Management

●●● Recently, the OECD took the initiative to reinforce the ethics round to regulate the products and services of unethical companies in international transactions. While international agencies have been attempting to achieve a global standardization of ethical business management through the ethics round, the ISO (International Standard Organization) has accelerated the enactment of an ethical business management standard bill, ISO26000. Among the top 30 Korean companies, for which profit growth was a primary motivation through the 1960s and 1970s, those aimed at more than simply earning profits were those that survived. The common factor among respected and long-living companies is that they consider “profit-seeking” as a result, not a goal.

KDN’s ethical business management structure places an emphasis on internally including transparent and fair social activities and externally fulfilling the company’s social obligations through various management activities in order to minimize its negative impact on the environment and society. In addition, our ethical business management covers all stakeholders that have and receive an influence on such activities, as the company’s influence on society has gradually increased.

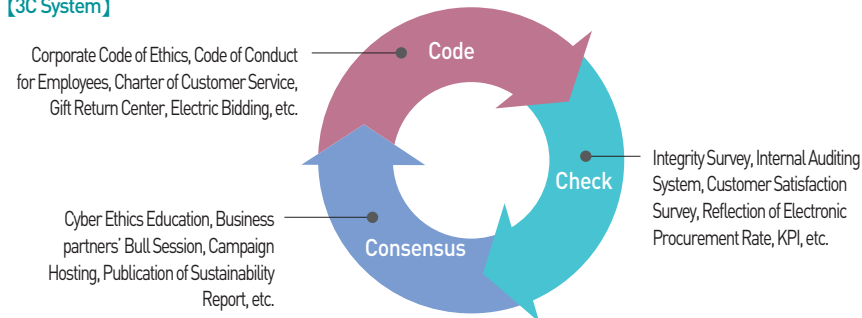
Ethical Business Management System

KDN recognizes the importance of ethical business management and endeavors to achieve sustainable growth based on an established ethical corporate culture.

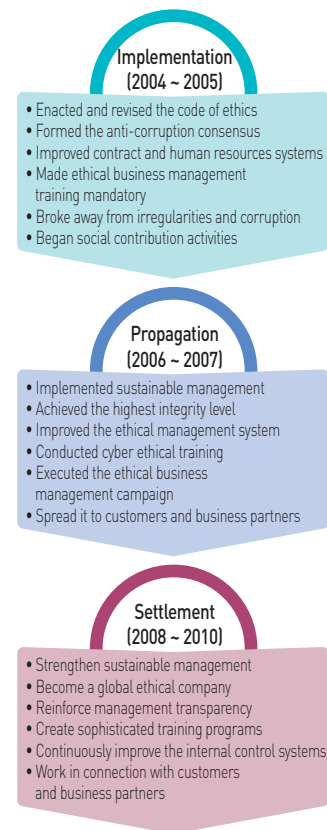
To become the “Global Specialist in Electric Power IT”, we have established an ethical business management vision to create a “clean, transparent corporate culture”, exercising ethical business management focused on improving corporate values. In 2004, we enacted and revised the code of ethics, declaring our intention to exercise the code of ethics both in and outside of the company at the “Ethical Business Management Resolution Meeting.” At this meeting, we worked to improve our contract and human resources systems and conduct mandatory training in ethical business management for all employees. Accordingly, we formed an anti-corruption consensus and strived to break away from irregularities and corruption. In 2006-2007, KDN achieved the highest integrity level among the group’s business partners and spread our ethical business management practices by hosting campaigns for customers and business partners to participate in. Additionally, since our implementation of the sustainable management concept in 2007, we have been strengthening our management transparency in connection with all stakeholders, seeking to become a global ethical company by 2008-2010.

In order to create a “clean, transparent corporate culture”, the company’s ethical business management vision, KDN operates an ethical business system focusing on the 3 Cs, “code (guidelines and regulations of conduct)”, “check (inspection)”, and “consensus (formation of consensus).” The system encourages us to voluntarily exercise ethical business management by providing inspection accomplishments in line with the guidelines of

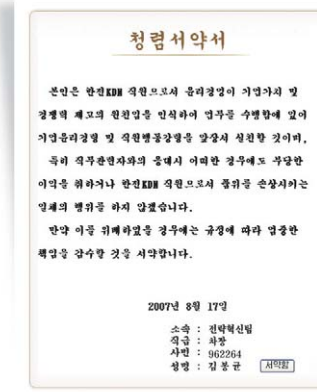
[3C System]



[Ethical Business Management Roadmap]



[Integrity Covenant]



All Employees Signed an e-Integrity Covenant

In August of 2007, all of KDN’s employees signed an e-integrity covenant online, confirming their firm faith in ethical business management once again and vowing to exercise their duties in good faith.

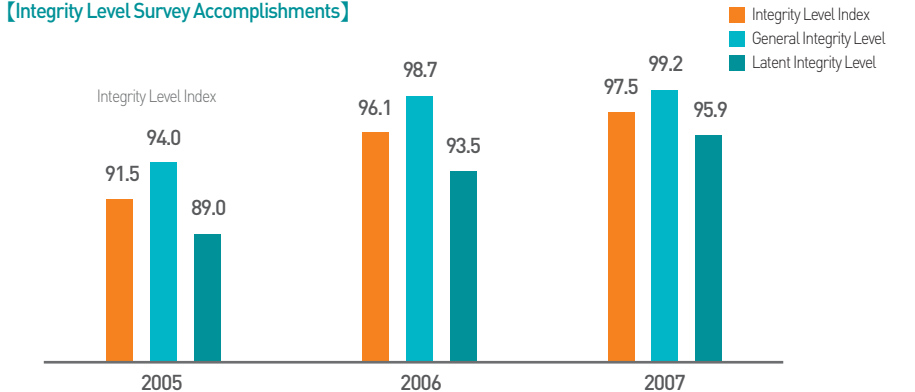
Ethics regulations, such as the Code of Conduct and the Code of Conduct for Employees, must be continuously revised and reinforced rather than be left alone after enactment. This is because quickly changing issues always arise. A company must resolve these challenges to ensure its sustainable development. This has only been hastened by a corporate environment that is speedily changing in line with the spread of globalization and the Internet. To exercise more realistic ethics regulations, KDN revised the Code of Conduct for Employees and enacted the Guidelines for the Conduct of Operation Staff in July 2007, in order to participate in MoCIE’s “3 Breakaways (Food, Golf, and Money) Campaign”, to reflect the clause prohibiting golfing and speculative entertainment and to clarify specific employee conduct. In addition, the company enforced the “e-Integrity Covenant” to provide all employees with the motivation to share and exercise ethical conduct.

Furthermore, KDN operates the Executives Integrity Covenant System to provide for obligations in executive management contracts to prevent executives from violating their duties and maintain integrity with respect to their job.

Integrity Survey

To reemerge as a clean and transparent company, KDN conducts integrity level surveys of its vendors twice a year. In order to secure accuracy and reliability, the company requests an outside survey specialist and objectively and quantitatively measures any potential corrupting factors as well as corrupt conduct. In addition, the company utilizes the accomplishments as the basic evidence used to identify unreasonable activities, prepare specific countermeasures, and improve systems.

[Integrity Level Survey Accomplishments]



“ Making profits cannot be the sole purpose of a company. Respected and long-living companies think of “profit-seeking” as a result, not a goal. ”





Integrity Level Index

The integrity level index is the weighted average value of the latent integrity level and potential integrity level. The latent integrity level measures actual corruption experiences, such as the frequency and amount of money transferred and entertainment services offered, whereas the potential integrity level measures corruption possibilities, representing potential exposure to corruption during the execution of operations, including the actuality of standards and processes, attempts to prevent corruption, fairness of processing operations, and ease of lodging objections.

Leader in Integrity Level among the Electric Power Group Affiliates in 2007

For the past three years, KDN's own integrity level research indicates that the company has steadily improved. According to the research results in 2007, the company scored 97.5 in the general integrity level, corresponding to "considerably well-maintained integrity." In addition, KDN has posted no incidents of offers of money or entertainment according to KEPCO's annual electric power group affiliates' integrity level measurements, ranking 1st among electric power affiliates with a score of 97.6 in the 2007 survey. In order to maintain its highest possible integrity levels, KDN reflected its relatively lower score in the "ease of lodging objections" results in the employee education and system improvement programs. Furthermore, the company pursues aggressive measures to deal with corruption by collecting opinions through bull sessions with various stakeholders.

Electric Bidding System

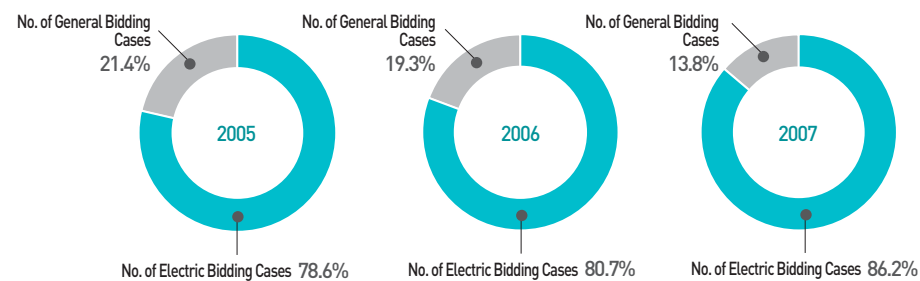
Electric bidding refers to participating companies searching for announcements and electronically making bids to participate in the bidding process at their offices, without personally going to the bidding execution agency.

Beginning in 2000, this system is able to minimize the probability of unreasonableness that may occur through face-to-face contact, establish transparency and fairness in procurement, and cut down on direct costs to partners by reducing limitations of time and space. Particularly, KDN simplified the corporate registration process in 2007, enhancing the registration rate of our vendors. In addition, the company built a bidding system that would allow 2-step competitive bidding and designated competitive bidding, drastically increasing the electric bidding contribution.

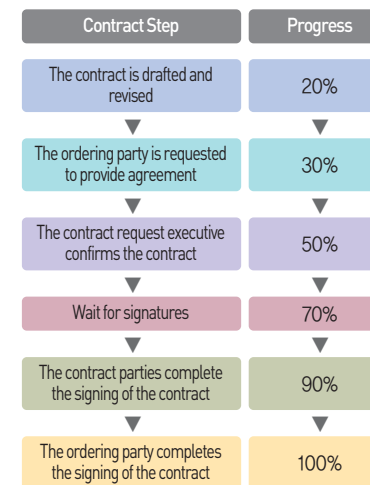
Going forward, KDN plans to substantiate difficult cases for electric bidding and reinforce the system to continuously expand the contribution of electric bidding to our operations.

[Electric Bidding Contribution]

Category	2005	2006	2007
No. of General Bidding Cases	274	210	270
No. of Electric Bidding Cases	1,011	882	1,680
Total Bidding Cases	1,285	1,092	1,950
Electric Bidding Contribution to Total	78.6%	80.7%	86.2%



[Contract Establishment Process]



Registered Vendors

Considering the convenience of electric bidding, KDN operates an open registration vendor system that allows anyone of minimum earnings or eligibility in the same sector to register as a vendor.

[Registered Vendors]

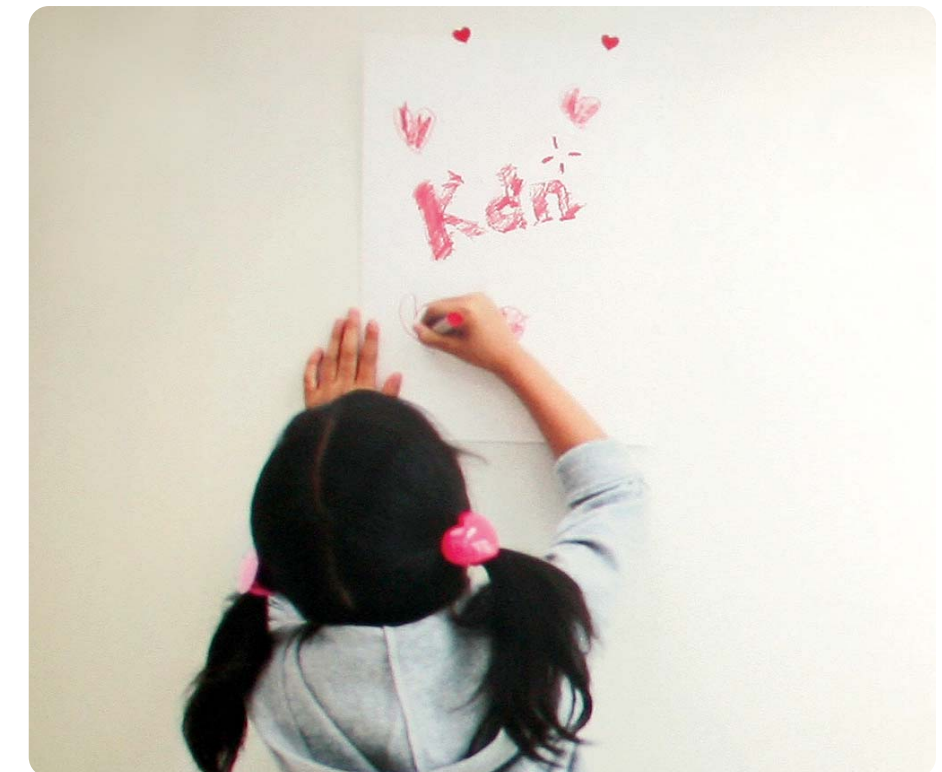
Category	2005	2006	2007
No. of Registered Vendors	2,921	3,215	3,977

Opinion Collection Process

Registered vendors must undertake a process to provide opinions about contracts, business progress, and various support operations. Every year, we try to accomplish joint development with our vendors in an equal position by collecting opinions through visits to Small & Medium-Sized Business Centers and by conducting online surveys.

Contract Establishment Process

To prevent unfair or abusive contract establishment practices, we have prepared and operate a corresponding online process. Namely, we make sure that the other contract party agrees with and confirms the contract terms during the contract establishment process, not only securing fairness in contracts, but also carrying out jobs based on respect for one another.





Risk Management

● ● ● Profit-seeking management activities are always accompanied by a degree of risk. Company risks are generally categorized into strategic, operational, and financial risks. Unless they protect their assets and business execution powers from the negative influence of risks, companies cannot continue to exist. KDN has measured the frequency of risks and their impact on the company, simultaneously determined their priorities, and chosen the most appropriate methods to process them after multilaterally reviewing the methods used to process various risks and considering their respective costs and effects.

Strategic Aspect

We have inspected and prevented the expected risks of various current management issues and major projects in advance, and operate a management meeting system to present major management policy decisions-such as the Innovation Strategy Meeting and Management Council-for the CEO to make reasonable decisions.

Innovation Strategy Meeting

As a regular meeting intended to achieve the company's vision and mid/long-term management strategies, the Innovation Strategy Meeting deliberates upon the direction of strategies to promote major projects and current management issues and determine policies. It is held once every week with 15 members, including the CEO and the heads of divisions, departments, institutes, and centers.

| Major Activities |

- Discuss major policies and establish management innovation implementation strategies
- Review and establish the direction of strategies for major projects
- Deliberate upon how to increase revenues and provide support

Management Council

This is a deliberation agency intended to discuss policies and make decisions regarding the main current management issues and risk management procedures for business implementation. Its members consist of the CEO, directors and heads of the management strategy, support, and planning departments.

| Major Discussion Topics |

- Matters relating to key management issues, such as the establishment of management plans
- Matters relating to which major projects to pursue and how to pursue them
- Important demands from internal and external customers
- Discussion topics of the board of directors that require preliminary discussions
- Matters relating to projects requiring payment guarantees or the processing of insolvent obligations
- Other matters that the CEO recognizes the necessity of joint decision-making or discussions for

Furthermore, we have endeavored to strengthen the stability of our financial structure and maximize our corporate values through business risk management, by operating an external project management system and the Joint Order Deliberation Committee, etc.



KDN's Major Committees (Councils)

Category	Title	Functions and Roles (Deliberation Matters)
Strategy	Research & Development Committee	<ul style="list-style-type: none"> • Establish basic R&D principles • Establish mid/long-term R&D plans
	Research & Development Deliberation Committee	<ul style="list-style-type: none"> • Select research projects and make important changes • Evaluate the research project accomplishments
	Small & Medium-Sized Business Support Deliberation Committee	<ul style="list-style-type: none"> • Select and evaluate joint R&D projects • Select and evaluate joint market cultivation projects
Operation	Human Resources Committee	<ul style="list-style-type: none"> • Establish basic principles of the human resources operations, employment system and implementations • Examine the implementation of employees to Level 4 or higher
	Labor and Management Council	<ul style="list-style-type: none"> • Labor-management agreements (14) • Resolutions (6), reports (4), etc.
	Complaint Processing Committee	<ul style="list-style-type: none"> • Accept employees' complaints and provide consultation • Process complaints and notify stakeholders of the processing accomplishments
	Compensation Committee	<ul style="list-style-type: none"> • Determine compensation issues and amounts • Determine unavoidable circumstances in case of compensation for criminal charges
	Contract Deliberation Committee	<ul style="list-style-type: none"> • Important matters relating to determining contract methods • Matters relating to the election of excellent registered vendors
	Proposal Deliberation Committee	<ul style="list-style-type: none"> • Matters relating to the selection of proposals • Matters relating to prizes and rewards • Matters relating to the execution of proposals
Finance	Fixed Assets Processing Committee	<ul style="list-style-type: none"> • Process damage and losses and determine whether to compensate or not • Make decisions for and process disused assets (disposal methods, etc.)
	Bad Debt Processing Deliberation Committee	<ul style="list-style-type: none"> • Matters relating to the appropriateness of bad debt processes • Other matters relating to bad debts
	Taxation Management Committee	<ul style="list-style-type: none"> • Matters required to efficiently carry out taxation operations • Matters relating to preventative measures on additional taxes, etc.

Operational Aspect

As a plan to effectively reduce business risks across the overall business management structure by analyzing and managing possible operating risks in advance, KDN has performed an internal auditing system and quality management and security activities.

Internal Auditing System

As a public enterprise in the electric power sector, KDN has a close relationship with the lives of the public and it therefore places an emphasis on fairness, rather than merely the pursuit of profits. The company's entire internal auditing system is operated in line with these characteristics. Organizationally independent of management, the auditing system plays the role of monitoring and controlling corporate management and mainly focuses on fields intended to create optimal solutions that are fair and reasonable. Rather than being limited to conventional accounting auditing, the auditing system works as an internal management consultant to assess the company's risks and improve its operations.



| Operation of the Auditing System | Regarding ordinary matters affecting the company's overall management, the system predicts possible risks and requests reinforcement through the daily audit before the matters are executed. Concerning corporate or other important matters, the system mainly performs preventative and instructional auditing by resolving problems through channel auditing. The general auditing work is carried out regularly in all departments in accordance with the annual auditing plan, focusing on compliance with operational regulations and the validity and reasonableness of operations.

| Processing of Audit Results | To reasonably process audit results, we operate and facilitate our own deliberation committee, while improving and operating an auditing information system to improve auditing operation efficiency and systematically manage the audit results. In addition, we continuously conduct job consignment training and our own OJD training to strengthen the competencies of our auditors, establishing reliability and efficiency in our auditing operations.

Quality Management

The quickly changing corporate environment of today demands creative and innovative quality strategies from all companies. In these infinitely competitive times, the survival of a company relies not only on its technology power (R&D), but also its quality competitiveness levels able to support this technology power. For quality management, KDN has delegated its authority to each department through extensive operational reorganization. This, implemented in 1996, will help to establish quality activities focused on field operations and improve professionalism. In 1997, the company acquired ISO 9001 & TickIT certification, which initiated full-scale quality management focused on improving quality in all fields to improve customer satisfaction.

From the customer needs reflection step to the operation and maintenance & repair step, we manage risks at all stages of a product or service lifecycle. Particularly, we have managed joint operations and inspected observations of the schedule and errors to develop risk management and increase customer satisfaction by managing our business management objectives and entering into service level agreements (SLAs) with our clients.

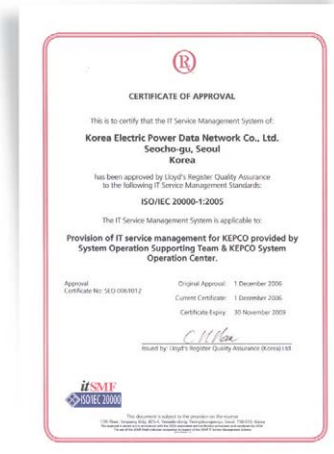
| Customer Satisfaction | To materialize our corporate ideal "to pursue customers' success" and the CEO's management policies, KDN has conducted customer satisfaction surveys since 1998. By continuously improving services to various customers-including our largest customer, KEPCO-KDN ranked 1st in the customer satisfaction surveys conducted by an agency under MoCIE in 2006, becoming a role model for many other companies.

| Implementation of ISO 9001 and ISO/IEC 20000 Certification | As a representative international standard agency in charge of standardization, the ISO [International Organization for Standardization] performs technological or non-technological standardization in all areas other than electricity and electronics. The ISO 9000 series is a system that enables a third party (certification agency) to assess the quality system of a supplier and certify its quality guarantee capacity, whereas the ISO/IEC 20000 certification is a certification system specializing in IT service management. KDN is enhancing customer satisfaction of our products by implementing such quality management processes.

Security

| Human Resources Security | Through periodic security training, we ensure that we strengthen our employees' awareness of security and prevent any leakages. In particular, we ask new employees, retirees, and overseas branch staff-who all require strong security awareness levels-to sign a security pledge to comply with the company's confidentiality agreement and other security regulations. Each department has a security director and executive designated to inspect security issues on a daily basis.

[ISO 9001 and ISO/IEC 20000 Certification]



[Initial Page of Internal Control System]



2) IEEE(Institute of Electrical and Electronics Engineers)

| Facility Security | KDN's head office has an intelligent building system built in to allow for central control. Within the building, we have installed scientific security devices (CCTVs and DVRs) and a security entrance system to control entry. We also manage the facility's security by periodically consolidating entry passes and upgrading the system and operating 24-hour surveillance of information system facilities, such as the computer rooms and communication rooms.

| Document Security | We have built an internal document security system (DRM : digital rights management) to prevent electronic documents from leaking, and established backup and restoration measures for important data. Going forward, we plan to implement an electronic document protection system certified by the government information agency.

| Information Security | KDN has carried out its security operations in line with MoCIE's Basic Guidelines to Information Security. Our basic rule is to maintain the highest-level of security of information relating to content and operating conditions of the systems processed and accessed in the course of developing, operating, maintaining, and repairing telecom systems, in order to protect customers and their information. To effectively secure information and communication, we have reinforced our information security activities by ► organizing LAN based on the standards of the IEEE²⁾ 802 Committee ► controlling authorized user access to the designated ports via VLAN ► utilizing firewalls and IPSs (intrusion prevention systems) and blocking harmful packets ► using TMSs (threat management systems) and ESM (enterprise security management) to comprehensively collect and analyze information and develop a counterattacking system and ► extensively supervising vaccines to kill viruses and spyware found in personal users' PCs.

Financial Aspect

KDN manages business and financial information on a 'real-time enterprise' basis. This implies that all members of the company, from new employees to the CEO, can access all the financial information they need, such as that relating to ordering, sales, profits, and cost indicators, in real-time, allowing them to make prompt decisions, track, and quickly cope with numerous situations.

Internal Control System

By operating an evaluation system for the internal accounting management process, we are actively responding to the social demands to revise regulations that relate to the accounting system and establish accounting transparency.

For effective internal control, we built a computerized evaluation system in 2006 and have been operating it since 2007. Effectively and efficiently operating the computerized evaluation system not only helps us comply with our legal requirements, but also makes it quite simple to provide reliable information during the financial reporting period.

Foreign Exchange Risk Management Committee

We founded a Foreign Exchange Risk Management Committee as a decision-making agency to manage foreign exchange risks, provide regulations relating to matters relating to foreign exchange risks, and efficiently manage these risks. The committee ultimately promotes the stability and soundness of our corporate management.



Technology... the Key to Services

●●● The environment of corporate technology development has sharply changed. In step with the development of advanced technology and the convergence of technology as well as accelerated innovation, technology innovation has become rapidly globalized and opened up. While the technology cycle has been leading the economic cycle, the new rule of “winner takes all” is a part of the technology environment in our time. These changes make it impossible for companies to succeed any longer in the global marketplace with catch-up strategies. Companies are required to switch to front-runner strategies. Developed countries are paying close attention to the management of technology (MoT) as a strategic alternative.

General MoT Plan

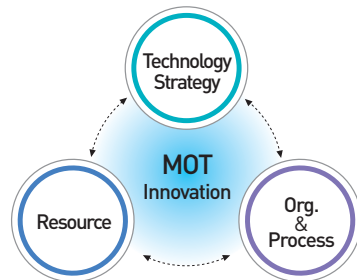
Technology is a key component of KDN's sustainable growth. It not only creates new markets through the creation of new products and services, but also plays a key role in securing competitive advantages through cost savings and differentiation. However, technology alone does not make its own contributions. The target-oriented management of technology, namely strategic management, enables a company to enjoy sustainable growth and development. Therefore, KDN has recognized the necessity of its strategic management of technology, establishing a General Management of Technology Plan in 2006.

Environment and Vision of MoT

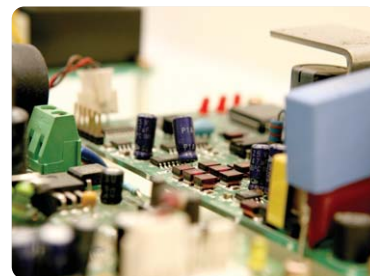
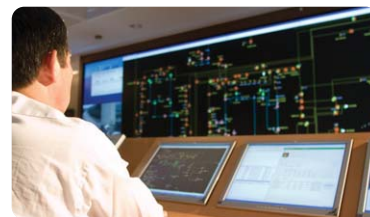
In the 21st century, the concept of convergence has had an effect on us in various ways, such as in technology, services, and markets. Particularly, technology as a key driver of convergence has changed the Electric Power IT sector significantly. The standardization and integration of technology have streamlined and simplified processes and structures even further, and make it easy for the government to change its policies across all electric power industry sectors, blurring the boundaries between markets. The value chain of the electric power industry has also become available for restructuring in accordance with technological changes. Consequently, the pressure to allow competition in the public sector has grown even more, while intensified competition in the IT market has decreased IT service providers' added value.

Secure Leading Electric Power IT Innovative Competency in the Global Market

Possess Leading Technology in Electric Power IT Sector by 2010



Set up strategic technology direction (2006)	Establish technology leadership and infrastructure (2007-2008)	Strengthen MoT innovation (2009-2010)
<ul style="list-style-type: none"> Establish the MoT master plan Set up the technology roadmap 	<ul style="list-style-type: none"> Strengthen the role of the CTO and technology strategies Prepare the MoT program Implement strategic portfolio management Innovate for R&D project methods 	<ul style="list-style-type: none"> Newly form a strategic business incubation organization Newly organize a technology & standards support group Review the implementation of a decentralized R&D group Implement the matrix group
<ul style="list-style-type: none"> Secure new technologies and IP of national Electric Power IT Reinforce professionalism in R&D human resources 		



Through the convergence of the electric power industry and the IT industry, KDN will expand the role of IT in the electric power industry and create new value-added markets.



Nevertheless, KDN found an opportunity here. The convergence of the electric power industry and the IT industry provides a chance to expand the role of IT in the value chain of the electric power industry and to form new value-added markets. In 2003, the company established a management policy to become the “global specialist in Electric Power IT”, taking the initiative to participate in the government’s Electric Power IT cultivation policy, intended to secure Electric Power IT leadership. In 2006, the company declared its new corporate vision, to become the “global specialist in Electric Power IT”, embarking on a full-scale strategic MoT. It was then that we announced our MoT vision to “secure leading Electric Power IT innovation competencies in the global market”, establishing a five-year general MoT plan.

This plan consists of the major strategies of ► systematic innovation of three MoT factors- technology, organization & processes, and resources ► balanced improvement of competencies in planning, marketing, and HR for technology innovation ► and the implementation of step-by-step change processes, in consideration of the organization’s adaptability features.

Three MoT Factors

To strengthen its corporate competitiveness, a company must value market-oriented R&D. It is important for all companies to organically connect their R&D, marketing, and product planning processes, for which they must carry out MoT based on this insights into customer needs. Reflecting these requirements, we have focused on technology, organization & processes, and resources.

[Strategic Technology Sector]

[Unit : KRW bln]

Target Technology Sector	Expected Revenues in 2012 (KRW bln)
ERP System Integration in Public Sector	10.1
Electric Power Transmission & Substation Preventative Diagnosis	27.0
PLC Application System	21.6
Digital TRS	8.5
Automatic Meter Reading	12.6
KeuCIT (KEPCO Communication IT)	10.0

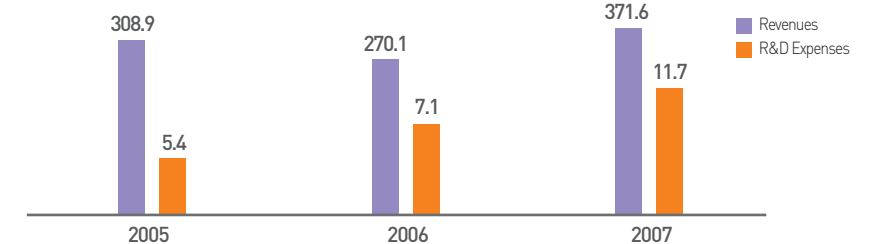
| Technology Strategy | To provide clear guidance for the selection and focus of future growth momentum, approximately 50 inside specialists of KDN worked together for several months to establish a technology roadmap. Having considered such aspects as market size, security of long-term competitive advantage, and synergy, we chose six technology sectors to work with, including the power line communication (PLC) application system and automatic meter reading (AMR). These six technologies and products are expected to become our growth engines for generating revenues of more than KRW 90bln by 2012.

| Organization & Processes | Developing core technologies in the six aforementioned technology sectors is a far more complicated and difficult task than past R&D activities, which mainly involved general maintenance and repairs or partial functional enhancements. It requires high-level infrastructure. As a result, we clarified our R&D project management processes and introduced a technology classification system. In addition, we plan to apply the technology portfolio matrix to control increasing risks in proportion to the escalated R&D investments required in 2008. The technology portfolio will work as a guideline for the strategic allocation of resources, such as funds and human resources with respect to R&D projects.

| Resources | To become a global leader in Electric Power IT, we need to continuously expand our investments in R&D projects for the following few years. In order to support the company’s sustainable growth prospects, we will steadily improve our R&D investments. Going forward, we also have to think about “how to efficiently manage R&D investments” rather than “how much to invest in R&D.” Therefore, for efficient R&D investment purposes, we plan to approach the market’s needs through endless interactions with our customers and establish and develop an MoT system that can plan and control the company’s R&D activities across all departments.

[Annual R&D Investments]

[Unit : KRW bln]



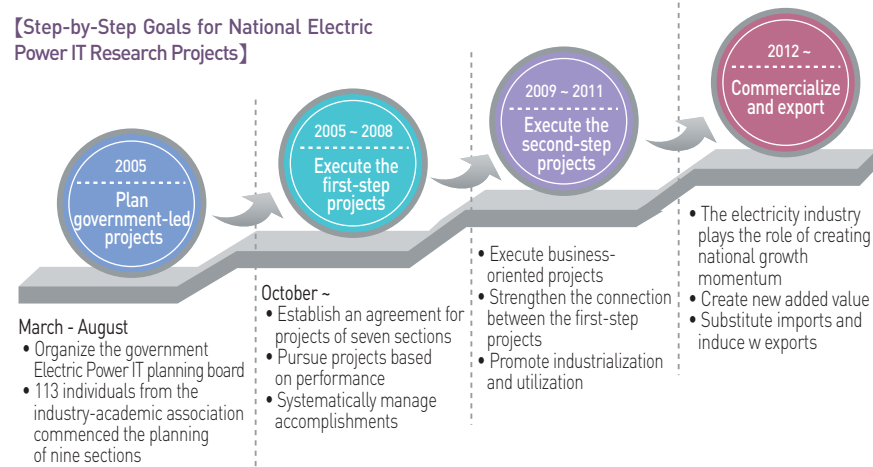


Participation in National Electric Power IT Research Projects

KDN has actively participated in national Electric Power IT research projects headed by the government. By doing so, the company intends to lead the digitization and automation of electric power facilities so as to supply high-quality and stable electric power, and contribute to creating electric power line ubiquitous time.

Running full steam since 2005, national Electric Power IT research projects have been promoted as a breakthrough opportunity for the new growth of Electric Power IT, considering the necessity to change the domestic electric power industry and create new growth momentum. As the first step to developing leading technology with competitiveness in the global marketplace, KDN has made R&D investments of KRW 14.2bln, (KRW 7.1bln from KDN and KRW 7.1bln from government funding sources) and committed its own research staff to 15 projects from 2005 to 2008. After completing the R&D projects, the company plans to commence the second step in 2009 ~ 2012 in order to commercialize the results.

[Step-by-Step Goals for National Electric Power IT Research Projects]



KDN recognizes the global mega trends creating new markets in the convergence sectors and intends to make great efforts in technology development by actively participating in national Electric Power IT research projects in order to create new growth momentum based on the convergence of electric power and IT.

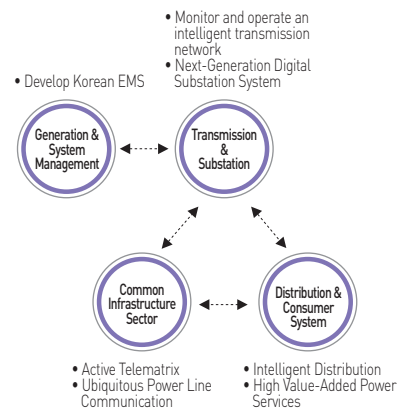
Establishment of an Electric Power IT R&D Center

Since its foundation as a company-attached technology research center in May 1993, the Electric Power IT R&D Center has established the requirements of a general Electric Power IT research institute by expanding its human resources and R&D investments and innovating its research organization system. This center is intended for KDN to fulfill its obligations as one of the leading Electric Power IT companies in Korea, helping it increase its participation in national Electric Power IT R&D projects and policies, strengthening R&D and technology support for commercialization, and ultimately proposing and implementing the direction of Electric Power IT development.

In order to grow as a global leader in the Electric Power IT sector in the age of limitless competition with an emphasis on creative management, the company expanded the number of its R&D staff to 73 and that of its research projects to 56 in 2007 (up from 40 R&D staff and 22 projects in 2004).

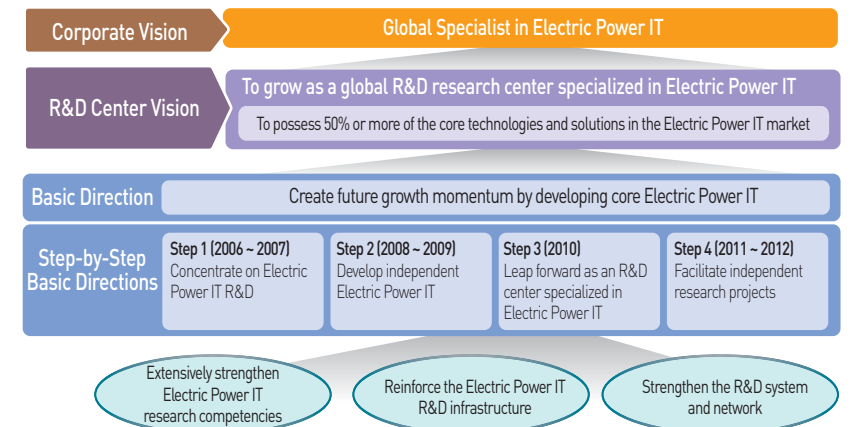
After establishing the basic direction to "create future growth momentum by developing core Electric Power IT", KDN has continuously increased its R&D funds and investments each year in keeping with its mid/long-term R&D plans.

[KDN-Participated National Electric Power IT Research Projects]



KDN has been commercializing short-term projects as well as mid/long-term projects through its select and focused portfolio, while also carrying out national Electric Power IT projects.

[Strategic System of the Electric Power IT R&D Center]



In order to improve and efficiently utilize the competencies of its research staff, the company has continuously invested in expanding its research infrastructure and consequently increased the commercialization rates of our R&D accomplishments, at approximately 100% every year. In 2007, KDN integrated and vastly expanded its scattered laboratory environments to organize sufficient laboratory space for each research group. Since then, we have been solidly improving our R&D environment, including adding facilities for watt-hour meter supplier qualification and PLC certification centers.

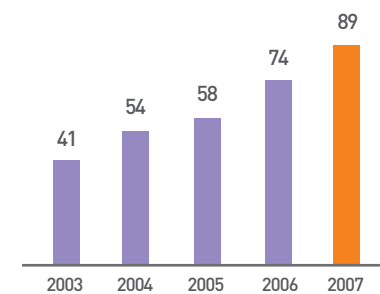
Intellectual Property Rights

Since our first patent application in 1997, we have continued to increase the number of registered international patents and utility models every year. This is attributable to our endless efforts to engage in a blue ocean strategy in the Electric Power IT sector, enhance our corporate value by securing intangible assets, improve our R&D capabilities, broaden our motivation, and aim to become the "global specialist in Electric Power IT" through knowledge management.

In order to expand our rate of acquisition and utilization of intellectual property rights, we have offered compensation to applicants and registrants since 2006 and instructed our research staff to file intellectual property right applications before they complete a research project. In addition, we conduct an annual seminar with external guest specialists, allowing all employees to share relevant information through our R&D management system.

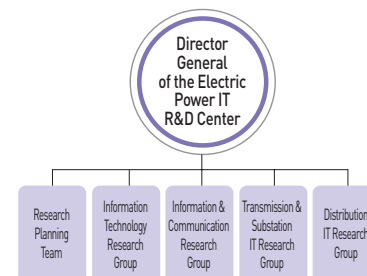
With its Electric Power IT R&D Center, KDN has placed a heavy emphasis on securing intellectual property rights for generating Electric Power IT R&D accomplishments. These include activities in power line communication, automatic meter reading, wireless load monitoring systems, and distribution automation systems. These efforts are intended to create future growth momentum and help the company grow into a world-class specialist in Electric Power IT.

[Registration of Intellectual Property Rights]



※Note : Including patents, utility models, and programs

[Organizational Chart of the Electric Power IT R&D Center]





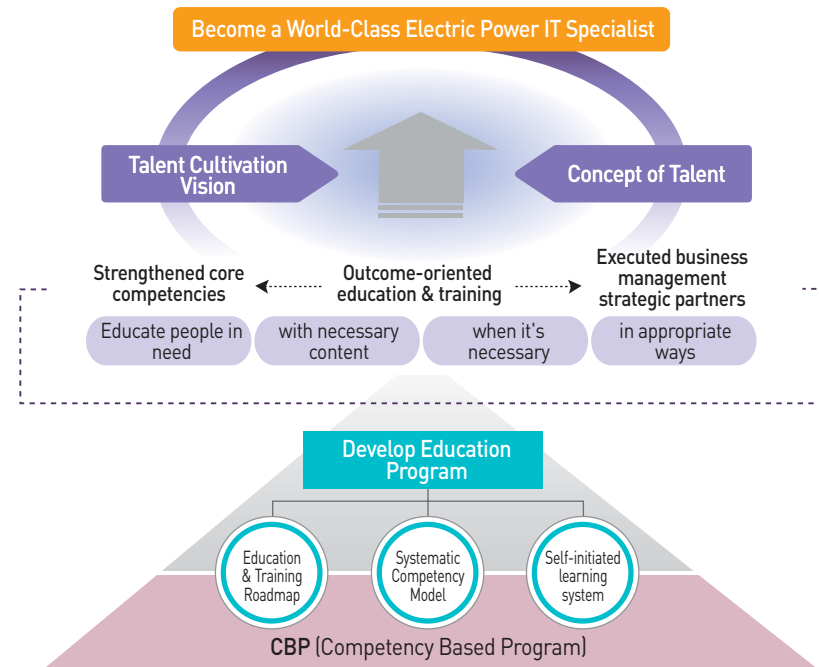
Training of Core Talent

●●● The driving force of corporate development is human talent, because people determine the efficiency of business management resources, such as products, funding, information, and knowledge. The key to global competitiveness? technology power? ultimately comes from people. To make good products, you have to produce good people; to increase product quality, you have to improve the quality of your people; and to accomplish product innovation you must challenge your people. As a technology and service provider, KDN realizes that talent is the most important asset it has. We have made appropriate efforts to cultivate the talent of our human resources.

Talent Development Program

"Cultivation of core talent" is one of the CEO's most emphasized management policies. Typical KDN talent is the best professional in the industry, with creativity and passion. Under its talent cultivation vision to nurture "strategic business management partners who can lead a new corporate culture and shore up outcome creation through continuous personal and organizational growth and development", the company has established a mid/long-term basic direction for developing talent, established a basic education & training system and attempted to cultivate Electric Power IT specialists that are suited to each business sector. Accordingly, KDN has established and now

[Basic Education & Training System]



operates education roadmaps for each talent cultivation sector, in consideration of the analysis of changes in the external education and training paradigm. In addition, the company has systemized its next-generation leader cultivation and occupational competency training programs, making an effort to provide substantial education and training programs in order to offer our customers the services that they need based on the very best in technology power.

“ We have systemized its next-generation leader cultivation and occupational competency training programs, making an effort to provide substantial education and training programs in order to offer customers the services that they need based on the best in technology power. ”

[Education Roadmap]

Talent Cultivation System					
Title	Common Factor	Leadership	Professional Cultivation	Management Cultivation	
Executive	Manage the electric power industry Communication Competency Ethical Management Awareness Training Women's Leadership & Sexual Harassment Prevention	Empowering Leadership Corporate Philosophy	System Architecture Design & Development System Consultant Security Management Network Design & Management Transmission & Distribution Automation EAI Design & Construction ERP Consultant Programming Integrated Data Management Risk Management Project Management	Overseas Executive	
Head of Division (Business Section)		Value-Creating Leadership Management Policy Direction & Strategic Analysis			Helsinki MBA
Head of Team (Business Team)		Outcome-Creating Leadership Project Promotion Power & Subordinate Cultivation		Seoul National University Public Corporation Management	
Chief of Party		Problem-Solving Leadership Challenging Attitude & Planning Power			
Team Member Level 5 ~ 6		Self-Leadership Innovation, Creativity, Cooperation & Teamwork Interpersonal Relationships & Being a Role Model			
Introduction of new and experienced employees					
On-the-Job Training, Self Development, Outside Training, e-Learning					

Education Status

KDN pursues the diversification and specialization of its education program. From 2005, we added an overseas long-term commissioned training program to concentrate on cultivating global talent and become better prepared to execute overseas projects. In order to conduct education and training for employees to help them develop job capabilities, the company launched the Talent Development Center in 2006, operating it as an exclusive division to develop talent. In 2007, we expanded the next-generation executive cultivation program and graduate program in Electric Power IT to produce future-oriented talent who could lead the changes in the business management environment.

[Domestic and Overseas Long-Term Commissioned Education]

[Unit : persons]

Category	2005	2006	2007	Remarks
Overseas Executive Program	1	2	1	Renowned overseas universities
MBA	1	2	2	EMBA-UM
Subtotal	2	4	3	
Domestic Executive Program	4	4	4	KEPCO & public corporation program
Other Executive (evening)	3	2	4	Evening executive program
Mater's Program (evening)	-	-	3	New addition of Electric Power IT
Subtotal	7	6	11	
Total	9	10	14	140% on a year-on-year basis





KDN has accepted requests through various pathways to meet the high expectations of Electric Power IT industry stakeholders. By reflecting these needs, we have been continuously carrying out technician training programs for each Electric Power IT operation, as well as providing inside and outside training programs in telecommunications, IT, and electric power distribution. We operate graduate-school-commissioned programs to cultivate professional executives, and overseas executive programs to cultivate global talent. Aiming at optimal improvements in technology by 2015, KDN began graduate programs in 2007 and plans to add doctorate programs designed for the Electric Power IT sector in 2008.

[Professional Human Resources Training & Education Status]

Sector	Accomplishments (No. of Employees)	
	2006	2007
<ul style="list-style-type: none"> Intensive education for each level to cultivate Electric Power IT specialists: Design programs for each of the beginning, intermediate, advanced, and professional levels - Telecommunication (Distribution automation, network and IT) - Information technology (NDIS and sales SI) 	251	293
<ul style="list-style-type: none"> Overseas commissioned education, such as the EMBA-UM program -Overseas executive program, EMBA-UM 	4	3
<ul style="list-style-type: none"> Programs commissioned to graduate schools such as Seoul National University -Seoul National University Public Corporate Management Course 	6	11
Total	261	310



Education Outcomes

To cultivate customized professional human resources, KDN operates a range of human resource cultivation programs. Accordingly, the number of employees who have acquired technician certification or PhDs in each Electric Power IT sector has been steadily increasing.

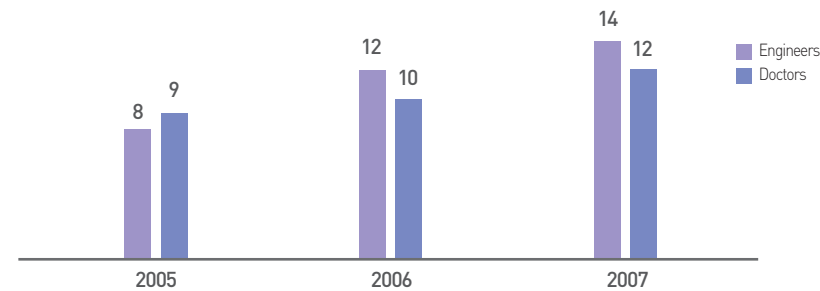
[Certificate Holders in Each Electric Power IT Secto]

[Unit : persons, accumulated]

Year	Engineer	Industrial Engineer	Technician	Telecom Engineer	Supervisor Certificate	Other
2005	492	471	255	274	38	595
2006	508	469	257	316	49	646
2007	590	475	258	356	82	771

[Engineers and Doctors]

[Unit : persons, accumulated]



Each year, KDN conducts a survey among employees relating to education and training so as to tune in to any requests and improvement proposals. After analyzing the survey results, we reflect these findings in the education and training programs to fully customize the education courses we offer. As a result, employee satisfaction with the education programs has gradually improved each year.

[Results of Surveys on Employee Requests]

Section	Request	Enhancement Plan
Education Course	<ul style="list-style-type: none"> Insufficient Electric Power IT specialization courses Insufficient education and training in reform awareness Insufficient presentation education courses Inadequate courses focused on improving competencies Inadequate courses for each level Insufficient long-term education programs due to a curriculum favoring the short term 	<ul style="list-style-type: none"> Design courses to focus on cultivating Electric Power IT specialists Strengthen courses relating to awareness reform Strengthen sales courses in negotiation power, etc. Open courses focused on reinforcing competencies Open and manage courses for each level Design long-term cultivation education programs
Education Evaluation	<ul style="list-style-type: none"> Passive participation in education due to evaluations 	Create an environment suitable for active participation in education
Education System	<ul style="list-style-type: none"> Inadequate support for acquiring professional certificates Inadequate management of education history Inadequate connection between education and HR Insufficient management of education records 	<ul style="list-style-type: none"> Review support for certificates relating to project execution Examine building an education history management system Review connections between education and HR Record management program required
Education Environment	<ul style="list-style-type: none"> Difficulties in participating in education programs due to a busy work schedule Absolute shortage of support for IT sectors Insufficient connection between the completion of courses and job movement 	<ul style="list-style-type: none"> Facilitate e-learning education Systemize core IT education Links to the HR division to preferentially admit those who completed education programs to projects

[Employee Education Satisfaction Scores]

Category	Evaluation Criteria	2005	2006	2007
Education Satisfaction	Education content, textbooks, instructor competencies, etc.	89.8	92.5	93.7





Make the Pie Bigger!

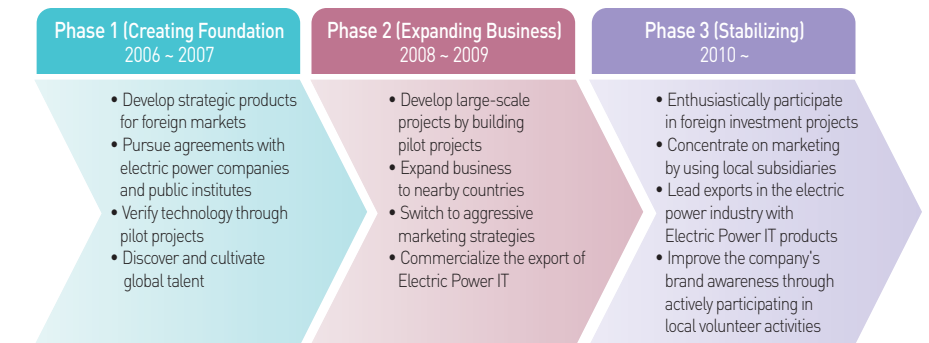
●●● It is now natural to call the world a global village. Prominent domestic and foreign companies are developing through overseas projects. While trade barriers in most countries are disappearing thanks to free trade agreements (FTAs), the domestic Electric Power IT industry has remained stagnant for the past few years because of saturation in the market.

- ★ Project Awarded
- Pilot Project
- MoU or Agreement
- ▲ Other Projects



“
As a result of our effort to sustainably develop to a world-class specialist company, small achievements have been appearing. Although they seem small, these accomplishments suggest there is a lot of potential for the company. Before too long, you will be able to experience the ubiquitous world through KDN's Electric Power IT all over the world.

[Overseas Projects]



Stepping onto the World Stage

In August 2006, KDN organized an international business team to exclusively handle overseas business projects. In the past, each working-level team independently pursued overseas projects limited to each team's products of specialty, and the performance was inevitably sluggish due to a lack of exclusive staff members. After the international business team was set up, the first project it dealt with was to enter into agreements with foreign electric power companies and public agencies. As a result, the company was able to establish multiple cooperation agreements and MoUs with the Tunisian Electricity and Gas Company (STEG) in August 2006 and the National Assembly of Cambodia in October 2007. From these efforts, the company has accomplished meaningful outcomes in various Electric Power IT sectors, such as the construction of the Angola IBS in 2007 for the IT sector, the Indonesia AMR pilot project, DAS (Distribution Automation System), and the Tunisian electric power communication network consulting project.

Construction of the Angola IBS

In September 2007, KDN won the bidding contract for the 6.2-million-dollar construction of an intelligent building system (IBS) in one of the most recently established commercial-residential buildings in Angola, Africa. Ordered by the NEC-a local joint venture of Sonangol, (Angola's national petroleum corporation) and Namkwang Coway (a Korean company)-this project will engage KDN in developing the building automation (BA), information & communication, and office automation (OA) systems for the Miramar Tower construction project up until March 2009. By jointly conducting this project with a domestic construction company, KDN significantly lowered its burden of risk. This project will become the foundations for expanding the African Electric Power IT market in the future.

To the Wider World!

Owing to these domestic and international environments, the electric power group-headed by the largest client of the Electric Power IT market, KEPCO-have actively pursued overseas projects, demanding Electric Power IT improve product values. Consequently, KDN has been searching for opportunities to penetrate overseas markets with the electric power group, relying on the company's excellent technology and know-how acquired after having executed a number of domestic power IT projects. The company is expediting its advancement into foreign markets in various regions, such as Europe, Southeast Asia, the Middle East, and Africa.

Overseas Project Strategy

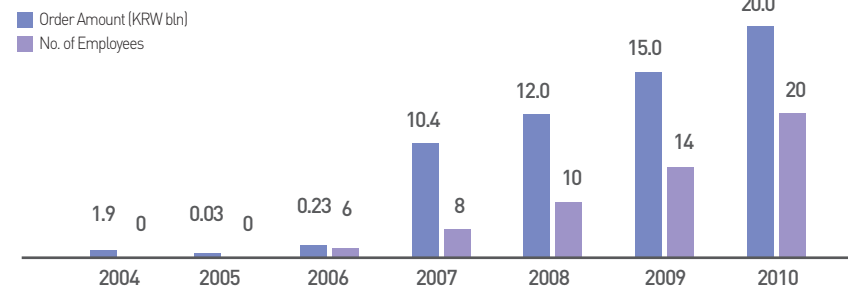
For sustainable growth and development, it is necessary for a company to develop new products and secure new markets. Before serving customers, companies first need to develop products and solutions after thinking about what their customers really need.

Entering foreign markets requires the same process. KDN is focused on strategically adjusting its products and solutions-whose excellent quality and reliability have long been proven in the domestic market-to foreign markets. KDN has built a network of local markets through strategic alliances with foreign electric power companies and public institutes. By using this network, we can better understand customer needs and receive proposals to develop projects. The company plans to pursue a pilot project after a close examination-such as a feasibility study-and extensively commercialize the project afterwards.





[Overseas Project Accomplishments and Forecast]



Establishment of an MoU with the National Assembly of Cambodia for a Computerization Project

In October 2007, KDN signed an MoU with the National Assembly of Cambodia. The MoU is for building an information system in the national assembly and pursuing the electronic national assembly project. Major projects include the construction of a broadcasting system in the national assembly building, proceedings and electronic voting system, and the information infrastructure in the national assembly building and Secretariat of the National Assembly. KDN intends to propose project execution plans such as hardware and software solutions for this project, which is estimated to require 18 months of labor and a total cost of US\$30.0 million. We will enter into an official contract in 2008.

Yemeni National ID (NID) Project

In June 2006, KDN signed an MoU for the National ID (NID) project (resident registration computerization project) with the Deputy Secretary at the Department of the Interior (Yemen) and the Director of the Resident Registration Office. The MoU specifies that KDN will offer necessary standard models and material data for the project, and exchange human resources and support technologies. Since Yemen began implementing e-government projects fully in 2003, KDN has increased its brand awareness by inviting Yemeni government officials to support benchmarking and by continuously exchanging information through IT human resources training seminars and symposiums.

Establishment of an Agreement with the Tunisian Electricity and Gas Company (STEG)

KDN entered into an agreement with the Tunisian Electricity and Gas Company (STEG) for technological cooperation in the information & communication and Electric Power IT sectors. The agreement with Tunisia covers Electric Power IT education and training for STEG's employees, human resource exchanges, consulting services for STEG on the information & communication and automation sectors, and joint projects in a third country. Consequently, the business cooperation between both companies is expected to generate great synergy effects, by opening markets in the African and European regions near Tunisia.



Dreams Come True!

We still face many difficulties in establishing the conditions to smoothly pursue overseas projects. First of all, we must maintain excellent technology and a good command of foreign languages in order to develop foreign markets. In addition, we need professionals in various specialized areas, such as international negotiation, risk management, and foreign investment management. Particularly, it is inevitable that we will be required to have human resources equipped with information about the target country, human networks, and business experience. It takes at least a few years to secure investments and win bidding contests for overseas projects. Therefore, we need to create the foundations and have patience when pursuing overseas projects, while developing competitive products, commercializing them and looking for sales channels, rather than becoming obsessed with short-term accomplishments.

Training 10% of our Employees as Overseas Business Specialists

With the CEO's support, our competitive products, excellent human resources, sound business management processes, and a pioneering corporate culture, KDN has concentrated on developing suitable products for foreign markets. Additionally, the company has set up overseas business specialist programs and operated systematic training in order to improve its global talent capabilities. The company has also dynamically utilized the professional courses of outside institutes for its overseas project managers and staff, planning to make 10% of our employees overseas business specialists within the following five years.

Building an Electric Power Group Global Sourcing System

We have promoted overseas projects that mainly focus on the public sector, simultaneously making efforts to mutually cooperate with other electric power group companies. Consequently, we have shared information on foreign markets with the group and built a global sourcing system. Furthermore, we have actively participated in the government's overseas project support policy, pursuing projects using EDCF³⁾ (Economic Development Cooperation Fund) and KOICA⁴⁾ (Korea International Cooperation Agency) funding.

In order to sustainably grow as the "global specialist in Electric Power IT", KDN has fully prepared to engage in overseas projects and produced some positive accomplishments. Although they seem small, these accomplishments suggest there is a lot of potential for the company. Before too long, you will be able to experience the ubiquitous world through KDN's Electric Power IT all over the world!

[KDN and ICON+ of Indonesia Established an MoU on 26 November 2007]



3) EDCF : Economic Development Cooperation Fund
4) KOICA : Korea International Cooperation Agency



People First

●●● The former president of General Electrics, Jack Welch, once posted a note in his office saying, "People First, Strategy Second." When employees feel proud of and satisfied with, their work, the quality of services improves and these improved services lead to customer satisfaction and maximize the company's profits.



A Pleasant Workplace

KDN has endeavored to create exciting and pleasant workplaces for our employees.

Family-Friendly Business Management

Consideration for employees and their families is the key element to two aspects of success (1) the personal pursuit of happiness and (2) corporate work efficiency. KDN has endeavored to create an environment conducive to improving labor productivity and corporate competitiveness by enhancing the harmony of work and personal life. This is because only a great company with proud employees and families can eventually grow as a strong, competitive company.

| Happy "Family Day" | We have designated the third Friday of each month as "Family Day" It is intended to allow everyone to go home at 6 o'clock sharp and spend time with their families. Through this system, families will have the chance to better understand the company and employees will have the opportunity to become a proud father, husband, mother, or wife at home.

| Motherhood Protection System | Even though female employees occupy a mere 7% of all employment positions, their contribution has gradually increased and we have executed the motherhood protection system in order to utilize the excellence in female human resources. We operate a nursing room within the corporate building for female employees who are pregnant or recently gave birth. For childbirth, we offer medical expenses, a childbirth



Under the banner of "People First, Strategy Second" (Jack Welch), KDN operates numerous welfare systems, creating pleasant and healthy workplaces for the happiness of our employees and their families



bonus, and nursery expenses and we also offer a childcare vacation system and miscarriage or stillbirth vacations. Male employees are also entitled to two days of paid vacation to take care of their spouse in case of childbirth, guaranteeing their opportunity to enjoy a full family life.

Fun Business Management

KDN has run numerous programs to build a creative working environment in step with the digital era and, subsequently, this has led to productivity improvements.

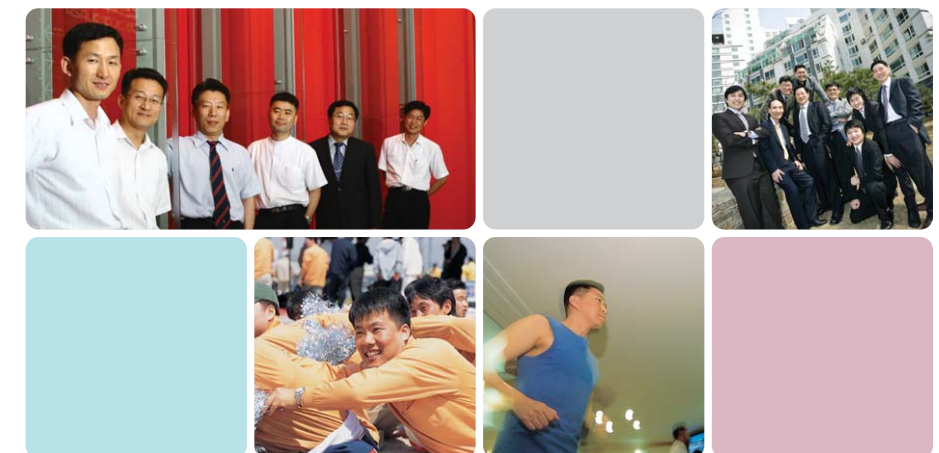
| Casual Outfit Day | Every Friday is casual outfit day. The definition of casual outfits is "simple neat and casual business wear suitable for work." Casual outfits include white shirts without ties, shirts, T-shirts, knitwear, dress pants, and cotton pants. Some employees have testified that "casual outfits allow the standardized and vertical corporate culture to change into an autonomous and horizontal culture." "Working in a liberated and comfortable environment enables us to produce different creative ideas", added others.

| Small Screen Program | On the second and fourth Wednesdays of every month, we operate the "Small Screen Program", screening films. This program is provided to support employee leisure time in the Vision Room on the eight floor of the main office building. It has been going on since November 2007. The films played have been chosen by the Live Pool of K@S, the corporate portal site.

| Praise Relay & Hidden Worker Program | To vitalize the organization, we have developed and conducted a diverse range of programs. Since their commencement in 2007, the "Praise Relay" and "Hidden Worker Program" have been very popular among our employees. The Praise Relay is carried out in a virtual room opened in the corporate portal system, K@S. Anyone who has been praised recommends another person within ten days. The Hidden Worker Program discovers, encourages, and widely advertises those employees who quietly and faithfully perform their job. In each quarter, three employees are selected, posted to the corporate message board and each given cultural gift certificates worth KRW 100,000.

Operation of Communities

Communities of employees who share the same hobbies can work as a tonic in the workplace. We have 15 communities-the swimming community, the marathon community, and the photographer community, for example-operating in the main office, with nearly 600 employees acting as community members. Each business branch runs their own communities, promoting leisure time and friendship among employees. These communities run on membership fees from members and subsidies from the company.





A Healthy Workplace

Health and safety are the most fundamental obligations to all workers and essential elements in corporate competitiveness.

Safety Management

KDN's Safety & Health Management Procedure and Safety Work Regulations specify matters relating to health and safety within the entire company in great detail. The regulations apply to all employees, employees of outsourced affiliates within the business fields, and temporary workers. The quarterly meeting of the Industrial Health & Safety Committee deliberates and decides upon various matters concerning health and safety. The committee has eight members from each of the labor union and management, and is co-chaired by one person from the labor union and one from management.

| IT System for Cyber Health & Safety Management | This system was built to construct and utilize the information infrastructure relating to health and safety management and to provide timely education materials. Not only does it offer safety education material, but it also allows anyone to post materials about safety accidents in the industry, safety gear, and the latest in health & safety management techniques. This program allows all employees to participate in accident prevention activities.

| Safety Accident & Prevention Activities | Having designated the fourth of each month as "Safety Inspection Day", the company has the chief or safety executive of the business branches identify situations with a high possibility of an accident. In addition, the company has executed a safety inspection and technique instruction tour in the joint labor-management branches of 16 subsidiaries in order to encourage the 'no accidents at work' policy. Furthermore, the company holds quarterly meetings for all safety executives in order to discuss safety management operation plans, seek measures to reinforce accident prevention activities, analyze causes of safety accidents, and establish countermeasures. In the meantime, the safety executives share information about safety management techniques to actively promote the no-accident campaign. For self-regulating safety management, in the industrial health & safety emphasis week, the company rewards business branches, groups, or individuals who accomplished the no-accident goals, allowing each business branch to do its best to achieve the safety goals by holding industrial accident prevention meetings.

Health Activities

At KDN, the Hanil Medical Center performs health checks for all employees in the main office and across 14 business branches nationwide. In addition, the company offers Japanese encephalitis and flu vaccinations to employees and their families every year. Aside from these health services, the company supports various corporate community activities for good health management.

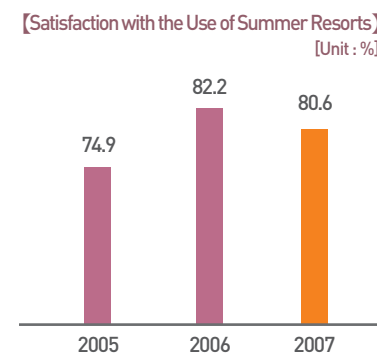
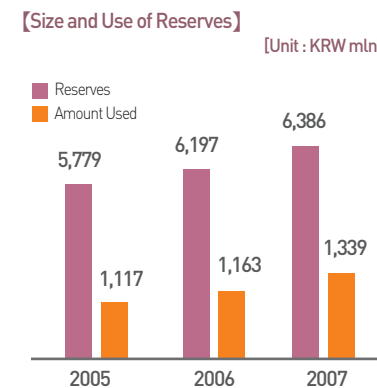
| Health Management Program | To manage the health of employees and executives, the company provides annual health examinations and has built and run the health examination system on the company's homepage so that everyone can manage their health on their own. Additionally, the main office has been designated as a non-smoking building so that the company can help executives and employees quit smoking. Moreover, the company performs an exercise routine to prevent musculoskeletal disorders at 4 o'clock in the afternoon through a nationwide internal broadcasting, also running a range of welfare facilities, such as fitness centers at local business branches.



Happy Family



[Health Examination System]



Optional Welfare Program

In order to providing our employees with welfare programs that they can personally choose instead of unilaterally determining the welfare programs, we have implemented and operated an optional welfare program since 2001. This program is intended to enhance the quality of life by meeting the various welfare demands of individual employees. Considering the efficiency of costs, welfare items have been designed on the basis of equality for individuals to be able to autonomously choose services within their range of allocated welfare points. In 2007, we introduced the welfare card system to expand the number of locations and items applicable to welfare points, improving employee satisfaction and convenience when accessing this optional welfare program.

[Optional Welfare Items]

	Welfare Item	Content	Remarks
Mandatory	Group Casualty Insurance	Provide hospitalization expenses and casualty allowance	*
	Health Examination	Mandatory close and general examinations	*
Policy	Housing Loan	KRW30 mln for a lease / KRW50mln for a purchase	*
	Life Stabilization Fund	KRW5 mln / KRW10 mln	*
	Corporate Housing or Dormitory	Stabilize employee housing	
	Living Training Center	Living Training Centers (Sokcho, Suanbo)	
	Recreational Facilities	Condominiums, resorts (summer and winter)	
	Education Fund	Child Care Nursery Fund (for children up to 5 years old) / Secondary School or College Fund	*
Optional	Self-Development Expenses	Purchase books, carry out cultural activities, enroll at academies, etc.	*
	Souvenir	Corporate Foundation, Labor Day, Labor Union Foundation Day	*
	Comprehensive Examination	Comprehensive Health Examination	*

* : Items are run on the Corporate Labor Welfare Fund and are applicable to regular full-time employees

Operation of the Corporate Labor Welfare Fund

Separated from the company's welfare budget, we also operate the Corporate Labor Welfare Fund. The fund was established in 1996 to increase the actual incomes of our employees, heighten their motivation to work, and raise awareness of the notion that labor and management share a common destiny. By contributing part of the company's profits to the fund, we efficiently manage and operate the fund to stabilize the lives of our employees and conduct welfare improvement projects in order to guarantee permanent and independent welfare benefits.

[Contribution Standards & Purposes]

Since 1996, we have contributed 5% of our pretax profits from the preceding year to the Corporate Labor Welfare Fund and operated the fund in various forms by assisting with living expenses of our employees-including education funds, accident relief funds, and congratulatory or condolatory funds-stabilizing workers' lives and reducing workers' financial difficulties through the provision of small loans. We ultimately utilize the fund as a permanent and gradual worker welfare system.

Operation of Recreational Facilities to Enhance the Quality of Life

Due to the enforcement of the 5-working-day policy, we have more opportunities to make good use of our spare time. Accordingly, we operate recreational facilities (condominiums, training centers, etc.) to enhance the quality of workers' lives and increase welfare benefits, contributing to the improvement of our employees' recreational culture. In particular, we lease recreational facilities such as hotels and pensions in the summer and winter seasons for our employees to enjoy.

[Use of Recreational Facilities]

Type	Condominium	Training Center	Resort	Total
2005	158	298	250	706
2006	150	289	300	739
2007	188	221	450	859



Win-Win Cooperation and Collective Development

●●● For sustainable economic development, it is essential to achieve win-win cooperation between large conglomerates and small & medium-sized businesses. With the enforcement of the FTA, the win-win cooperation between large conglomerates and small & medium-sized businesses has been shored up to help overcome global competitive pressures. Large conglomerates help small & medium-sized businesses increase their competencies, whereas small & medium-sized businesses assist in increasing the competitiveness of large conglomerates, providing a win-win cooperation arrangement beneficial to both parties, based on trust.

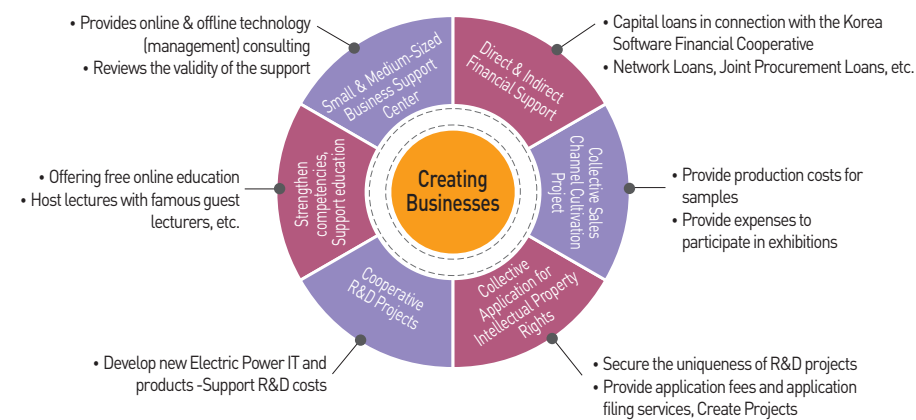
Win-Win Cooperation with Small & Medium-Sized Businesses

For the collective development based on this win-win cooperation, KDN has established comprehensive strategies covering technology cooperation, product purchasing, and funding. In addition, the company has attracted the autonomous participation of members by integrating their corporate vision with the visions of small & medium-sized businesses based on this strategic foundation.

[Strategies to Support Small & Medium-Sized Businesses]



[Step-by-Step Comprehensive Support System for Small & Medium-Sized Businesses]



Small & Medium-Sized Businesses are solid foundations of the national economy. Helping small & medium-sized businesses in investing technical development and spreading their new technologies in the market will improve not only the small & medium-sized businesses themselves but also the entire structure of our economy. True partnership, such as technical cooperation with small & medium-sized businesses and other support for their development will lead to a win-win situation for the future.



Supporting Technology Cooperation & Commercialization

To express the IT industry in one word, "convergence" would suffice. The process of mixing the products, technology, and human resources into one and creating the final result illustrates the beauty of convergence. For survival and growth in the IT industry, it is crucial to efficiently utilize the strengths and characteristics of KDN's business partners, as well as the company's own technology. From this standpoint, the company has endeavored to build a true partnership with small & medium-sized businesses through technology exchanges and cooperation, as well as offering commercialization support.

We use the Cooperative R&D and Joint Sales Channel Cultivation systems as tools to support technology cooperation and commercialization. The Cooperative R&D project is intended to provide research funds to develop new Electric Power IT products, and the Joint Sales Channel Cultivation project is designed to select and support companies with excellent technologies in the Electric Power IT sector, in consideration of their commercialization possibilities. Through these systems, we have provided a total of 21 small & medium-sized businesses with approximately KRW 3bln since 2005, creating a new and very successful business model. Going forward, KDN also intends to continuously expand its plans to jointly survive with small & medium-sized businesses through applications for intellectual property rights and by supporting sales channels with the establishment of commercialization agreements.

[Cooperative R&D and Joint Sales Channel Cultivation Systems]

Category	2005		2006		2007		Total	
	Cooperative R&D	Joint Sales Channel	Cooperative R&D	Joint Sales Channel	Cooperative R&D	Joint Sales Channel	Cooperative R&D	Joint Sales Channel
No. of Cases	6	-	8	3	4	5	22	8
Support Amount (Unit: KRW bln)	1.02	-	0.99	0.15	0.79	0.18	2.8	0.33

[Cooperative R&D Agreement Signing Ceremony (21 December 2007)]





Providing Funds

The sincerest friend is the one that reaches out with a warm hand to help you when you are in difficulties. For its business partners who have the capacity to carry out business, but worry about raising funds, KDN has set up various funding programs.

KDN's funding programs in operation include the Purchasing Card, Network Loan, and e-Biz Loan. The Purchasing Card is a program whereby KDN opens an exclusive credit card at its trading bank and pays for delivered goods with this exclusive credit card instead of receiving a bill from its business partner, while the business partner is able to immediately collect the payment from the bank. The Network Loan allows the delivering partner to take out loans based on its delivery records or contract amount from KDN's trading bank.

In November 2007, KDN implemented the e-Biz Loan program as a more fundamental funding plan. Conducted by the Korea Software Financial Cooperative, the e-Biz Loan offers loans to small & medium-sized businesses trading with KDN, using KDN's investment in the accounts receivable of KRW 300mln as collateral. This helps small & medium-sized businesses obtain the necessary funds based on their contracts with KDN in advance and the Korea Software Financial Cooperative receives a repayment from KDN.

[Funding to Small & Medium-Sized Businesses] [Unit : KRW bln]

Program	2005	2006	2007
Purchasing Card	138.50	127.40	174.00
Network Loan	0.89	2.94	3.69
e-Biz Loan			0.32

Expanding Joint Procurement

Small & medium-sized businesses are the roots of the national economy and valuable assets. Purchasing technology development products not only expedites technology development investment among technology-oriented small & medium-sized businesses, but also expands new technologies to the private marketplace. It may ultimately stimulate structural advancement of the relevant industries as well as small & medium-sized businesses.

Looking back on our business management activities in the past, just like the saying, "the beacon does not shine on its own base", we regret that we were only interested in excellent foreign technologies and technologies that large conglomerates had participated in and verified, neglecting technology development products that small & medium-sized businesses produced with great efforts. Departing from this approach, we have made an effort since 2007 to expand the purchase of technology development products and new technology certification products that stem from the hard work and tremendous efforts of small & medium-sized businesses.

Through quarterly bull sessions with the major purchasing executives of each corporate division, we have shared information on technology development products and improved project processes to include respective products from the beginning of the proposal. In the meantime, we have reinforced the contract system to check for information on respective technology development products in real time, from the project implementation steps through to the final contract establishment step-driving active purchasing activities.

Going forward, we plan to hold product presentation meetings, facilitate the joint acquisition of orders, and collectively cultivate foreign markets all at the same time in order to continuously expand our purchasing of excellent products from small & medium-sized businesses. In addition, we intend to inject significant support and effort to collectively win long-term contract orders in order to turn our purchases into long-term business agreements, rather than one-time purchases.

[Purchasing from Small & Medium-Sized Businesses] [Unit : KRW bln]

Product	2005	2006	2007
Products of Small & Medium-Sized Businesses	108.60	116.40	136.00
Technology Development Products	0.30	0.23	2.01
New Technology Certification Products	0.30	0.14	0.24
Products from Women's Businesses	2.80	1.40	0.63

[Accomplishments & Goals of Purchasing Products from Small & Medium-Sized Businesses] [Unit : KRW bln]

Category	2005	2006	2007
Total Purchasing Amount	234.0	241.0	292.0
Amount of Mid-Term Product Purchases	136.0	156.0	189.8
Contribution of Mid-Term Product Purchases	58.1%	64.7%	65.0%



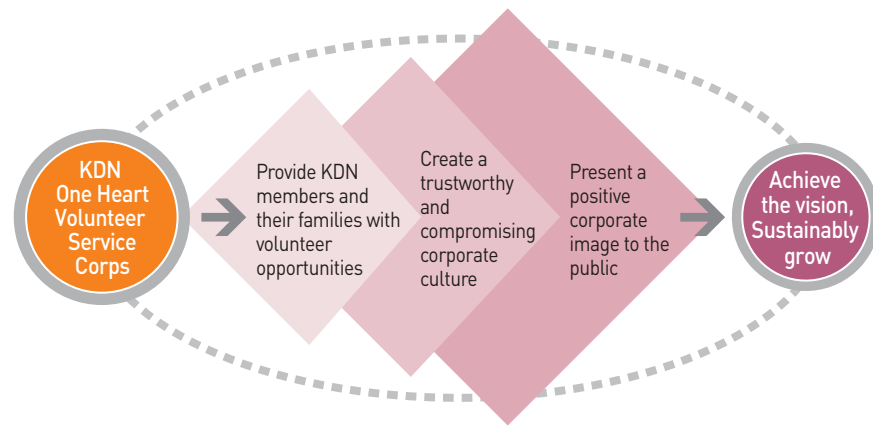


Shared Joy, Shared Happiness

●●● In today's society, a company's role is not limited to job creation, profit seeking, and social development. The consumer's awareness of companies has changed and so has the social demands that come with this. More importantly, a company's social contribution activities have changed into good investments in its future. This posture has changed from a defensive social obligation perspective to one of good corporate citizens taking active measures. Based on the value of the "co-existence of the company and society," KDN recognizes its social contribution activities as important elements of business management.

Social Contribution System

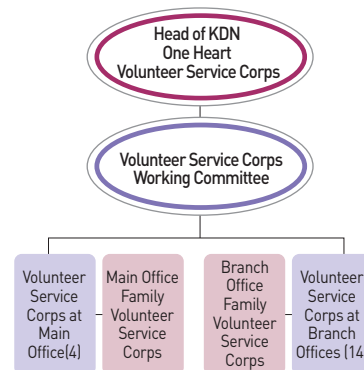
In order to create a trustworthy and compromising corporate culture and improve its corporate image, KDN offered employees and their families the opportunity to contribute to their communities. We created the KDN One Heart Volunteer Service Corps in January 2005.



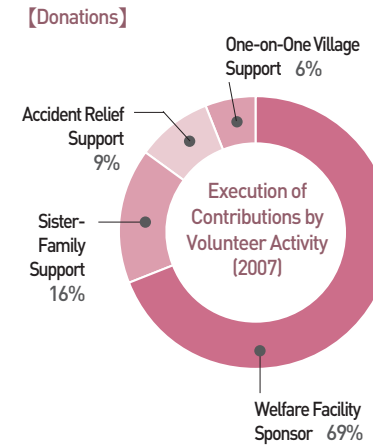
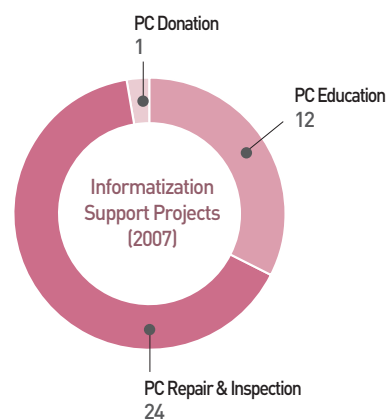
We have 18 KDN One Heart Volunteer Groups, (4 at the main office and 14 at branch offices), headed by the company's president. The leader of each group is the chief of each division, department, or branch office. The group members consist of both full-time and temporary employees and their families.

In order to continuously carry out social contribution activities, we have chosen the informatization support project for underprivileged youth as the activity that best suits our business aims. Through this, we donate PCs to young household heads, pay for their Internet services, install PC rooms at orphanages, and provide computer education. Additionally, we have conducted accident relief activities relating to the sister town of each of our volunteer groups in line with our social welfare facility volunteer work activities. Furthermore, we have organized events for family volunteer members to participate in-such as an electric power generation station tours-in order to increase the understanding among local residents of the electric power industry and to strengthen our ties with them.

[KDN One Heart Volunteer Service Corps]



[Informatization Support Projects]



Operation of the Love Fund

In order to spread the social contribution culture and facilitate the KDN One Heart Volunteer Service Corps, we operate the Love Fund program. The Love Fund is a fund combining donations from employees for volunteer activities and a certain percentage from the company. Every month, employees voluntarily donate a certain amount from their wages and the company implements a matching grant system to double the amount. In addition, we have built and operated the social contribution system to efficiently plan and manage the Love Fund. Through this system, we can check the funding applications, donations from wages, and volunteer activities of each individual and volunteer group in real time.

[Love Fund Status & Use]

Year	Love Fund			Use
	Employee Donation	Matching Grant	Total	
2005	77	77	154	154
2006	97.6	97.6	195	196
2007	97.5	97.5	195	195

[Unit : KRW mln]

Separately from the Love Fund, we have converted corporate credit card mileage into a KDN One Heart Volunteer Service Corps Fund, since 0.5% of our corporate credit card usage amount is returned as mileage. In 2007, we accumulated mileage of KRW 7mln based on our use in the preceding year and we donated the entire amount. We also revised the guidelines for the operation of the KDN One Heart Volunteer Service Corps Fund in June 2007 to clearly and transparently operate the corporate credit card mileage scheme.

“ Helping the less fortunate around us and volunteering to develop local communities are part of our effort to bring about social responsibilities, and in this way we can fulfill to create a management culture for sharing happiness. ”





Becoming the Seed of Love

Looking for Neglected Neighbors

We have many neglected neighbors around us. KDN has become the hands and feet of those in need, creating shared joy and happiness. Through our free feeding facility, the "Meal Sharing Campaign Center", we serve meals to the needy. In addition, we provide rice cake soup and rice on holidays through the "Sharing Love Event", and hold biquet delivery and wintertime gimchi preparation events during the winter. Moreover, we have sponsored the "Blood Donation of Love" and "Portrait Scroll Photo Shoot" programs, hosted by the corporate communities, along with other volunteer activities through our sisterhood relationships.

[Volunteer Activity Classification (2007)]

Class	No. of Events	No. of Participants
People Love	467	2,240
Culture Love	12	64
Nature Love	31	376
Total	510	2,680

One-on-One Village Campaign

As farm produce imports have increased, our farm villages are suffering. Labor shortages in aging farm villages is a problem, but a bigger problem lies in the inadequate number of sales channels for farmers to maintain a high quality of life.

Vigorously participating in the government's farm village support policy, KDN established the "One-on-One Village Sisterhood Relationship" in September 2005 and continuously exchanges activities in order to help our farm villages and carry out our social obligations as a public corporation. We have actively participated not only in farm produce sales, but also rice-planting, autumn harvesting, and farm produce harvesting during the busy season. In addition, we have participated in major events in villages as well as environment purification projects, solidifying the friendship between the city and the rural village.

Voluntary Oil-Cleaning Activities in Taeon

The Chungnam and Jeonbuk branches of the KDN Hanmaeum Volunteers Group participated in oil-cleaning activities along the oil-damaged coast of Taeon in December 2007. The members worked hard to remove oil trapped between rocks and pebbles. Also, executives and employees of the head office visited the Taeon-gun Office, donating 18 million won worth of oil-removing articles such as absorbent cloth and dustproof suits. Having become interested in the preservation of the global environment and ecology, the Group intends to conduct more voluntary activities in the future.

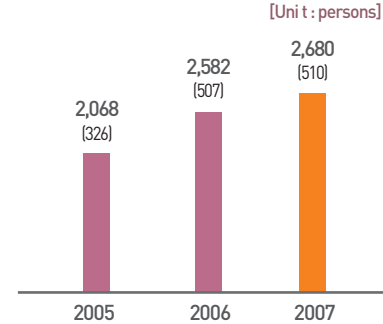
[Helping Rice Reaping]



[Voluntary Oil-Cleaning Activities in Taeon]



[Annual Volunteer Activities]



[Farm Produce Purchases]

Year	No. of Purchases	Purchase Amount
2005	14	22
2006	25	32
2007	27	47

[One-on-One Village Sisterhood Relationships]

Volunteer Group	Sisterhood	
	Date	Target Town
Business Administration Division	21 Sep. 2005	Sangsa-ri, Galmal-eub, Cheolwon-gun, Gangwon-do, Korea
IT System Division	21 Sep. 2005	Jangheung-2-ri, Dongsong-eub, Cheolwon-gun, Gangwon-do, Korea
Network & Communication Division	21 Sep. 2005	Jadeung-1-ri, Geunnam-myeon, Cheolwon-gun, Gangwon-do, Korea
Distribution Business Division / Researcher	21 Sep. 2005	Gwanjeon-ri, Cheolwon-eub, Gangwon-do, Korea
Seoul Region Division	29 Jul. 2005	Seosangwon-ri, Hwanggan-myeon, Yeongdong-gun, Chungbuk, Korea
Incheon Branch	28 Jul. 2005	Wolchon-maeul, Jungsan-2-dong, Jung-gu, Incheon, Korea
Gyeonggi Branch	4 Aug. 2005	Songna-1-ri, Aesong-myeon, Hwaseong, Gyeonggi-do, Korea
Chungnam Branch	1 Aug. 2005	Sindong-1-ri, Namil-myeon, Geumsan-gun, Chungnam, Korea
Jeonnam Branch	27 Jul. 2005	Judori-2-gu, Hwasun-gun, Jeonnam, Korea
Daegu Branch	27 Jul. 2005	Bongpyeong-1-ri, Unsu-myeon, Goryeong-gun, Gyeongbuk, Korea
Busan Branch	9 Aug. 2005	Siho-1-gu-maeul, Hanrim-myeon, Gimhae, Gyeongnam, Korea
Gyeongnam Branch	19 Aug. 2005	Imyeong-maeul, Jinjeon-myeon, Masan, Gyeongnam, Korea
Northern Gyeonggi Branch	10 Aug. 2005	Bokji-2-ri, Baekseok-eub, Yangju, Gyeonggi-do, Korea
Gangwon Branch	19 Aug. 2005	Chugok-2-ri, Chuncheon, Gangwon-do, Korea
Gangneung Branch	11 Aug. 2005	Haksan-1-ri, Gujeong-myeon, Gangneung, Gangwon-do, Korea
Chungbuk Branch	9 Aug. 2005	Seoku-ri, Ochang-myeon, Cheongwon-gun, Chungbuk, Korea
Jeonbuk Branch	11 Aug. 2005	Yodong-maeul, Gacheon-ri, Gyeongcheon-myeon, Wanju-gun, Jeonbuk, Korea
Jeju Branch	24 Aug. 2005	Yusuam-ri, Aewol-eub, Jeju, Korea

Love Genes

Visiting the Honam snowstorm damage site / 8 January 2006 (Sunday)

"At 5 o'clock in the morning on Sunday, 8 January 2006, we gathered at Eujeongbu City Hall to go to Jeong-eub, Jeonbuk where a snowstorm had caused a great deal of damage. Looking at the volunteer workers, who were still rubbing their sleepy eyes when they came out for volunteer activities in the early morning, I felt something warm inside my heart. Driving down the highway for around three hours, we arrived at Jeong-eub and could not help but be shocked at the devastation. Seeing the damage with my own eyes, I could better understand how deeply the farmers must have been saddened.

We cleaned up the collapsed plastic greenhouses and destroyed aggregates and removed the frozen steel frames... all in bitter cold weather. Despite the cold, nobody complained, which was greatly appreciated. After completing our job and asking the farmers not to lose hope, we went back to our bus. The inside of the bus felt warmer than ever!"

(Seo Hongseok, One Heart Volunteer Group Organizer, Northern Gyeonggi Branch Office)

*KDN pursues a beautiful world
where all our stakeholders live and grow alongside us.*



Performance

- 56 Financial Accomplishments**
 - Business Management Accomplishments
 - Wages & Benefits
 - Cost of Equity
 - Taxes (Based on Corporate Tax)
 - Donations
 - Business Analysis Ratios
 - Government Funding Contributions
- 60 Social Accomplishments**
 - Labor Conditions & Practices
 - Human Rights
 - Anti-Corruption and Compliance with Laws
- 64 Environmental Accomplishments**
 - Projects to Support the Environment
 - Efforts to Save Energy and Recycle
 - Purchasing Eco-Friendly Products



Financial Accomplishments

Business Management Accomplishments

[Unit : KRW]

Year		2005	2006	2007
Assets	Total Assets	234,771,020,685	257,919,778,352	319,014,905,480
	Current Assets	158,239,140,462	171,448,003,833	218,148,534,193
	Fixed Assets	76,531,880,223	86,471,774,519	100,866,371,287
Liabilities	Total Liabilities	71,547,451,680	82,562,879,813	125,110,806,670
	Current Liabilities	58,753,067,368	66,580,442,859	107,655,389,017
	Long-Term Liabilities	12,794,384,312	15,982,436,954	17,455,417,653
	※ Borrowings	-	-	-
Shareholders' Equity	Total Shareholders' Equity	163,223,569,005	175,356,898,539	193,904,098,810
	Paid-in Capital	64,000,000,000	64,000,000,000	64,000,000,000
Income & Losses	Revenues	308,855,357,149	270,102,285,063	371,634,254,735
	Cost of Revenues	268,947,928,078	227,150,482,298	318,834,791,188
	Gross Profit	39,907,429,071	42,951,802,765	52,799,463,547
	Sales and Administrative Expenses	28,822,197,873	29,668,635,811	32,416,000,555
	Operating Profit	11,085,231,198	13,283,166,954	20,383,462,992
	Non-Operating Profit	8,717,042,042	7,932,083,770	10,672,298,183
	Non-Operating Expenses	3,095,928,884	1,960,036,073	3,608,051,878
	Recurring Profit	16,706,344,356	19,255,214,651	27,447,709,297
	Corporate Tax	4,190,792,897	5,158,947,112	6,752,341,843
	Net Profit	12,515,551,459	14,096,267,539	20,695,367,454



Wages & Benefits

Expenditures Relating to Wages

[Unit : KRW bln]

Year	2005	2006	2007
Wages	536	548	604
Employee Welfare	21	29	16
Total	557	577	620

※ Excluding retirement allowances

Cost of Equity

Interest Expenses

KDN's interest income increased to KRW 6.7bln in 2007 from KRW 5.5bln in 2006. In addition, the company has maintained a non-borrowing business management policy since 2003, incurring no interest expenses.

[Unit : KRW bln]

Year	2005	2006	2007
Interest Income	37	55	67
Interest Expenses	-	-	-

Dividends

KDN paid out dividends totaling KRW 6.2bln in 2007 (vs. KRW 2.2bln in 2006).

[Unit : KRW bln]

Year	2005	2006	2007
Dividends (KRW bln)	19	22	62
Dividends per Share (KRW)	293	344	969
Dividend per Share Ratio (%)	2.93	3.44	9.69

Taxes (Based on Corporate Tax)

KDN contributes to the nation and to local communities by paying taxes. In 2007, taxes paid stood at KRW 24.7bln, including national taxes of KRW 23.1bln and local taxes of KRW 1.6bln.

[Unit : KRW bln]

Year		2005	2006	2007
National Taxes	Corporate Tax	94	37	46
	VAT	165	133	151
	Withholding Tax	41	28	34
Total		253	202	231
Local Tax		15	14	16
Total		268	216	247

Donations

[Unit : KRW bln]

Year	2005	2006	2007
Donation	21	10	10

※ Reserved as the Corporate Labor Welfare Fund : KRW 1.96bln in 2005, KRW 0.83bln in 2006 and KRW 0.94bln in 2007

Business Analysis Ratios

Year	2005	2006	2007
• Stability Ratios			
- Current Ratio	269.33%	257.51%	202.64%
- Debt Ratio	43.83%	47.08%	64.52%
• Profitability Ratios			
- Operating Income to Revenues Ratio	3.59%	4.92%	5.48%
- Net Income to Revenues Ratio	4.05%	5.22%	5.57%
- Return on Assets	5.27%	5.72%	7.24%
- Return on Equity	7.90%	8.33%	11.21%
• Growth & Activity Ratios			
- Growth Rate of Revenues	-19.89%	-12.55%	37.59%
- Growth Rate of Operating Income	-70.53%	19.83%	53.45%
- Growth Rate of Net Income	-54.85%	12.63%	46.81%
- Asset Turnover	1.30x	1.10x	1.30x

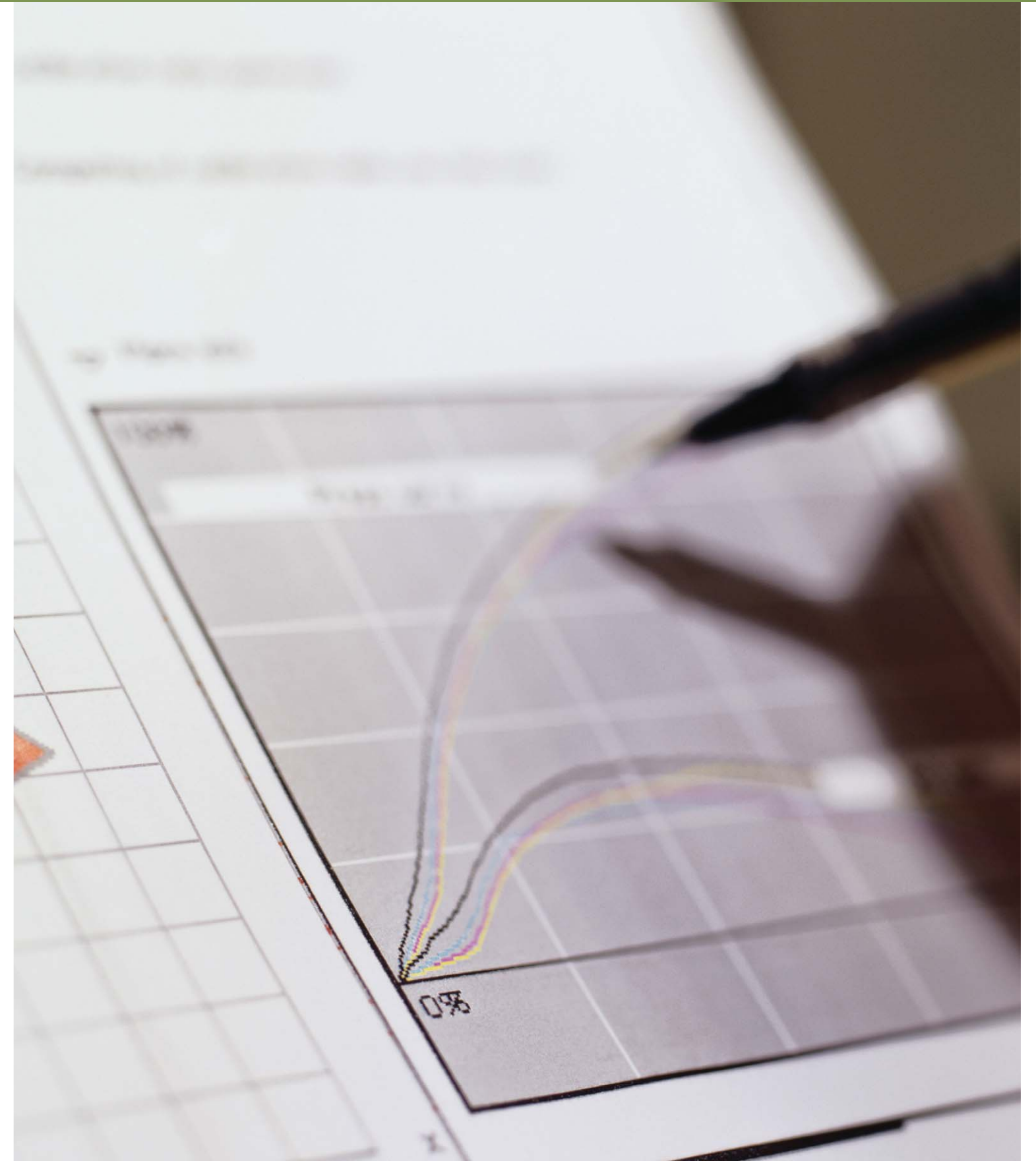


Government Funding Contributions

Aside from the company's own investments, KDN injects funding contributions received from the government in 15 Electric Power IT national projects and 14 general national projects every year, in order to help develop leading technologies.

[Unit : KRW bln]

Research Project Title		2005	2006	2007
Electric power IT National Projects	High Value-Added Electric Power Services for ESP & Integrated Resources Management System	0.17	0.21	0.18
	Intelligent Multifunctional Terminals & Data Processing Devices	0.19	0.5	0.39
	Distribution Intelligence System Central Controller	0.15	0.08	0.06
	Electric Power Line Communication Network Management System & Extra Convergence Services	0.08	0.04	0.17
	Broadband Electric Power Line Communication Modem & Network	0	0.03	0.07
	Open Broadband Electric Power Line Communication Network Platform	0	0.07	0.08
	Electric Power Line Communication Performance Analysis Measuring System	0.02	0.02	0.02
	Digital Substation Station General Operating System	0.15	0.24	0.19
	Integrated EMS-Connected SCADA System	0.48	0.39	0.61
	Generation Plan Application Program for Integrated EMS	0.23	0.28	0.15
	Electric Power Grid Interpretation Program for Integrated EMS	0.04	0.05	0.19
	Transmission Equipment Online Detecting System	0.04	0.05	0.06
	Electric Power Grid Reactive Electric Power Management System	0.11	0.23	0.08
	Telematrix Line Sensor for Electric Power and Sensor Network Device	0.1	0.34	0.17
Telematrix Superior Operating System for Electric Power	0.09	0.13	0.15	
Subtotal	1.85	2.66	2.57	
General National Projects	Build Extra Electric Power Services Based on Automatic Meter Reading Data	0.08	0.06	-
	Electric Power Infrastructure Defense System Step 1	0.31	0.33	-
	Standardize Electric Power Line Communication Home Network Technologies	0.07	0.09	-
	NgpN Address System & RFID Integration Platform	0.13	0.30	-
	Build Electric Power Line Communication General Testing Location	0.13	0.09	-
	Mid/Large Motor Static & Dynamic Monitoring Equipment	0.3	0.05	0.05
	Standardize Transmission & Substation Electric Power IT Network for KD	-	0.06	0.06
	PLC-Based Intelligent Home Communication Technology Development Step 2	-	-	0.03
	GIS Data Substation & AMR-Connected Prototype	0.1	0.11	0.11
	Study Integrated Implementation of IT in Distribution Field Operations	0.07	0.11	-
	High-Speed Electric Power Line Communication National Standard Testing Evaluation & Certification Center	-	0.01	0.01
	Generally Analyze Communication Technologies in Electric Power IT National Projects	-	0.08	-
	Multifunctional TETRA Gateway	-	-	0.1
	Electric Power Infrastructure Defense System Step 2	-	-	0.17
Subtotal	0.92	1.29	0.53	
Total in 2005-2007 : KRW9.82 bln	2.77	3.95	3.1	





Social Accomplishment

Labor Conditions & Practices

Employment

On the back of expanded revenues from new business areas, we hired a total of 69 new employees in 2007, (vs. 54 in 2006). As of the end of 2007, the number of KDN executives and employees reached 1,237. Employee turnover decreased to 14 (1.1%) in 2007, down from 24 (2%) in 2005 and 20 (1.7%) in 2006.



Class	2005	2006	2007	
Executives	4	4	4	
Regular Employees	General	1,149	1,148	1,214
	Contracted	29	29	19
Subtotal	1,182	1,181	1,237	
Temporary Workers	615	654	665	
Total	1,797	1,835	1,902	

※ 1. Executives: President, Auditor, and two full-time Directors
 2. Regular Employees: General staff (Classes 1 - 6) and contracted staff managed as government personnel
 3. Temporary Employees: Temporary workers (executing specific projects)

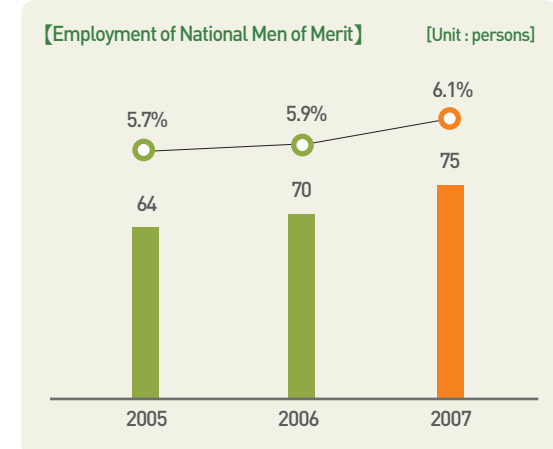
Type	2005	2006	2007
Newly Hired Employees (Job Creation Rate)	24 (2%)	15 (1.3%)	69 (5.6%)
No. of Retired Employees (Employee Turnover)	24 (2%)	20 (1.7%)	14 (1.1%)

Diversity & Equal Opportunities

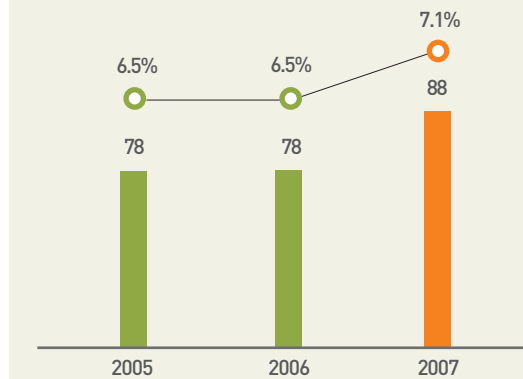
Regarding employment, implementation, and wages, KDN does not differentiate between employees by gender, age, academic background, or hometown. The company conducts performance evaluations for all employees twice a year, based on the principle of fairness and transparency. Additionally, in order to faithfully execute its social obligations as a public corporation, we continue to preferentially treat the disabled and national men of merit, simultaneously endeavoring to increase opportunities for female workers.

Type	2005	2006	2007	
Regular Employees	Wages	55,647	57,711	61,973
	Retirement Allowance Reserves	6,861	5,063	6,149
Temporary Workers	Wages	9,143	14,888	14,075
	Retirement Allowance Reserves	-	1,128	1,099

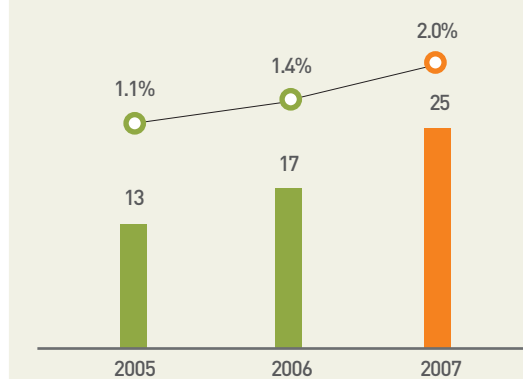
In 2007, KDN hired five national men of merit and ten female employees, surpassing the mandatory employment rate for national men of merit and the industry female employment average. The company also satisfies a 2% mandatory employment rate for the disabled. Although its employment of the disabled, (13 employees), largely fell short of the mandatory employment rate in 2005, the company has made a concerted effort to correct this; currently boasting 25 employees with disabilities, employed through the performance of the special employment project for the disabled, (8 employees), and offering extra points (10%).



[Employment of Female Workers] [Unit : persons]



[Employment of the Disabled] [Unit : persons]



Education & Training

We run various online and offline education programs for each employment class and operation. Even though we are not operating an education program for retired employees at present, we are reviewing an online course program to open in the future.

[Annual Average Education Hours by Employment Class]

[Offline Education] [Unit : hours, rounded to the second decimal place]

Class	2005	2006	2007	Remarks	
Executive	47.0	14.0	42.0		
	1	0	18.3	0.9	
	2	128.1	33.4	16.8	
	3	51.1	45.1	23.9	
	4	39.7	42.3	27.7	
	5	43.7	30.3	36.1	
Regular	6	54.5	58.2	67.1	
	Engineer	45.1	25.6	39.0	
Full Time	34.0	28.3	26.0		
Temporary	Project Staff		0.3	9.6	From July 2005
Total Annual Average	47.2	25.8	29.2		

[Online Education]

- Operating since September 2005

[Unit : hours, rounded to the second decimal place]

Class	2005	2006	2007	
Executive	0	0	37.5	
Regular	1	2.9	36.0	39.1
	2	13.7	14.0	48.4
	3	20.7	28.0	42.4
	4	24.3	42.9	52.3
	5	6.0	41.3	53.4
	6	5.0	53.9	46.1
Engineer	1.4	29.1	115.5	
Full Time	5.7	34.0	73.3	
Total Annual Average	10.1	42.3	51.5	



Labor-Management Relations

Of the International Labor Office conventions, KDN especially complies with (1) the freedom of association (Convention No. 87) and the right to organize and bargain collectively (Convention No. 98) (2) freedom from forced labor (Convention Nos. 29 and 105) and (3) equal remuneration (Convention No. 100) and nondiscrimination in employment (Convention No. 111). Having accepted each other as a business management partner based on mutual trust, the company's labor unions and its management are working hard to develop a win-win culture for corporate growth and development.

| Building an Open Channel | Since they are like "two wheels on the same axle", the labor union and management cannot move forward unless they cooperate with each other. To establish cooperative labor-management relations and business peace, KDN announced the "Labor and Management Peace Declaration" in 2004 and has reached agreements for wage negotiations without strikes in all of the past seven years since the labor union was founded. In addition, the company has established various communication channels to help establish a cooperative labor-management culture.

| Establishment of a Labor Union and Guarantees of Freedom of Association | KDN abides by labor laws such as the Labor Standard Act, Labor Union Act, as well as the collective agreement with the labor union, while all union members are guaranteed the right to organize a union and freedom of association in accordance with the law.

[Labor Union Status] [Unit : persons]

Category	Related Matters
No. of Union Members	1,086 (membership ratio of 88%)
No. of Full Time Executives	3
Higher Organization	Information and Communication Federation, Federation of Korean Trade Unions

[Labor Union Membership] [Unit : persons]

Type	2005	2006	2007
No. of Current Members	1,182	1,181	1,237
No. of New Members	1,043	1,039	1,086
Membership Rate	88%	88%	88%

| Stabilizing Employment | The company considers the stabilization of employment as its foremost priority when carrying out a division, merger, or spin-off. We always try to conduct our business execution methods accordingly. In addition, if the company's business suspension or cessation, division (spin-off), merger, transfer, move, or business category switch causes a change in the position of employees, the company must notify the labor union no less than fifty days prior to the event.

Workplace Health & Safety

Health and safety consciousness has evolved into KDN's corporate culture, thanks to the CEO's willingness and employee participation. KDN conducts its business management activities to accomplish zero accidents in each business field.

[No. of Safety Accidents and Victims] [Unit : persons]

Year	No. of Safety Accidents	No. of Victims
2005	5	6
2006	6	6
2007	3	4

[Education Commissioned to a Safety Executive Specialist Agency] [Unit : persons]

Year	No. of Education	ParticipantsRemarks
2005	9	Korea Occupational Health and safetyAgency, Korea Construction Safety Engineering Association
2006	13	"
2007	13	"

Human Rights

Prohibition of Forced Labor or Child Labor

KDN observes the Labor Standard Act and ILO Conventions and faithfully executes the principles of the UN Global Compact (Labor Standards).

Eradicating Discrimination against Temporary Employees

KDN hires temporary employees to carry out specific projects within a specified time period. This is necessary given the nature of the IT service business. For temporary employees, the company complies with the Labor Standard Act and has eliminated discrimination factors such as welfare benefit discrepancies, and established equal treatment to that of regular employees policies in 2007, along the lines of the Temporary Employees Protection Act.

[Current Temporary Employees] [Unit : persons]

Type	Temporary Workers	Dispatched Workers	Total
No. of Employees	665	415	1,080

※ 1. Temporary Worker: Labor employed for a certain period of time to carry out a specific project
2. Dispatched Worker: Labor used for a certain period of time through a worker-dispatching contract with a dispatching company

Anti-Corruption and Compliance with Laws

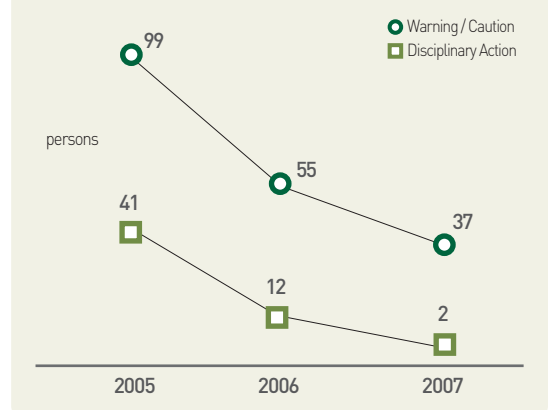
As a public corporation, KDN places a greater emphasis on ethics than other companies and actively fulfills ethical business management policies by strictly applying regulations relating to corruption. Accordingly, the company has established and exercised plans to solidify an anti-corruption culture and implements official disciplinary procedures twice a year.

Anti-Corruption

To prevent behavior irrationality, we have reinforced sudden inspection regimes during weaker seasons, (New Year's Day, Chuseok, vacation seasons, the year's end, etc.), and we conduct weak area supervisory activities. We have applied strict rules against corrupted and unreasonable conduct. Regarding any conduct violating the ethical business management-such as receiving money and other articles-we have strictly enforced our rules by expanding the level and scope of employee punishment and strengthening disciplinary punishment measures, such as the disqualification of business partners.

We laid off an employee who took money and other articles from a vendor in November 2004 and another for unreasonable conduct in March 2005. We disqualified a registered affiliate position of a vendor for the thorough and strict elimination of unethical conduct. Moreover, we have continuously made efforts to prevent such incidents by setting up anti-corruption and integrity measures, discovering projects and improving systems in the process.

[Disciplinary Actions over the Past Three Years]



To expose corruption and create a dignified official climate, we have also operated an internal reporting system. To guarantee the confidentiality of reporters, strengthen their protection, and facilitate reporting, we have revised the Guidelines for the Protection of Internal Reporters and consolidated various systems by diversifying reporting methods, (such as telephone, facsimile, and e-mail).

Compliance with the Law

KDN observes fair trading and has not been notified by an external agency of a violation of any laws or regulations.





Environmental Accomplishments

KDN aims to create eco-friendly business management activities to protect the environment. The company intends to carry out environmental business management by endeavoring to reduce environmental pollution caused by its business management activities, conducting business activities that protect the environments of our customers, and exercising the government's environmental policies. KDN plans to become a company that works to prevent global warming, protect the natural environment, and fulfill its social responsibilities through various environment business management activities.

KDN intends to pursue operations considering eco-friendly methods and protect the environment across all projects and business activities. Although the company does not have a significant impact on the environment owing to its business characteristics as an IT service provider, KDN indirectly influences the environment by using energy. Accordingly, the company plans to investigate and manage environment pollution sources from the inside, systemize processes to reduce these pollution sources, and analytically conduct environment management operations. Furthermore, the company will develop and promote various environment protection programs for employees to experience and learn to protect the environment and improve their awareness of environment protection and degradation issues.

Projects to Support the Environment

Supporting the Management of Pollutants Discharged by Operating Generation Plants

We track down and monitor various pollutants, such as oxides of sulfur and dust discharged during the electric power generation process at generation plants at all times, analyze their influences on the environment in the vicinity of the generation plants, and support damage minimization measures.

Monitoring the Environment around Chemical Electric Power Plants

The company has built a monitoring system to measure pollutants such as oxides of sulfur and dust discharged during the electric power generation process at generation plants, delivering this information to the relevant government agency. The system operates at most of our domestic chemical power plants.

Support Radiation and Environment Management around Nuclear Power Plants

| Radiation Safety Control | The company controls the radiation doses plant workers are exposed to. To maintain high satisfaction among plant workers, without causing any inconvenience to the safety control process, the company has provided simple administrative support mechanisms.



| Radiation Waste Control | The company supports data management—including master data and waste storage location management—to track down in real time and manage the entire life cycle of radiation waste drums... from their creation to storage and permanent disposal.



| Environment & Disaster Management | The company conducts research on environmental data such as radiation information, air, and soil pollution data around power plants, provides integrated inspections and analysis features, and supports improvements in our ability to respond to emergencies.



Efforts to Save Energy and Recycle

Energy Saving

As a public corporation, KDN participates in the government policy to spread an energy saving atmosphere and works hard to save energy. The company has complied with the public corporations' 'Cooling and Heating Temperature Standards, (26°C or higher on average for cooling and 20°C or lower on average for heating),' the restrained use of individual cooling or heating devices and electric heaters, turning off office equipment and electrical products during non-business hours, such as lunch time, and enforcing a simple outfit rule during the summer, (wearing no ties produces an identical effect to a 2°C reduction of the indoor temperature). Additionally, the company has applied enforcement guidelines to MoCIE's "No Driving Day for Public Institutes" from June 2006 in the main office and all its branch offices.

Waste

Waste produced by KDN is mainly aged or destroyed office furniture. It is processed by a waste treatment specialist. In 2007, the company created 86 tons of waste and buried all of it underground.

Purchasing Eco-Friendly Products

KDN works hard to contribute to the formation of an initial market for eco-friendly products, ultimately facilitating production and consumption of eco-friendly products to fulfill its social responsibilities to promote sustainable development.

As the Eco-Friendly Products Purchasing Implementation Act, (hereinafter referred to as the Eco-Friendly Products Act), was enforced as of 1 July 2005, KDN has since purchased and used eco-friendly products. Owing to the limited number of items, high prices, low quality, and inadequate awareness of eco-friendly products, the company has not yet met the goals of the "Stage I (2006 ~ 2010) Eco-Friendly Products Purchasing Implementation Basic Plan," pursued by the Ministry of the Environment (MoE). However, management's willingness to engage in environment business operations has not wilted. Externally, the company is expected to accomplish the purchase proportion goal (80%) set by MoE in 2010 in line with the increasing number of approved eco-friendly products and improved product quality thereof.

Consequently, in 2008 the company will (1) establish its guidelines for purchasing eco-friendly products and establishing voluntary green purchasing agreements (2) revise the order contract regulations and guidelines for purchasing internal materials (3) expand the purchase of eco-friendly products and (4) develop eco-friendly services. Furthermore, the company plans to actively implement eco-friendly construction techniques and use eco-friendly materials with respect to recommendations for moving public corporations during main office renovations.

[Purchasing of Eco-Friendly Products]		[Unit: KRW mln]	
Year	2005	2006	2007
Purchase Amount	25	86	113



Appendix

- 68 Code of Ethics
- 73 Major Associations and Memberships
- 74 Verification Statement
- 76 GRI Index
- 80 Reader's Opinions



Code of Ethics

Corporate Ethical Program

We pledge to establish a corporate image that is trusted by all stakeholders, including customers, by actively meeting our social responsibilities and enhancing our efforts at ethical corporate governance.

1. We will contribute to the creation of value for our customers and the development of a knowledge society by establishing the best in IT capabilities.
2. We will seek fair profits by engaging in competitive practices and investing in creation and innovation so as to return value to our customers, shareholders, and society.
3. We will set a model for public corporations to aspire to, by carrying out all transactions and competitive activities clearly, fairly, and reasonably and abiding by all social norms.
4. We will continuously pursue management innovation free from form and custom, seeking the essence of work and removing inefficiencies.
5. We will use our tangible and intangible assets effectively, protecting personal information thoroughly with regard to our work.
6. We will give corporate profits preference over personal interest, under the banner of honesty and integrity.
7. We will provide all individuals with equal opportunities according to their abilities and qualities and make an effort to develop ourselves in the future.
8. We will establish a harmonious and healthy corporate culture on the basis of mutual love, respect, and trust among all members.

Apr. 30, 2003

Employee Conduct Program

Chapter 1 General Rules

Article 1

(Purpose) This program is intended to define the behavioral standards that the employees of the Korea Electric Power Data Network (KDN) must observe to maintain their integrity, etc.

Article 2 (Definitions)

The terms of the program shall be defined as follows:

1. "Employees" refers to all executives, including President and Auditors and employees compensated for the work they provide to the Company.
2. "A person related to a duty" shall correspond to one of the following persons involved in the work of an employee:
 - A. A person who has raised a claim relating to the Company or will in future;
 - B. Auditor, supervisor, or inspector, or a person subject to an audit, supervision, audit, etc.;
 - C. A person who has concluded or will conclude a contract with the Company.
3. "An employee related to a duty" refers to another employee that will surely receive any profit or loss personally with regard to his or her seniors or subordinates during the performance of their duties.
4. "Gifts" refers to goods provided without any reward, (including rewards conspicuously low in value compared to market price or transaction custom), or other articles such as securities, vouchers, membership cards, and admission tickets.
5. "Treat" refers to the provision of hospitality items such as food, golfing services, or conveniences such as traffic and lodging services.

Article 3 (Scope of Application)

The program shall apply to all employees of KDN.

Chapter 2 Fair Performance of Duties

Article 4 (Treatment of orders preventing the fair performance of duties)

- ① Where a senior gives any order that might harm the fair performance of duties in order to seek unfair profits for him or her or another person, an employee may ignore the order after reporting to the senior concerned why he or she is so responding.
- ② Where the same order is repeated despite the non-fulfillment pursuant to the provision of Clause 1, the employee concerned shall not hesitate to report said fact to the senior of the senior concerned, or report to and consult with, the Internal Corruption Report Center of the Audit Chamber, or the CEO Hotline.
- ③ Receiving any report pursuant to the provision of Clause 2, the senior or the division involved shall take appropriate measures, such as the cancellation or change of the order, wherever he or she determines said action to be necessary after an examination is conducted.
- ④ The report pursuant to Clause 1 shall be made using Form No. 1 in the Enclosure or in a corresponding manner.

Article 5 (Avoidance of duties related to interest)

- ① Where his or her duty is related to his or her interests, or where he or she determines it may be difficult to perform duties fairly because of familial relationships, (pertaining to relatives pursuant to the provision of Article 767 of the Civil Law), an employee shall determine whether or not to avoid the duties involved after consulting with a direct senior about the matter.
- ② After determining it to be inappropriate for an employee to continue performing his or her duties, the relevant direct senior consulted pursuant to the provision of Clause 1 shall report the matter to his or her direct senior. However, if the former can rearrange the duties of the employee on a temporary basis within his or her authority, he or she may do so and leave the matter unreported to his or her direct senior.
- ③ Receiving a report by the provision of Clause 2, the headquarters and other higher division chiefs and business office chiefs shall take any and all necessary measures, such as the redeployment of the workforce, so that the duty can be conducted fairly.

Article 6 (Exclusion of privileges)

An employee shall refrain from providing a certain person with any privileges where such said person is a regional associate, a relative, or connected by schools.

Article 7 (Prohibition of the budget's use against employee goals)

Employees shall refrain from damaging corporate property by using the business budget against their own goals.

Article 8 (Coping with the unfair demands from politicians, etc.)

- ① Where forced or requested to perform his or her duty unfairly by a politician, political party, public official, or government agency, an employee shall deal with the matter after reporting it to, or consulting with, a direct senior.
- ② The direct senior under the provision of Clause 1 shall take appropriate measures, where necessary, after consulting with the headquarters and other higher division chiefs so that the employee concerned may perform his or her duties fairly.

Article 9 (Prohibition of personnel requests, etc.)

- ① An employee shall not allow another person to ask an official in charge of personnel management to have an unfair influence on his or her implementation, transfer, deployment, etc.
- ② No person shall unfairly intervene in the implementation, transfer, deployment, etc. of another employee using his or her position.

Chapter 3 Prohibition of Giving and Receiving Unreasonable Profits, etc.

Article 10 (Prohibition of intervention in interests, etc.)

- ① Employees shall refrain from seeking unfair profits or having another person do so using his or her position for influence.
- ② Employees shall refrain from allowing another person use the name of the Company or his or her position in order to gain unfair profits for themselves or another person.

Article 11 (Prohibition of mediation, requests, etc.)

- ① Employees shall refrain from making any mediation or requests, etc., that may prevent another employee from performing his or her duties fairly, for the purposes of seeking his or her, or another person's, unfair profits.
- ② Regarding the performance of his or her duty, all employees shall refrain from introducing a person related to the duty to another employee or person concerned for the purposes of obtaining his or her, or another person's, unfair profits.

Article 12 (Restrictions of transactions, etc. using duty related information)

Employees shall refrain from making transactions or investments related to property, such as securities and real estate, or help another person do so by providing him or her with relevant information, using the information he or she obtained in the performance of his or her duties.

**Article 13 (Prohibition of the private use of common assets)**

Employees shall refrain from using common articles of the Company, such as vehicles, for his or her private use without fair reason to do so and shall refrain from seeking or obtaining profits by doing so.

Article 13-2 (Clear accounting management)

Regarding the management of accounting, employees shall record accounting data accurately and clearly on the basis of facts in accordance with the relevant laws and regulations and generally accepted accounting principles.

Article 14 (Restrictions on receiving money and/or other articles)

- ① Employees shall refrain from receiving any monies, real estate, gifts, or treats, (hereinafter referred to as "money and/or other articles"), unless they correspond to one of the following:
 1. Money and/or other articles provided by the right source for reasons related to the payment of debt/s;
 2. Conveniences such as simple food, communication and traffic services provided necessarily for reasons related to the performance of duties;
 3. Traffic, lodging, or food services provided to each of the participants of official events related to the performance of duties;
 4. Souvenirs or implementational articles for distribution to unspecified persons;
 5. Money and/or other articles provided in public to help an employee or employees suffering from difficulties caused by disease, calamity, etc;
 6. Money and/or other articles provided within the scope permitted by executives and other higher division chiefs to assist in the smooth performance of duties.
- ② Employees shall refrain from receiving money and/or other articles from another employee related to the performance of his or her duties, unless they correspond to one of the following:
 1. A simple gift usually provided within a scope that does not exceed thirty thousand won in value;
 2. Money and/or other articles provided in public by the Employee's Mutual Aid Association;
 3. Money and/or other articles provided for the purposes of enhancing morale by consoling, encouraging, or awarding a subordinate.
- ③ Employees shall refrain from receiving any money and/or other articles from a person or employee related to the performance of duties, unless they correspond to one of Clauses 1 and/or 2.
- ④ Employees shall refrain from allowing his or her spouse or direct ascendant(s) or descendant(s) to receive any money and/or other articles prohibited in accordance with the provisions of Clauses 1 and/or 3.

Article 14-2 (Conclusion and fulfillment of clean-handed contracts)

- ① Employees shall carry out their duties fairly and clearly in accordance with the procedures set forth in law(s) related to bidding, concluding, and fulfilling contracts on all construction, service, and purchase activities executed by the Company.
- ② Employees shall refrain from making unreasonable demands for prohibited money and/or other articles, imposing unfair transaction conditions, intervening in management, etc, or abusing a superior transaction position in the process of bidding, concluding, and/or fulfilling any contract.

Article 14-3 (Prohibition of the provision of money and/or other articles)

Employees shall refrain from providing money and/or other articles to a person, public official, or politician related to the performance of duties for the purposes of promoting the profits of the Company, unless as set forth in the exceptions pursuant to Clause 1, Article 14.

Article 14-4 (Prohibition of speculative entertainment in addition to golf)

- ① Employees shall refrain from playing golf with a person related to the performance of duties and where this is unavoidable, he or she shall report said fact to the president in advance; if prior reporting is not possible, he or she shall report immediately following the activity.
- ② Where playing golf with a person related to the performance of duties after making such said report as above, employees shall not allow the other person to pay for their expenses; employees shall bear their own expenses.
- ③ Employees shall refrain from engaging in speculative entertainment, such as playing ma-jong, 'flower cards', or cards with a person related to the performance of duties (Newly inserted on July 20, 2007).

Chapter 4 Establishment of a Healthy Organizational Culture**Article 15 (Prohibition of employees from giving and receiving money and/or other articles)**

Employees shall refrain from giving or receiving money and/or other articles for any reason, regardless of the involvement in the performance of duties, unless they correspond to one of the reasons outlined in Clauses 1 and/or 2, Article 14.

Article 16 (Prohibition of borrowing money)

- ① Employees shall refrain from borrowing any money or receiving any real estate, (including when rewarded at a conspicuously low level

compared to market price or general transaction practice, which shall apply hereinafter), free of charge from any person related to the performance of duties, (excluding from a close relative, (cousin or closer), which shall apply hereinafter), unless he or she borrows money under normal conditions from a financial institution.

- ② When seeking to borrow money or receive real estate free of charge from a person related to the performance of duties for any unavoidable reason, an employee shall report said fact to headquarters and other higher division chiefs and business office chiefs in accordance with the attached Form 2.

Article 17 (Restrictions on the notification of celebratory or bereavement events, giving and receiving money and/or other articles)

- ① Employees shall refrain from notifying a person related to his or her duties of the occasion of celebratory or bereavement events, unless said notification corresponds to one of the following:
 1. Notification to relatives;
 2. Notification by means of newspapers and broadcast;
 3. Notification by means of the Internet homepage of the Company.
- ② Employees shall refrain from giving or receiving any money and/or other articles exceeding 50,000 won in value with regard to said celebratory or bereavement events, unless they correspond to one of the following:
 1. Money and/or other articles exchanged between an employee and relatives;
 2. Money and/or other articles provided in accordance with the regulations of the statutes and rules of a religious or friendship organization to which an employee belongs;
 3. Money and/or other articles provided in the name of an executive or office-holder.

Chapter 5 Measures in Case of a Violation**Article 18 (Counseling for transgressions)**

- ① Where an employee feels he or she may have violated the terms of the program in performing his or her duties, said employee shall consult with the Ethical Management Division or the In-House Corruption Report Center of the Audit Chamber.
- ② The Ethical Management Division or the Audit Chamber shall take any necessary measures, such as the public announcement of contacts, so that the counseling conducted pursuant to the provision of Clause 1 may be made smoothly.

Article 19 (Report and confirmation of violations)

- ① When becoming aware that an employee has violated the program, any person may report said fact to a team chief, (business office chief), the In-House Corruption Report Center, or the CEO Hotline; provide, however, that a violation committed by an official above the team chief, (business office chief), shall be reported to the In-House Corruption Report Center or the CEO Hotline.
- ② A person who reports a suspected violation in accordance with the provision of Clause 1 shall specify his or her or the violator's personal data and violation details in the attached Form 3 and may also use the telephone or the Internet, as necessary.
- ③ Any person who receives a report of a suspected violation in accordance with the provision of Clause 1 shall assure the reporting person of the commitment to secrecy and confidentiality and protect said reporting person from any discrimination or disadvantage that may arise from making said report.
- ④ A team chief, (business office chief), in receipt of a report of a suspected violation in accordance with the provision of Clause 1 shall confirm receipt thereof, add the data forwarded by the employee concerned, and report it to headquarters and other higher division chiefs.
- ⑤ A reporter or petitioner who suffers from any discrimination or disadvantage despite the provision of Clause 3 may request an official in charge of the program or the president to take protective measures or resolve any problems. In this case, the president or the official in charge of the program shall take appropriate measures as required.

Article 20 (Measures)

The chiefs of the headquarters and other higher divisions in receipt of a report in accordance with the provision of Clause 4, Article 19 may take any such measures as deemed necessary toward the employee concerned, or assign them to the Audit Chamber.

Article 20-2 (Prizes and punishment)

- ① The president may award prizes to executives and employees who contribute to the establishment of the program.
- ② The president may take any and all necessary measures, such as disciplinary punishment, toward an employee found to have acted in violation of the program, and the type, procedure, and validity of the punishment shall be determined as set forth in accordance with the articles of incorporation and the work procedures; provided, however, that a heavier punishment may be imposed in the event of any disadvantage presented to the reporter of said violation, as per the provision of Article 19.
- ③ If an employee is found to have engaged in inappropriate behavior through a report or counseling pursuant to the program, the disciplinary punishment of the reporter may be weakened or eliminated.

Article 21 (Treatment of prohibited money and/or other articles)



- ① Employees found to have received money and/or other articles in violation of the provision of Article 14 or Clause 2, Article 17, shall return said money and/or other articles prohibited by, or exceeding, the standards immediately. In this case, the employee concerned may ask the business office chief or the Ethical Management Division at headquarters for expenses required for said return in accordance with the attached Form 4.

Where any articles to be returned in accordance with the provision of Clause 1 are liable to decay, deteriorate, etc., or where it is difficult to return them to a supplier due to an unknown address thereof, they shall be delivered to the business office chief or the Ethical Management Division without delay.

- ③ Articles delivered in accordance with the provision of Clause 2 shall be treated pursuant to the following standards:
1. Articles to have lost their economic value due to decay, deterioration, etc. shall be discarded;
 2. Articles liable to decay, deteriorate, etc. shall be donated to a charity organization;
 3. Other articles shall be assigned to the Company through procedures such as by a notice on the Company's homepage.
- ④ Regarding articles treated in accordance with the provision of Clause 3, the supplier, the recipient, articles, the supply date, and disposal details, etc. shall be recorded pursuant to the attached Form and the facts involved shall be notified to the supplier, unless the address of the supplier is unknown.

Chapter 6 Supplementary Rules

Article 22 (Education)

- ① A team chief, (business office chief), shall provide employees at least once per year with education required to ensure they abide by the program.
- ② The education for the program shall also be provided to new employees.

A. Article 23 (Maintenance of secrets in consultation with the Ethical Management Division)

- ① The Ethical Management Division shall be subject to the Detailed Enforcement Regulations and its chief shall perform his or her duties as the person in charge of the program.
- ② The Ethical Management Division shall be in charge of the duties of educating, counseling, executing, inspecting, and evaluating the program and the Audit Chamber shall be in charge of the duties of counseling, examining reports, and taking measures.
- ③ A person who has engaged in counseling regarding the program shall not disclose any secrets reported.
- ④ The counseling content under Article 18 shall be maintained and managed in accordance with the attached Form 6 and may be transferred to the Audit Chamber if there exists the potential for it to be revealed.

B. Article 24 (Inspection of observance)

- ① The Ethical Management Division and the Audit Chamber shall inspect no less than quarterly the extent to which the program is being fulfilled, observed, etc.

C. ② The Ethical Management Division and the Audit Chamber may perform an inspection, at any time, where they determine certain periods, such as holidays or festivals, to be particularly vulnerable to acts of corruption.

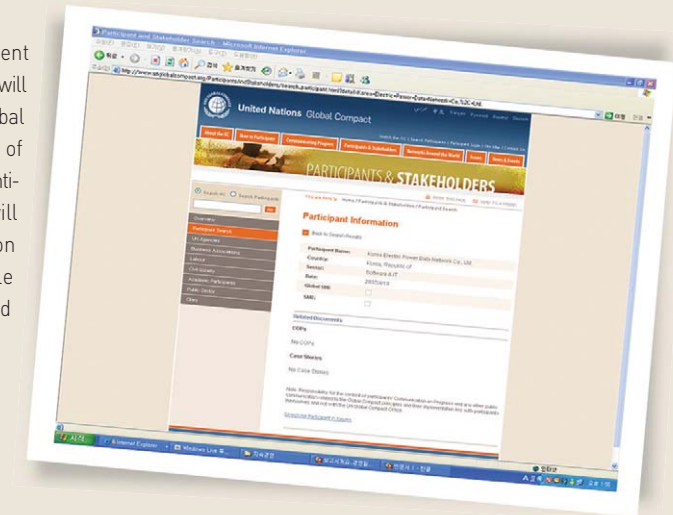
D. ③ In accordance with Clauses 1 and 2, the Ethical Management Division and the Audit Chamber shall report the results of said inspection to the president.

Major Associations and Memberships

Join the UN Global Compact

The first domestic SI company to do so, KDN joined the UN Global Compact, an international convention regarding companies' social obligations. This was in order to secure global standards in the economic, social, and environmental aspects of our organization, to become a "Global Specialist in Electric Power IT", reflecting the CEO's intentions to develop sustainable management.

Through corporate business management strategies and execution processes, KDN will comply with the ten standards of the Global Compact with respect to the four areas of human rights, labor, the environment, and anti-corruption. Additionally, the company will regularly publish its execution accomplishments to establish suitable conditions for sustainable growth and development.



- B.E.S.T (Business Ethics is the Source of Top performance) Forum, the Institute for Industrial Policy Studies
- Korea Association of Information and Telecommunication
- Korea Engineering & Consulting Association
- Korea Industrial Safety Association
- Electric Contractors' Financial Cooperative
- Korea e-Business Association
- Korea IT Service Industry Association
- Korea Software Industry Association
- Korea Electric Association
- Korea U-City Association
- The Human Resource Development Association of Korea
- World Energy Congress



Verification Statement

To the Readers of the 2007 KDN Sustainability Report

- Preface** The Korean Standards Association (KSA), (hereinafter referred to as the "Verifier"), was asked by KDN to independently verify the "2007 Korea Electric Power Data Network (KDN) Sustainability Report", (hereinafter referred to as the "Report"). KDN is responsible for the composition of the Report. The Verifier submits this independent Verification Opinion of the Report on the basis of its understanding as to whether or not there is sufficient evidence for the data, results, and relevant systems found in the Report as calculated by KDN.
- Scope of verification** The verification was focused on the entire content of the Report as well as the systems and activities at KDN's head office and 25 domestic places of business as of the fiscal year 2007.
O The financial information was verified in relation to the extent that it corresponded to the audit report 2006.
- Standard of verification** The Verifier carried out the verification in accordance with the KSA verification system developed in the application of the AA1000AS (AA1000 Assurance Standard)'s three major principles, i.e. materiality, completeness, and responsiveness.
- Methods of verification** The Verifier carried out the verification in the following manner:
- Examination of the media and Internet data that referred to the sustainability of KDN during the reporting period;
 - Visits to the head office and the place of business (Gyeonggi branch);
 - Examination of the systems and processes used to create the information outlined in the Report;
 - Tracing and review of in-house documents and basic data;
 - Interviews with 35 persons in charge of sustainable management and issue executives.
- Independence** In terms of profits, the Verifier is unrelated to KDN's business activities in general, except for the process of third party verification of the Report. In addition, the Verifier does not have any bias toward any stakeholders of KDN.
- Verification results and opinions** The Verifier has come to the conclusion that the Report deals with the sustainable activities of KDN absent any serious errors or prejudices. All important verification results have been included in the Verification Opinion and the additional details on the following verification results and recommendations have been forwarded to KDN.
- [Materiality] Does the organization have an official process for determining the major issues and does the Report include the most important information without any omissions?**
- KDN has drawn out the core issues in terms of relationships and materiality by developing an independent materiality evaluation model and having stakeholders participate in its projects. They are, without exception, included in the Report.
 - The Verifier recommends that KDN defines the materiality decision-making process more clearly and accept internal and external feedback continuously so that it can be applied to the establishment of sustainable management strategies and the attainment of accomplishments in the future.
- [Completeness] Does the organization fully understand its own issues of importance and present complete and balanced opinions on the influences these issues have?**
- KDN carries out monitoring and improvement activities with a will to improving the important issues that have been drawn out by the materiality evaluation process and the company reports its results in a complete and balanced manner.
 - The Verifier recommends that KDN establish the relevant committees, define responsibilities and authorities, and conduct education for employees in charge so that various sustainable management issues can be reported in a more complete and

balanced manner. It is also recommended that KDN construct a total system to organically operate sustainable strategies, goals, and performance index management within the existing management system.

[Responsiveness] Does the organization respond to important issues appropriately?

- KDN applies major extracted issues to the policies and activities of its organization and responds to the demands of all its stakeholders. The Verifier recommends the following so that such responsive activities can be maintained consistently and the decisions, measures, and influences on them can be reported to stakeholders:
 - Provision of sufficient opportunities for stakeholders to more actively participate in establishing the policies, strategies, and plans of the organization regarding important issues;
 - Enhancement of information accessibility so that stakeholders can approach and use the information on the responsiveness of the organization;
 - Continuous responses to the pledges, major issues, and stakeholders' requirements, as referred to in the Report, to be reported next year.

Sector specific recommendations on items for improvement

[Sector of strategies, visions, and the economy]

- The Report presents the sustainable management strategies of the organization in consideration of sustainability issues related to the organization and changes in the market environment. It is laudable that KDN has attempted to develop new business areas by fostering core talent, realizing technical management, and advancing into new overseas markets. KDN reaps the rewards for these efforts in the reinforcement of competitiveness, strategic accomplishments, and changes in organizational culture.
- The connection to sustainability issues is somewhat weak in some areas, such as mid- and long-term strategies, the environment, and human welfare. It is recommended that the Report complement concrete practice plans, including project specific plans, result evaluation plans, etc., by establishing mid- and long-term strategies in full consideration of the issues faced in a range of areas, including the change possibilities of the dominant structure and selecting area-specific tasks to tackle on a balanced basis.

[Environmental sector]

- KDN carries out environment support projects to manage pollutants and to monitor the environment, and contributes toward promoting the production and consumption of eco-friendly products.
- It is required to review and report on the environmental accomplishments of products and services, their volumes of use, emissions, and the reduction of energy consumption, utility, pollutants, etc.

[Social sector (Labor conditions and practices, human rights, society, and product responsibilities)]

- It is concluded that KDN tries to create human-centered, happy, and healthy workplaces, cooperate with small and medium-sized enterprises on a win-win basis, and provide services to its neighbors. Nevertheless, it is recommended that KDN more strongly connect its social contribution programs with its own corporate values.
- It is recommended that KDN establish the concept of product responsibilities as per those of service responsibilities in consideration of the features of the IT service industry and work to manage service requirements by establishing systematic strategies for information security, data backup (remote backup), etc.

GRI report

It is confirmed that the Report includes the whole or partial content of the GRI indicators recorded in the page GRI Index.

KSA Lee, Gye-hyeong
Chairman & CEO



GRI Index

● : Disclosed in the Report ●◐ : Partially disclosed in the Report ○ : Not disclosed in the Report N/A : Not available

GRI Index	GRI Index Contents	Report or not	Page
Outline			
Strategy and analysis	1.1 Declaration in which the highest decision-maker makes clear the relationships between the organizations and strategies of reporting and sustainability	●	4-5
	1.2 Description of major influences, risk factors and opportunities	●	14-15
Organizational profile	2.1 Organization names	●	6
	2.2 Representative brands, products and services	●	0-13, 31-32
	2.3 Operational structures of the organizations, including major divisions, head office, subsidiaries and affiliate companies, etc.	●	6-7
	2.4 Location of the headquarters/division	●	6
	2.5 Number and names of the countries in which major places of business are located	●	38-40
	2.6 Character and legal form of ownership	●	6
	2.7 Target markets (regional classification, business sectors and customer/beneficiary types)	●	6, 10-13, 38-40
	2.8 Scope of report organizations	●	6-7, 60
	2.9 Critical changes in scope, structure, or possession structure during the reporting period	●	79
	2.10 Prize-winning details during the reporting period	●	21
Report factors	3.1 Report target period	●	1
	3.2 Publication date of the most recent report	N/A	79
	3.3 Report cycle	●	1
	3.4 Contact for enquiries about the report and its contents	●	1
	3.5 Process for defining the content of the report	●	1, 3
	3.6 Report boundaries	●	1
	3.7 Specific restriction matters in report scope and boundaries	●	1
	3.8 Reporting standards of objects, such as joint venture companies, subsidiaries, rental facilities and outsourcing work, which may influence the comparison possibilities of periods and organizations	●	1
	3.9 Measurement techniques and calculation standards of the data, including the hypotheses and techniques that support the prognoses applied in the process of collecting performance indicators and other information	●	1
	3.10 Presented in the former report	N/A	79
	3.11 Large changes in the scope, boundaries and/or measuring methods of the Report compared to the previous report of the equivalent period	N/A	79
	3.12 Table showing the locations of standard notice matters in the Report	●	76-79
	3.13 Policies and current practices helpful in providing the independent reliability of the Report	●	1, 74-75
Dominant structure and cooperation	4.1 Dominant structure of the organization	●	6
	4.2 Whether or not the Chairman of the board of directors holds another directorship at the same time	●	6
	4.3 Whether or not the board of directors is unified; number of independent or non-executive members in the board of directors	●	6
	4.4 Mechanism in which stakeholders and employees provide advice or indicate directions	●◐	6
	4.5 Relationships between the rewards for members of the board of directors, higher managers, executives, etc. and the performance of the organization	●◐	6
	4.6 Process to prevent the interests of the board of directors from leading to a conflict of interest	●◐	6
	4.7 Process to ensure the board of directors avoids conflicts of interest	●	6
	4.8 Duties, principles, economic, environmental and social sectors represented on the board of directors	●	5-16

GRI Index	GRI Index Contents	Report or not	Page
Dominant structure and cooperation	4.9 Procedures of the dominant structure, including the determination and management of risks and opportunities in sustainable management	●◐	6
	4.10 Process for evaluating interest in economic, environmental and social activities within the dominant structure	●◐	6
	4.11 Presentation or not of protective approaches and principles and approaches	●	26-29, 44
	4.12 Details of voluntary participation in economic, environmental and social fields and principles	●	7, 60-65, 68-73
	4.13 Memberships in domestic and foreign industrial and business associations	●	73
	4.14 Understanding and selection of major stakeholders	●	2, 17
	4.15 Grounds for the understanding and selection of major stakeholders	●	17
	4.16 Approaches to consultation with stakeholders	●	17
4.17 Methods used to respond to issues related with the participation of stakeholders	●	2, 17	

Economic Performance Indicators (EPI)

Economic performance	EC1	Creation and distribution of direct economic values	●	56-58
	EC2	Financial influences of climate change and their risks and opportunities for business activities	●◐	15-16, 64
	EC3	Pension support scope	●	45, 57
	EC4	Beneficiary history of governmental subsidies	●	58
Market	EC5	Ratios of new employee wages to local legal minimum wages at major places of business	N/A	79
	EC6	Local purchasing and practices and ratios at major places of business	N/A	79
	EC7	Procedures for the preferential employment of local persons and percentage of local higher executives at major places of business	N/A	79
Indirect economic effect	EC8	Activities and their effects for supporting infra investment and services for the public interest	●	50-53, 57
	EC9	Understanding and explanation of indirect economic ripple effects	●	0-53, 60

Environmental performance indicators (EPI)

Material	EN1	Raw material use by weight or volume	N/A	79
	EN2	Usage percentage of recycled resources	N/A	79
Energy	EN3	Direct energy use volume	○	79
	EN4	Indirect energy use volume	○	79
	EN5	Energy volume reductions by saving and efficiency improvements	○	79
	EN6	Energy saving volume from supply efforts of energy efficient or energy based products/services	●◐	64-65
	EN7	Initiatives used to reduce the consumption of indirect energy and their accomplishments	●◐	64-65
Water	EN8	Total water use volume by supply source	○	79
	EN9	Water supply sources greatly influenced by the use of water	N/A	79
	EN10	Total volume and percentage of reused and recycled water	N/A	79
Biological diversity	EN11	Locations and sizes of the sites managed in habitats with biological diversity	N/A	79
	EN12	Major influences on biological diversity	N/A	79
	EN13	Natural habitats protected or rehabilitated	N/A	79
	EN14	Management strategies, current measures and future plans for biological diversity	N/A	79
	EN15	Number and extinction risk levels of species affected by the organization's activities among endangered animals and plants	N/A	79
Emissions, wastewater and waste	EN16	Total direct and indirect greenhouse gas emission volumes	○	79
	EN17	Other indirect greenhouse gases	○	79
	EN18	Reduction projects for greenhouse gases and their accomplishments	○	79
	EN19	Emission volumes of materials harmful to the ozone layer	●	79
	EN20	Emission volumes of NOx, SOx and other major air pollutants	●	79
	EN21	Emission volume of wastewater by final emission place and water quality	●	79
	EN22	Waste emission volume by form and treatment method	●◐	65



GRI Index	GRI Index Contents	Report or not	Page
Emissions, wastewater and waste	EN23 Emission numbers and amounts of significant harmful substances	●	79
	EN24 Waste emission volumes specified in the clauses of the Basel Agreement	●	79
	EN25 Influences of wastewater and water emissions on water supply sources and biosystems	●	79
Products and services	EN26 Activities implemented to reduce the environmental influence of products and services and their accomplishments and services	●	64-65
	EN27 Recycling percentages of sold products and relevant packaging materials	N/A	79
Legal observance	EN28 Environmental regulation violations and their penalties and punishments	●	79
Transport	EN29 Serious environmental influences of the transport of products and raw materials and the transfer of executives and employees	○	79
Total	EN30 Expenses and investment amounts for environmental protection	○	79

Social-Labor performance indicators (LPI)

Employment	LA1 Employment types, employment contracts and regional workforces	●	60-61
	LA2 Number and percentage of employees' retirements by age group, sex and region	●	60
	LA3 Benefits provided only to regular employees and not to temporary or temporary employees	●	45
Relations between labor and management	LA4 Percentage of employees eligible for group negotiation	●	62
	LA5 Minimum notification period for important business change matters	●	62
Health and safety at work	LA6 Percentage of employees represented by the Labor-Management Joint Health and Safety Committee	●	44
	LA7 Number of work-related injuries, vocational diseases, lost days and absences	●	62
	LA8 Policies and programs intended to protect employees and their family members and local residents from serious diseases	●	44
	LA9 Health and safety matters as objects of formal agreements with the labor union	●	44-45
Education and training	LA10 Annual average education hours per person by employment form	●	61
	LA11 Work education and life-long learning programs for continuous employment and reemployment	●	61
	LA12 Percentage of employees subject to regular performance evaluations and career development screening	●	60
Diversity and equal opportunity	LA13 Composition of the board of directors and employees	●	6, 60-62
	LA14 Ratio of basic wages between male and female employees by employment category	●	60

Social : Human rights performance indicators (HRPI)

Practices in investment and procurement	HR1 Number and percentage of major investment agreements that include clauses on the reporting of human rights or to have passed the screening of human rights	●	79
	HR2 Percentages of human rights screenings at major suppliers and contract companies	○	79
	HR3 Employee education in human rights policies and procedures related to duties	○	79
Prohibition of discrimination	HR4 Total number of discrimination incidents and relevant measures taken	●	79
Freedom of assembly	HR5 Business areas determined to be likely to seriously damage the freedoms of assembly and group negotiation methods and measures to protect relevant rights	●	62
Child labor	HR6 Prevention of child labor	●	62
Forced labor	HR7 Prevention of forced labor	●	62
Practice in security	HR8 Percentage of the workforce that have received education in human rights policies and procedures	○	79
Rights of natives	HR9 Violations of natives' rights and relevant measures taken	N/A	79

Social : Social performance indicators (SPI)

Local community	S01 Policies, programs and monitoring systems for influences on local communities	●	17, 50-53
Corruption	S02 Number and percentage of business units whose corruption risks have been analyzed	●	24, 63
	S03 Percentage of employees to have received education in anti-corruption policies and procedures	●	22-23, 28
	S04 Measures taken against corruption	●	63
Public policy	S05 Participation in activities of presenting opinions on public policies, establishing public policies and lobbying for public policies	●	18-21, 32, 73

GRI Index	GRI Index Contents	Report or not	Page
Public policy	S06 Total amount of cash and goods donated to political parties, politicians and relevant organizations of each country	●	79
Competition	S07 Number and results of legal measures against unfair competition conduct and monopoly conduct	●	79
Legal observance	S08 Penalties and non-monetary disciplinary measures imposed because of legal or regulatory violations	●	79

Social : Product responsibility performance indicators (PRPI)

Health and safety of customers	PR1 Stages in life-cycles in which products and services have been evaluated for the purposes of improvement in terms of the influence on health and safety	●	28
	PR2 Violations of regulations and voluntary rules related to the influence on the health and safety of customers in the life-cycle of products and services	●	79
	PR3 Information types of products and services necessary for procedures in and percentages of major products and services corresponding to, information requirements	●	28
Product and service labeling	PR4 Violations of regulations and voluntary rules related to the information and labeling requirements of products and services	●	79
	PR5 Customer satisfaction related activities, such as customer satisfaction evaluation questionnaires	●	21, 28, 37, 45, 80
Marketing communications	PR6 Regulations, standards and voluntary rule observance programs related to marketing communications such as advertisements, implementations and sponsorship	●	28, 63
	PR7 Violations of regulations, standards and voluntary rule observance programs related to marketing communications such as advertisements, implementations and sponsorship	●	79
Customer information protection	PR8 Numbers of complaints raised regarding the violation of personal information protection and the loss of customer data	●	79
Legal observance	PR9 Amounts of penalties imposed for violations of the laws and regulations on the supply of products and services	●	79

GRI Index	Description
2.9, EN28, HR1, HR4, S06, S07, S08, PR2, PR4, PR7, PR8, PR9 3.2, 3.10, 3.11	The matter concerned took place during the reporting period.
EN5, EC6, EC7, EN1, EN2, EN9, EN10, EN19, EN20, EN21, EN23, EN24, EN27, HR9	The Report is the first by KDN.
EN11, EN12, EN13, EN14, EN15, EN25	The item concerned does not take place at KDN.
EN3, EN4, EN5, EN8, EN16, EN17, EN18, EN29, EN30, HR2, HR3, HR8	KDN does not have any influence on environmental and ecological protection zones.
	We are preparing for a disclosure in the next Report.

Readers' Opinions

In 2007, KDN published its first report containing its sustainable management accomplishments. We have discovered a new lesson-that our corporate vision to become the "global specialist in Electric Power IT" must contribute to the sustainable development of the human race, rather than merely contribute to the company's profits. Furthermore, we are assured that we can realize this vision.

We promise to reflect more stakeholder opinions that we may have missed this time in our next report. Please provide us with your opinions on KDN's sustainable management progress and sustainability report.

.....

1. Which of the following do you belong to?

- ① Executive or employee ② Stakeholder ③ Customer ④ Government ⑤ Affiliate ⑥ Local Community
⑦ Social Group such as an NGO ⑧ Media ⑨ Academia ⑩ Other { }

2. What interests you the most?

3. Which aspects do we need to reinforce?

4. Which of the content will you refer to in your life?

5. Do you think that the publication of this report will help KDN's business management activities?

- ① Yes ② Maybe / Don't know ③ No

6. Has this report been informative and helpful to you with respect to job execution and your occupation?

- ① Yes ② Maybe / Don't know ③ No

7. What do you think is the most important issue for KDN in terms of sustainable growth?

8. Please feel free to provide any other feedback here.

How to submit your feedback

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