

MESSAGE FROM THE CEO

Respected shareholders and customers:

It is with a great deal of pride that I can report LG Chem recorded historic business results in 2009. Sales reached 13,694.5 billion won and operating profit stood at 1,944.8 billion, marking an 8 percent and 45 percent increase, respectively, over 2008.

Even with 2009's adverse business environment, LG Chem was able to make this remarkable achievement not only because of the unwavering support of customers and shareholders, but also because of the clear commitment and dedication of LG Chem employees in their drive to realize the company's goal of Speed Management.

Looked at by business division, LG Chem's petrochemicals division has significantly enhanced its profitability by strengthening its cost competitiveness, while also increasing the portion of premium products in its sales structure and improving customer value through a wide range of innovative solutions. At the same time, our information & electronic materials division outperformed its stated business goals through the consistent implementation of cost leadership activities, including innovation carried out with its processes and materials, while also securing a leading position in the polarizer business in markets around the world.

Our battery business saw outstanding sales growth by expanding its customer base with prominent clients such as Nokia and HP, which was then backed up by its aggressive production capacity expansion and ambitious customer engagement marketing campaigns.

In addition, LG Chem's push for new businesses to act as future growth engines began showing tangible results in 2009.

Proof of this was evident in the groundbreaking ceremonies which took place for factories to produce glass substrates for LCD panels and automotive batteries for electric vehicles. In particular, our automotive batteries for electric vehicles secured an advantageous market position after supply contracts were signed with major automakers and the decision was made to build a factory in the U.S.

Based on our myriad achievements to date, we aim to become a leading global company. To this end, LG Chem has set forth a three-point Speed Management mission: to pursue global leadership in core businesses; to realize customer value innovation; and to reinforce global organizational competencies.

To begin, we will secure global leadership in our core businesses to consistently generate outstanding performances. The petrochemicals division will further expand its profit-generating competencies, while the information & electronic materials business and the batteries business will further strengthen their respective market positions around the world. In addition, we will channel all of our resources into nurturing new businesses that we are currently involved in, which will sustain the necessary momentum for future growth and solidify our leadership role in global markets.

Second, we will carry out customer value innovation befitting of the highest global standards in order to provide our customers with differentiated value and ensure their complete satisfaction. By combining our innovative process technologies and R&D competencies, we will develop an advanced technology for quality products at competitive prices, thereby providing differentiated solutions for the success of our clients in their own businesses.

Finally, we will strengthen our organizational competencies, an important aspect of realizing outstanding business results. To that end we will concentrate on fostering global talent and building even greater workplaces where every LG Chem employee can go beyond focusing on their individual strengths to heighten the passion they have for their work, but also have them realize their potential and creativity on their own.

In closing, I would like to express my sincere appreciation for the unwavering support and encouragement shown by all of our customers and investors over the past year. And while LG Chem is content with its achievements in 2009, we are committed to working even harder in the future to maintain the trust and respect we have earned with both customers and markets as a leading global company.

Thank you.



Peter Kim

Peter Bahnsuk Kim | Vice Chairman & CEO



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