



Jong-Keo Yeo
 President & CTO
 President of
 LG Chem Research Park

“R&D is a tough business. Only half of projects started ever get finished, and only about one in three is completely successful. Given those odds, we really savor every ‘home run’ we hit. And we seem to be hitting more and more, particularly in the information and electronic materials fields. Today as we focus on harnessing the power of the atom with nanotechnology to create the materials of the future, we’re also learning to more effectively tap into our most valuable intellectual property of all: our over 700-strong R&D team.”

Research Facilities	Key Research & Development Areas	Location
Advanced Materials Research Center	Materials for future technology and electronic devices	Daedeok
Process Technology Research Center	Process technology and catalysts	Daedeok
Analytical and Computational Science Center	Analytical and computational technology	Daedeok
Battery Research Institute	Lithium batteries (LiLB, LiPB) and fuel cells	Daedeok
Information & Electronic Materials Research Institute	Optical materials for displays, PCB materials	Daedeok
Industrial Materials Research Institute	High-performance industrial materials	Cheongju, Daedeok
Petrochemical Product & Process Research Institute	Specialty chemicals, polymers (PVC, PE), e-processes	Yeosu, Naju, Daedeok
Performance Polymers Research Institute	High-performance ABS & ASA, functional latex resins	Yeosu, Daedeok
Technology Intelligence Center	Intellectual property, technology intelligence, and IT services	Daedeok
Maryland Satellite Lab	Polymer process modeling	Maryland, USA
Compact Power Inc.	Electric vehicle lithium battery module development	Colorado, USA

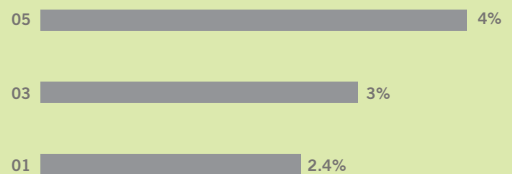
At LG Chem, we established ourselves as a leader in innovation back in 1979 when we opened our first research center in Daejeon, Korea. Known today as LG Chem Research Park, the multidisciplinary campus is home to three R&D centers, six R&D institutes, and a staff of more than 700 specialists, over 80% of whom have a master's degree or higher. Our ongoing commitment to developing advanced technology and products has helped us win numerous industry certifications and awards in recent years, including two of Korea's prestigious IR52 Jang Young-Shil Awards for our TFT-LCD polarizer film and plasma display phosphors in 2001.

With LG Chem's demerger and the adoption of a new corporate vision in April 2001, our R&D organization also underwent a fundamental transformation as we realigned ourselves with the new business organization to lay the foundation for an aggressive pursuit of emerging growth opportunities. We started by appointing LG Chem Research Park President Jong-Kee Yeo as our first chief technology officer to spearhead our corporatewide focus on developing new-to-world products as well as the systematization of our R&D activities to improve their effectiveness.

Under the CTO's leadership, our R&D organization was reorganized into central and business unit R&D functions in support of the dual missions of exploring and cultivating future opportunities while enhancing the competitiveness of our existing businesses. Encompassing the Advanced Materials Research Center, Process Technology Research Center, and the Analytical and Computational Science Center, these central R&D organizations tackle new-to-world product development as they master new product process development, ultrahigh-precision analytical technology, computational chemistry, and other enabling



R&D Investment as a Percentage of Sales



technologies with applications across our entire business portfolio. In contrast, the business unit R&D organizations work in close partnership with each of our four units to enhance the competitiveness of their existing businesses. A key example of this is our Maryland Satellite Lab and Compact Power Inc., two U.S.-based R&D facilities that are now playing a key role in the Information & Electronic Materials Business Unit's return to profitability.

Our ambitious goal of having at least 48 products that are top-tier category leaders in global markets by 2005 centers on R&D work now underway in information and electronic materials fields such as next-generation battery technologies, semiconductors and microelectronics materials, future display devices and materials, and optoelectronic materials. A new R&D facility dedicated to these fields was completed in November 2001. In addition to a pilot production plant, this state-of-the-art facility is now providing an environment conducive to synergistic cross-pollination between various projects and disciplines, accelerating the commercialization of organic light-emitting diodes and other materials for next-generation electronic devices.

Another key development in 2001 was our US\$3 million investment in U.S.-based Compact Power Inc., a joint venture with some of America's leading experts in battery technology. Together, we're now working hard on next-generation lithium-ion polymer battery technology for electric vehicles, a fledgling market that's expected to take a major step forward toward becoming a mainstream part of the U.S. auto industry in 2003.

Looking ahead to 2002, we plan to increase investment in R&D by 6 billion won to 121 billion won. Approximately 43 billion won of the total is earmarked for work in the information and electronic materials fields, including the expansion of our staff specializing in those areas from 270 to 320.

