

## 2002 Overview

### LG Chem President Receives Golden Tower Industrial Merit Award



LG Chem President No, Ki-Ho received the highest commercial award possible, the Golden Tower Industrial Merit Award, on May 20 at the 37th Annual Inventors Day Ceremony. President No joined LG Chem in 1973 and assumed position as CEO in January 2001. He is credited with leading development of globally competitive new products by establishing a world-class R&D system during his long career at LG Chem.

### ERP System Goes into Operation



LG Chem put its new ERP System into operation on July 3. The company expects to reap such benefits from the system as 30 billion in savings in expenses, speedier decision-making and greater managerial transparency, and greater corporate credibility as a result. The company is now planning an Extended ERP project that will include overseas sites and offices.

### LG Chem Enters Chinese PVC Window Frame Market

On August 26, LG Chem held a ground-breaking ceremony for a new PVC Window Frame production subsidiary in Tianjin, China. The US\$20-million investment will have an annual production capacity of 50,000 tons per year by 2005 and this will be expanded to 100,000 tons by 2010, thereby positioning LG Chem as a major player in the Chinese market.



### Engineering Plastics in Chinese Market

LG Chem plans a new Engineering Plastics Compounding Production subsidiary, with annual production capacity of 50,000 tons, in Guangdong Province, China. The company plans to expand production to 100,000 mtpa by 2010 with an additional investment of US\$50 million; and by actualizing total solutions and strategic marketing plans, LG Chem expects to eventually join the ranks of the world's top five manufacturers.



### Major Investment at Ochang Techno Park



LG Chem is planning an integrated, state-of-the-art Information & Electronic Materials production plant on a 330,00-sq.-meter site at the new Ochang Techno Park in Chungbuk Province, Korea. LG Chem plans to turn the facility into a global center for advanced production of Information & Electronic Materials with a total investment of 1 trillion KRW by 2010.

### World's 3rd Largest ABS Producer



LG Chem has stepped into position as the world's third largest manufacturer of ABS by expanding annual production capacity to 800,000 tons. In the process, the company expanded production in Korea by 90,000 tons and in China by 100,000 tons, thereby taking the lead in both nations. LG Chem plans to increase annual global production capacity to one million tons by 2005.

### EDC Plant in Australia

On Dec. 23, LG Chem announced plans to establish an EDC production subsidiary in Queensland, Australia to secure a steady supply of the basic raw material for PVC production. Construction at the US\$193-million investment is scheduled for completion by the end of 2005 and annual production in 2006 will reach 300,000 tons.

### Epoxy Business Sold

On April 10, LG Chem announced sale of its non-core epoxy production business to Bakelite of Germany for US\$17 million. The sale was a strategic move in the company's efforts to reorganize and streamline its industrial activities into core areas alone. The sale will contribute considerably to an improved financial structure and to fostering futuristic business areas.

Key Performance Indicators	2002	2001*
Operating Margin	9.5%	7.4%
Return on Equity	25.3%	14.2%
Net Debt to Equity	88.6%	124.2%
Number of Outstanding Common Shares	64,425,064	64,425,064
Earnings Per Share in Won	5,152	1,913
Year End Stock Price in Won	40,600	21,750

\*Operating margin, return on equity, and earnings per share figures exclude Q1 results

### 2002 Stock Price Performance

Graph charts the closing price and volume at the beginning and middle of each month

