

INTRODUCTION

Opportunity & Challenge

CUSTOMER VALUE

Based on our basic conviction that 'the customer is the reason and purpose for service,' we strive to enhance value for customers. We firmly believe that customer value should take priority in all corporate activities and that companies which fail to do so will find it difficult to survive. With that in mind, all systems and policies at LG Electronics are decided from the customers' standpoint. At LG Electronics, customer service is not merely the responsibility of the relevant department but recognized as an objective of the entire company. We have adopted companywide systems and processes for customers' benefit including measures for protection of personal information, grievance handling, prompt after-service and customer communication. We are making multifaceted efforts to develop innovative products to enhance quality of life and to ensure safe and convenient usage of our products.

EMPLOYEE VALUE

LG Electronics is working to secure world-class competencies to join the global top 3. Under our definition of level 5 capability, which refers to the levels of global corporations such as GE and Toyota, various forms of support are available to every member of the organization. We believe we will become a truly global enterprise by creating a setting in which competent and motivated people can perform to their fullest and derive satisfaction from their performance. Building a 'people company' where talented people are given the opportunity for self-development is vital to attaining our vision. At LG Electronics, individual employees are working to enhance their market value by carrying out their work in the best possible way with a view to becoming the world's best. Their efforts are supported by the company's extensive training program which gives individuals the chance to develop their abilities and gain global experience.

ENERGY & CLIMATE CHANGE

Voluntary initiatives to reduce greenhouse gases and address climate change are helping to shape LG Electronics into a green company. As a company with 36 production facilities around the world, we are guided by an environmentally-friendly vision and strategies befitting a global enterprise. We set up a greenhouse gas inventory starting with our plant in Cheongju to monitor our emission levels. Moreover, we are enhancing production processes and developing technologies to curb greenhouse gas emissions. Life cycle assessments are undertaken to assess emissions throughout a product's life cycle. After broadly classifying emissions into the production and usage stages, we found that more than 80% is attributed to product usage. We recognize that raising energy efficiency of electronic products could be the most effective way to provide economic benefits to consumers while curbing global warming. Regions such as the EU are tightening regulations on energy efficiency and standby power. Keeping in step with such regulatory trends, LG Electronics is continuing with R&D to acquire the highest grades of energy efficiency for its products.

DEVELOPMENT OF GREEN PRODUCTS

Regulations on hazardous substances (RoHS, REACH), recycling (WEEE), energy efficiency and eco-design (EuP, climate pact) have generated greater demand for green products. Environmental factors are a key determinant of a product's competitiveness due to heightening environmental awareness among consumers. LG Electronics realizes that meeting these demands is an important part of corporate social responsibility and is leading the way in responding to the changing social trends.

Overview of LG Electronics

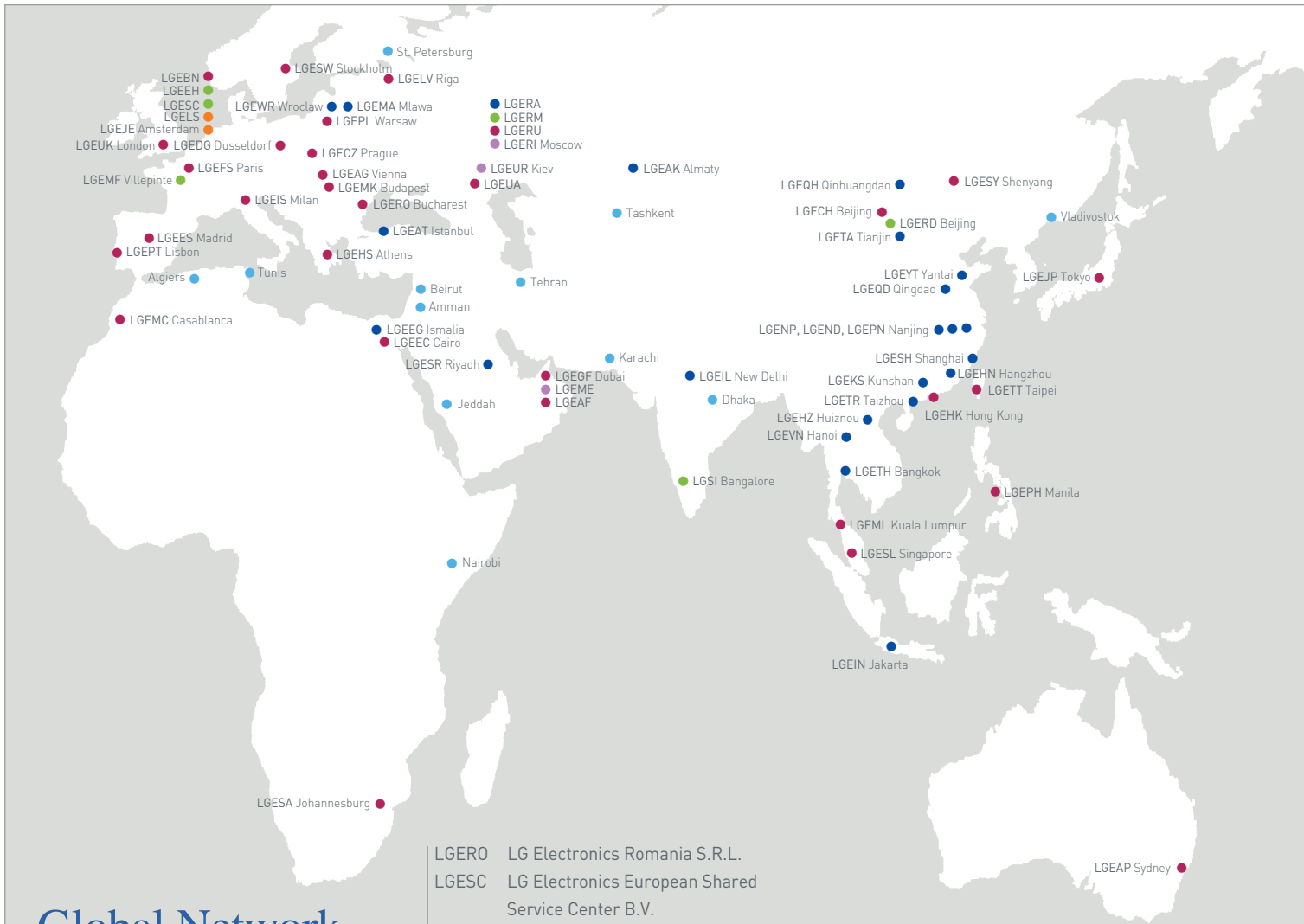
ORGANIZATIONAL STRUCTURE

LG Electronics is largely divided into 22 units. On the domestic side, there are four business units, the marketing division, and seven functional divisions in the head office. The overseas network consists of seven regional headquarters and three functional areas (support, R&D, design).

There are seven business sites (in Pyeongtaek, Cheongju, Changwon, Gumi) under the four business units. The overseas operations include 36 sales subsidiaries, 22 production subsidiaries, eight product sales subsidiaries, five service subsidiaries, and branch offices.

© ORGANIZATIONAL CHART (AS OF JULY 2008)





Global Network

EUROPE

- LGAEAG LG Electronics Austria GmbH
- LGEBN LG Electronics Benelux Sales B.V.
- LGECZ LG Electronics CZ, S.R.O.
- LGEDG LG Electronics Deutschland GmbH
- LGEEH LG Electronics European Holdings B.V.
- LGEEES LG Electronics Espana S.A.
- LGFEFS LG Electronics France S.A.R.L.
- LGHEHS LG Electronics Hellas S.A.
- LGIEIS LG Electronics Italia S.P.A.
- LGJEJE LG Electronics JIT Europe B.V.
- LGELS LG Electronics European Logistics & Services B.V.
- LGEMA LG Electronics Mlawa Sp. z.o.o.
- LGEMF LG Electronics Mobilecomm France
- LGEMK LG Electronics Magyar KFT
- LGEPPL LG Electronics Polska Sp. z.o.o.
- LGEPPT LG Electronics Portugal S.A.

- LGERO LG Electronics Romania S.R.L.
- LGESC LG Electronics European Shared Service Center B.V.
- LGESW LG Electronics Nordic AB
- LGEEK LG Electronics United Kingdom Ltd.
- LGEMW LG Electronics Wrickaw Sp. z.o.o.

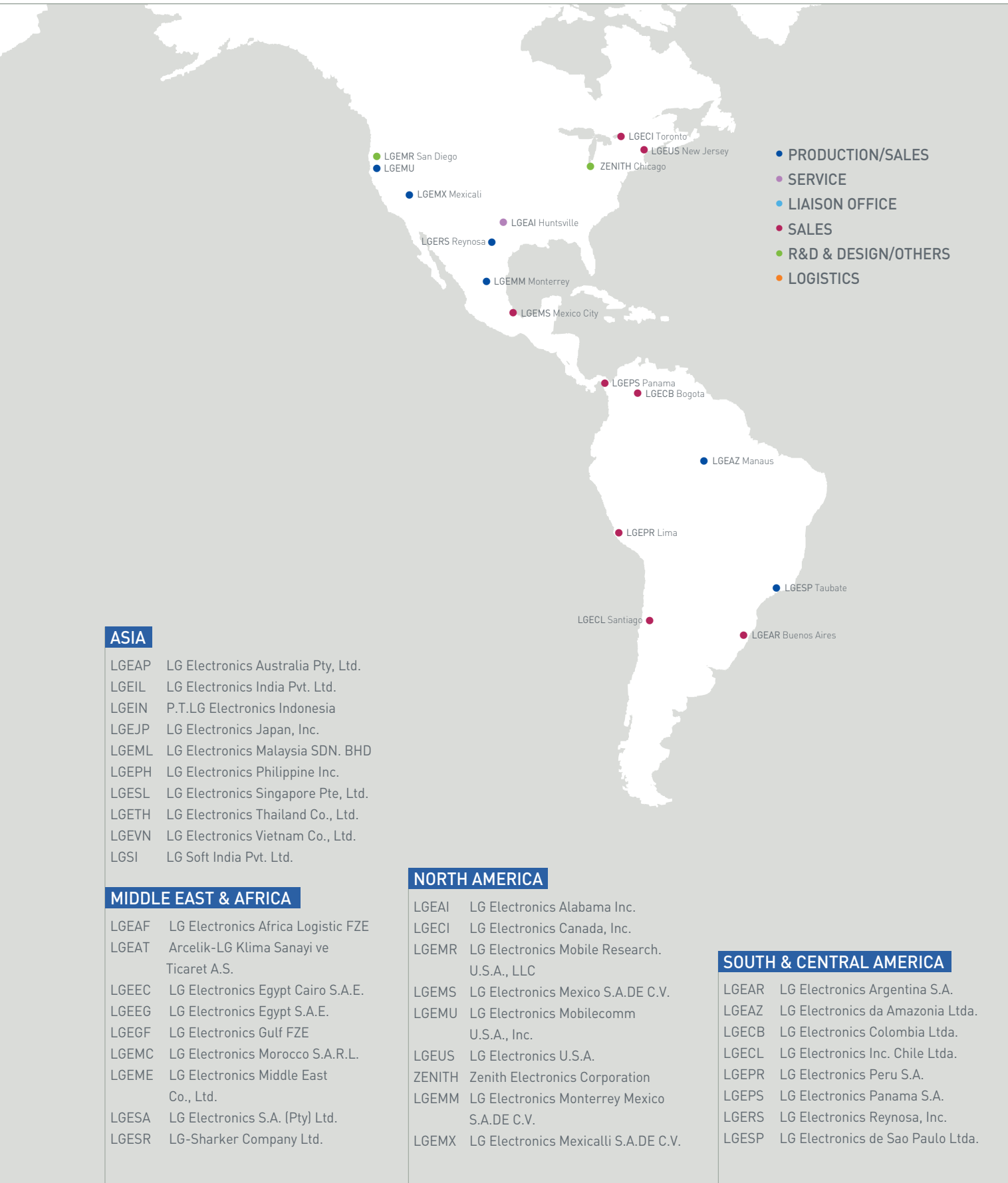
CIS

- LGAEAK LG Electronics Almaty Kazakhstan
- LGELV LG Electronics Latvia, LLC
- LGERA LG Electronics Russia, LLC
- LGRI LG Alina Electronics
- LGERM LG Electronics RUS-Marketing, LLC
- LGERRU LG Electronics Russia & Ukraine
- LGUEUA LG Electronics Ukraine
- LGUEUR LG Electronics Ukraine Inc.

CHINA

- LGECHE LG Electronics China Holding Company
- LGHEHK LG Electronics HK Ltd.
- LGHEHN LG Electronics Nature(Hangzhou) Recording Media Co., Ltd.
- LGHEHZ LG Electronics Huizhou Ltd.

- LGEEKS LG Electronics(Kunshan) Computer Co., Ltd.
- LGEND LG Electronics Nanjing Display Co., Ltd.
- LGENP LG Electronics(Nanjing) Plasma Co., Ltd.
- LGEPN Nanjing LG-Panda Appliances Co., Ltd.
- LGEQD Qingdao LG Langchao Digital Communication Co., Ltd.
- LGEQH LG Electronics Qinhuangdao Inc.
- LGERRD LG Electronics(China) Research and Development Center Co., Ltd.
- LGESH Shanghai LG Electronics Co., Ltd.
- LGESY LG Electronics Shenyang Inc.
- LGETA LG Electronics Tianjin Appliances Co., Ltd.
- LGETR LG Electronics(Taizhou) Refrigeration Co., Ltd.
- LGELYT Langchao LG Digital Mobile Communication Co., Ltd.
- LGETT LG Electronics Taiwan Taipei Co., Ltd.



ASIA

- LGEAP LG Electronics Australia Pty, Ltd.
- LGEIL LG Electronics India Pvt. Ltd.
- LGEIN P.T.LG Electronics Indonesia
- LGEJP LG Electronics Japan, Inc.
- LGEML LG Electronics Malaysia SDN. BHD
- LGEPH LG Electronics Philippine Inc.
- LGESL LG Electronics Singapore Pte, Ltd.
- LGETH LG Electronics Thailand Co., Ltd.
- LGEVN LG Electronics Vietnam Co., Ltd.
- LGSI LG Soft India Pvt. Ltd.

MIDDLE EAST & AFRICA

- LGAEF LG Electronics Africa Logistic FZE
- LGAT Arcelik-LG Klima Sanayi ve Ticaret A.S.
- LGEEC LG Electronics Egypt Cairo S.A.E.
- LGEEG LG Electronics Egypt S.A.E.
- LGEGF LG Electronics Gulf FZE
- LGEMC LG Electronics Morocco S.A.R.L.
- LGEME LG Electronics Middle East Co., Ltd.
- LGESA LG Electronics S.A. (Pty) Ltd.
- LGESR LG-Sharker Company Ltd.

NORTH AMERICA

- LGEAI LG Electronics Alabama Inc.
- LGECI LG Electronics Canada, Inc.
- LGEMR LG Electronics Mobile Research. U.S.A., LLC
- LGEMS LG Electronics Mexico S.A.DE C.V.
- LGEMU LG Electronics Mobilecomm U.S.A., Inc.
- LGEUS LG Electronics U.S.A.
- ZENITH Zenith Electronics Corporation
- LGEMM LG Electronics Monterrey Mexico S.A.DE C.V.
- LGEMX LG Electronics Mexicali S.A.DE C.V.

SOUTH & CENTRAL AMERICA

- LGEBR LG Electronics Argentina S.A.
- LGAEZ LG Electronics da Amazonia Ltda.
- LGECB LG Electronics Colombia Ltda.
- LGESL LG Electronics Inc. Chile Ltda.
- LGEPB LG Electronics Peru S.A.
- LGEPB LG Electronics Panama S.A.
- LGERS LG Electronics Reynosa, Inc.
- LGESP LG Electronics de Sao Paulo Ltda.

EMPLOYEES

The number of employees at LG Electronics stood at approximately 82,000 as of the end of 2007. Of the total, 29,000 were stationed in Korea and 53,000 abroad, meaning that over 60% of our employees are working overseas. The number of overseas employees should continue to increase in line with our localization strategy. Female employees comprise 16% of our total domestic workforce (2% for manager and above) and the figure is on a steady rise. The average age of the entire workforce, male and female, is 33.8 years. Disabled people represent 0.8% of the total workforce.

◎ EMPLOYEE DIVERSITY

Category	Total	Executives	General & Administrative					Technical	Other	
			G4	G3	G2	G1	Subtotal			
Total	No. of employees	29,526	241	2,228	7,633	9,080	577	19,518	9,316	451
	%	100	0.8	7.5	25.9	30.8	2.0	66.1	31.6	1.5
	Average age	33.8	49.2	44.1	36.2	29.8	27.1	33.8	33.4	29.3
Male	No. of employees	24,781	236	2,217	7,168	7,702	392	17,479	6,899	167
	%	83.9	97.9	99.5	93.9	84.8	67.9	89.6	74.1	37.0
	Average age	35.2	49.3	44.2	36.4	30.2	27.5	34.5	36.7	35.0
Female	No. of employees	4,745	5	11	465	1,378	185	2,039	2,417	284
	%	16.1	2.1	0.5	6.1	15.2	32.1	10.4	25.9	63.0
	Average age	26.2	43.2	40.3	32.4	27.6	26.2	28.7	24.0	25.9

※ Based on worksites in Korea (as of the end of 2007)

Core Business

LG Electronics is composed of four business divisions: Digital appliance division produces home appliance products and components such as air-conditioners, washing machines, refrigerators, vacuum cleaners, motors and compressors. Digital display division is in charge of manufacturing and selling PDP/LCD TVs, monitors, and PDP panels. Digital media division produces optic storage, PCs, and digital AV products. Mobile communications division is producing and selling mobile phones, telecommunication systems and PCBs.

Our emphasis is on reinforcing technology levels in our core competencies and exploring new businesses that are promising from the customers' perspective. In step with rapid changes in technology, we launched the Time Machine TV series and mobile handsets with touch screens to strengthen our existing product lineup. We are also fostering new businesses with strong potential such as home networking solutions, system air-conditioners, and automotive telematics.

◎ MAIN PRODUCTS BY DIVISION

Category	Main Product
Digital Appliance	Air conditioner, refrigerators, washing machines, vacuum cleaners, microwave ovens, air-conditioner compressors, cool air compressors, MGT, motors
Digital Display	TVs, monitors, PDPs, video tapes, DVD-R Disc, Prism Sheet, Green Sheet
Digital Media	Optical storage, Audio, Notebook PC, DVD-Player/DVD-REC/combi, Security, PDA, Telematics
Mobile Communication	Mobile telecommunications, WLL handsets, telecommunications systems, transmitters & exchangers, Key phone, PBX, PCB

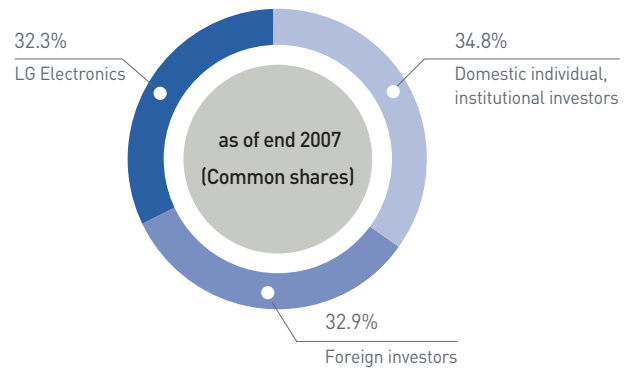
Corporate Governance

CORPORATE GOVERNANCE

The launch of the holding company system laid the groundwork for heightened transparency. The LG Group was able to put an end to the cross-shareholding among affiliates, as the holding company was fully responsible for investments and LG Electronics was able to concentrate on increasing corporate value and its own operations.

In particular, LG Electronics saw the installation of a system of professional management, while a BOD focused system has been improving corporate transparency. In this way, LG Electronics has set up the framework to strengthen business competitiveness at home and abroad, ultimately increasing shareholder and corporate value.

◎ SHARE OWNERSHIP



BOARD OF DIRECTORS

The Board of Directors at LG Electronics currently consists of seven directors, with four of them being outside directors. The outside directors are highly qualified individuals with professional knowledge and experience in key areas. Their main role is to carry out a check and balance function, as well as monitoring the company's overall management activities. The board meets regularly and whenever urgent matters arise. The directors actively participate in the meetings to ensure sound management and to protect the rights of shareholders and creditors. A total of seven BOD meetings were convened in 2007 with the average attendance rate reaching 87.5%.

To ensure that the BOD fulfills its role as the highest decision making body, LG Electronics regularly reports company proceedings to outside directors so that BOD members can deliberate on important matters from the preliminary, decision-making stage. Outside directors are given ample time to digest the detailed and finished material on pending issues prior to attending the board meetings so that they may present impartial views and assessments of issues including major business items, inside trading among affiliates and management operations.

AUDIT COMMITTEE

The audit committee maintains independence, with all of its three members being outside directors. The committee follows separate regulations from those governing the BOD and is accordingly able to independently decide on the committee's operations.

COMMUNICATION WITH STAKEHOLDERS

The general shareholders' meeting is held after the end of each fiscal year and is attended by top management. During the meeting, LG Electronics reports the company's business performance and provides information on issues requiring decisions to its shareholders and listens to their opinions. The investment inquiry page on the company website also offers a venue for shareholders, investors and customers to post and receive answers to any questions or opinions. Disclosures on major management issues related to investor returns are reported in a timely manner to the KRX and issued on the company's homepage in compliance with the Securities & Exchange Act. In addition, Annual Reports and Audit Reports are regularly disclosed. The contents can be accessed at anytime through the Financial Supervisory Service's on-line disclosure system (<http://dart.fss.or.kr>). Shareholders and other investors may also contact the company's IR department or personnel in charge of securities to present their opinions on company management issues. The related departments then examine the opinions and refer them to the management or BOD.

Management by Principle(Jeong-do Management)

DEFINITION

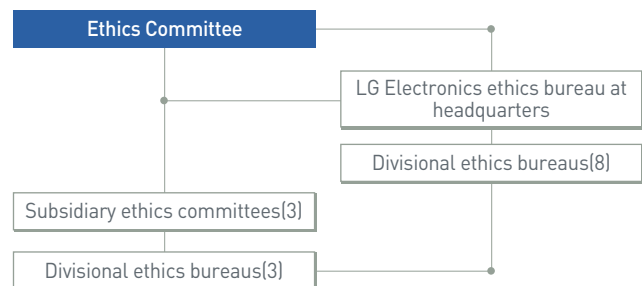
Management by Principle is the way in which LG goes about conducting its business to realize its underlying philosophy of 'creating value for customers' and 'respect-based management.' Going beyond business ethics, it involves producing tangible results based on the capability to thrive and succeed in the face of competition.

We define Management by Principle as abiding by local regulations and business ethics to fulfill corporate social responsibility while also maximizing business results. In 1994, LG Electronics took the initiative in practicing fair and transparent management when it became the first private company in Korea to publish an ethical code (LG Electronics Code of Ethics). In the following year, the company announced its Management by Principle which elaborates on its ethical code. In 2004, the 'LG Code of Ethics' and 'LG Code of Ethics Guidelines for Practice' were established to clearly define the company's high standards of ethical behavior and practices to employees.

ORGANIZATION

The top decision-making body for Management by Principle is the ethics committee which is chaired by the CEO and comprised of executive board members. The ethics bureau is responsible for executing decisions made by the committee and overseeing the actual implementation of Management by Principle and related training.

◎ ORGANIZATIONAL STRUCTURE



● Ethics Committee

- As the highest decision-making body related to Management by Principle, the committee includes the CEO of LG Electronics and other members of the executive board (CTO, CFO, DD Company CEO, DM Company CEO, MC Company CEO, DA Company CEO, CHO, head of Korea Marketing Division, head of Management by Principle Team).
- Propagating top management's commitment to Management by Principle to establish a culture of and encouraging the practice of Management by Principle. In addition, the committee forms related policies and strategies on Management by Principle forwarded by ethics bureaus.

● Ethics Bureau

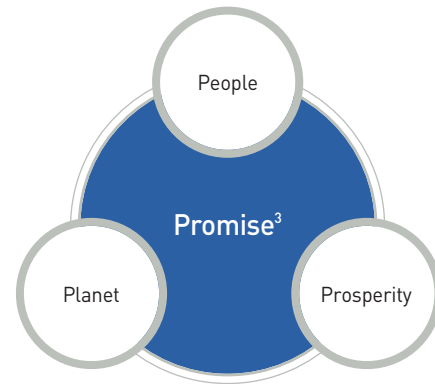
- The ethics bureau at headquarters is directly under the supervision of the LG Electronics Corporate Audit Team and oversees divisional ethics bureaus. The HQ ethics bureau is led by the heads (team leaders) of Corporate Audit groups at each business site, division and affiliate.
- Carries out Management by Principle strategies/policies formed by the ethics committee, manages ethical regulations, establishes and improves related systems, operates system for reporting unfair practices and addresses reported incidents, operates various voluntary reporting systems, provides consultations on issues relating to Management by Principle and ethical regulations, and other activities to promote the establishment and practice of Management by Principle.

Corporate Sustainability Management System

SUSTAINABILITY AT LG ELECTRONICS

Our business philosophy retains the basic spirits of corporate sustainability management. Promise³ refers to our promise for people, planet, and prosperity. It embodies LG Electronics' dream for a world of happiness for our stakeholders and communities, a clean planet well preserved for future generations and a company that builds prosperity via innovation. Through balanced consideration to social, environmental and economic aspects, which form the pillars of sustainable development, LG Electronics is doing its part to build a clean environment and caring society.

© LG ELECTRONICS' PROMISE³

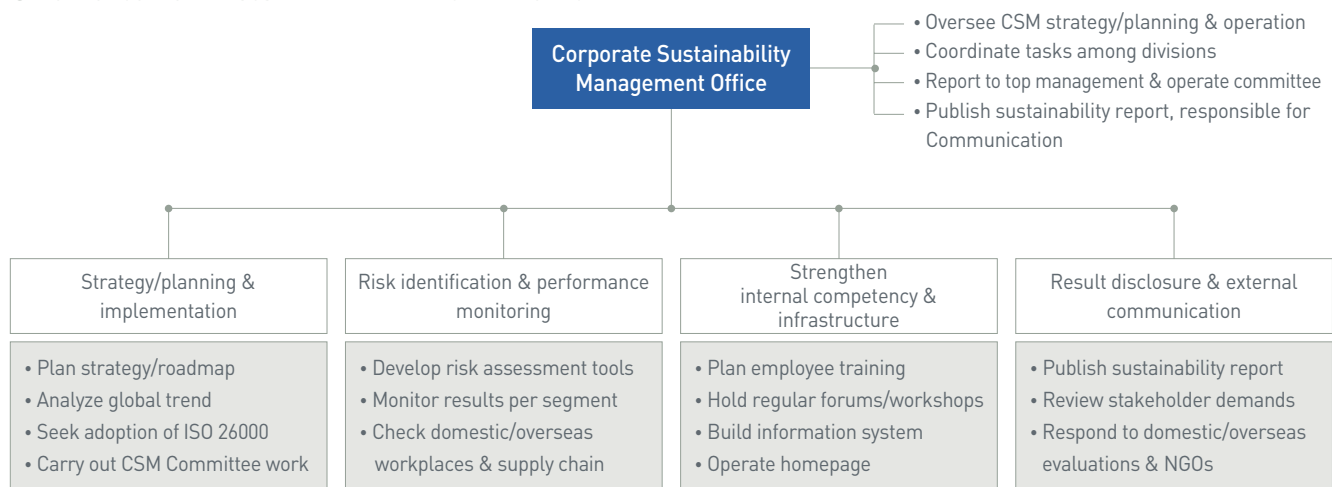


CSM ORGANIZATION AND STRUCTURE

Ever since its establishment, LG Electronics has continued to strive for customer value creation based on its principle of respect-based management. For a more systematic approach to CSM which is fast taking place as a global standard, we created a Corporate Sustainability Management Office in 2007 to build the foundation for company-wide CSM activities. CSM activities at LG Electronics are overseen by the Corporate Sustainability Office and carried out in close cooperation among the related departments. The emphasis is on formulating CSM strategies and roadmap for implementation, stakeholder communication, integrated management of non-financial risks and performance, building up internal competencies, and linking CSM activities with brand management and marketing.

LG Electronics also created the CSM forum centering on the CSM task force and including all company divisions related to management strategy, human resources, social contribution, ethics, finance, corporate culture and the environment. The forum is responsible for promoting in-house understanding of the importance of CSM activities. Forum participants share information on activities pursued by each business division, build networking ties and help to prepare the Sustainability Report among others. The CSM forum is predicted to take on a core company function of plotting strategic direction and pursuing execution programs for a comprehensive and systematic approach to CSM activities at LG Electronics.

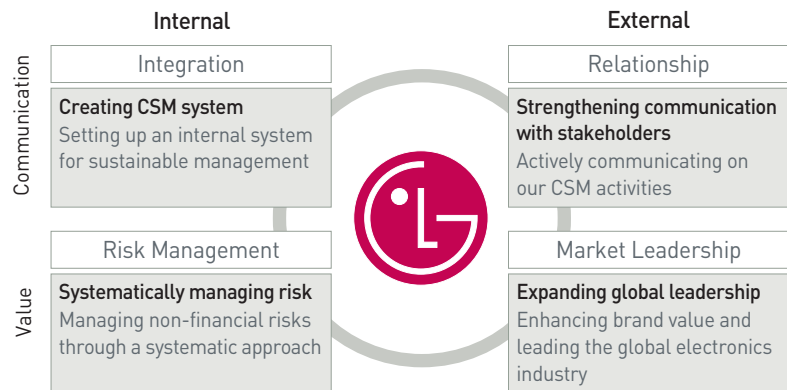
© ROLE OF CORPORATE SUSTAINABILITY MANAGEMENT OFFICE



IMPLEMENTATION

Under the guidance of the Corporate Sustainability Management Office and CSM forum, we have decided on four basic directions for sustainability management and devised programs accordingly. As part of the groundwork and to respond to pertinent issues, the Corporate Sustainability Management Office supervised a review to diagnose the CSM risks of the head office, domestic and overseas worksites and supply chain. The findings were used to draw up guidelines on non-financial risk management. (Including issues on supply chain management, purchasing, environment, labor/human rights, safety & health, and local community relations)

◎ DIRECTION FOR PURSUING CSM



◎ MID/LONG-TERM CSM STRATEGY

Category	2007	2008	2009	2010	2011~
Strategy I					
Creating CSM System		<ul style="list-style-type: none"> Integrating mid/long-term management strategy & CSM strategic issues Formulating & revising companywide CSM polices, code of ethics, internal regulations Implementing permanent CSM reporting (Management Committee) system Strengthening & promoting roles/functions of Corporate Sustainability Management Office 			<ul style="list-style-type: none"> Establishing companywide CSM KPI & performance assessment system
Strategy II					
Systematically Managing Risk		<ul style="list-style-type: none"> Identifying & monitoring CSM risks at local/overseas workplace (on a regular basis after trial examination) Obtaining information on EU & international regulations on CSM/revamping countermeasure & organization Setting up integrated CSM risk management system 		<ul style="list-style-type: none"> Building information system on environmental/social accountability actions 	
Strategy III					
Strengthening Communication with Stakeholders		<ul style="list-style-type: none"> Developing/adopting CSM training program for employees Continual publishing of CSR Report Operating local/overseas stakeholder advisory committee 			<ul style="list-style-type: none"> Reputation monitoring of key stakeholders worldwide
Strategy IV					
Expanding Global Leadership		<ul style="list-style-type: none"> Forging joint strategic response program with EU & foreign competitors Managing CSM in supply network Addressing climate change 		<ul style="list-style-type: none"> Selection as leading sustainability-driven company in the electronics industry by DJSI 	<ul style="list-style-type: none"> Capitalizing on CSM activities in IR (utilize overseas SRI funds)

AWARDS

Our progress with sustainability management is being verified by external stakeholders. In December 2007, we were among the winners at the Grand Awards for Excellence in Sustainability Management jointly presented by the Ministry of Knowledge Economy (formerly Ministry of Commerce, Industry and Energy) and the Korea Chamber of Commerce & Industry. We received the honor for our performance related to CSM strategy, non-financial risk management and stakeholder communication. LG Electronics will continue with activities to create value for stakeholders to uphold their trust and grow into a world leading company.



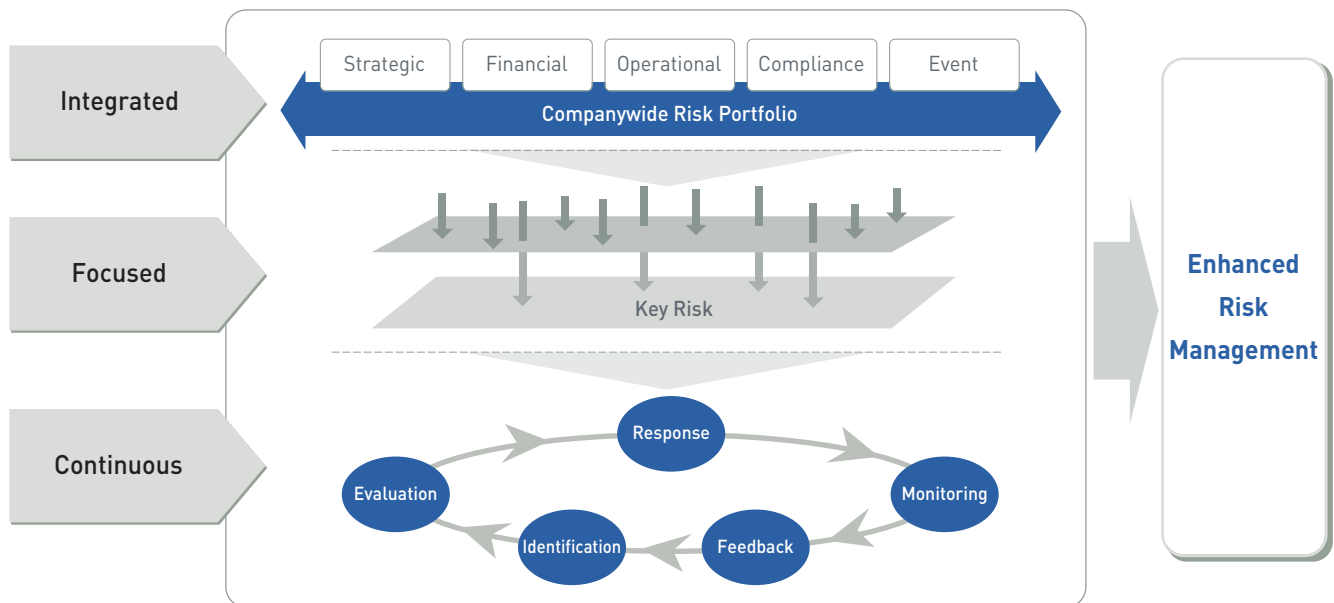
Award for Excellence in Sustainability Management

Risk Management

OVERVIEW OF ERM (ENTERPRISE RISK MANAGEMENT)

Volatility has heightened in the financial markets with sharp movements in foreign exchange and interest rates, while the price of raw materials such as oil and steel have surged. On top of that, tighter regulations are calling for greater management transparency. Amid growing uncertainty in the business environment, LG Electronics adopted ERM (Enterprise Risk Management) to systematically manage risks and maintain stability in its operations.

ERM: CONCEPT AND FEATURES

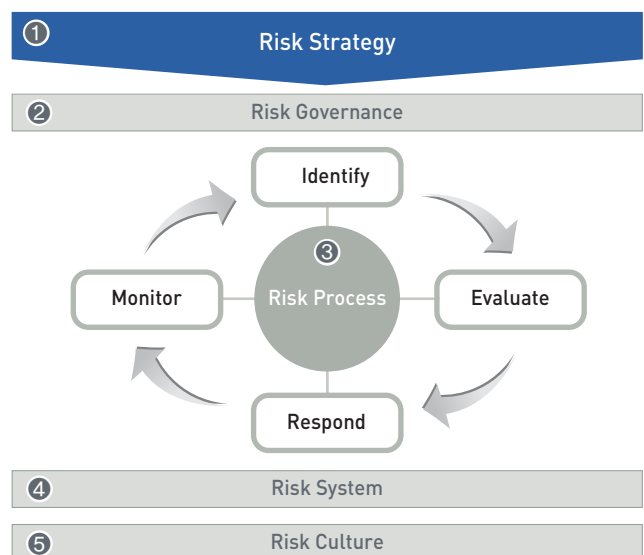


COMPANYWIDE RISK PROFILE

A risk profile was drawn up between May and November of 2007 that identifies the risks facing LG Electronics' entire global network including the domestic operations and the 80 overseas subsidiaries.

Based on the risk profile, we decided on five key components to set up an ERM framework that will enable risk prevention while allowing us to respond swiftly according to pre-formulated measures if a risk does occur.

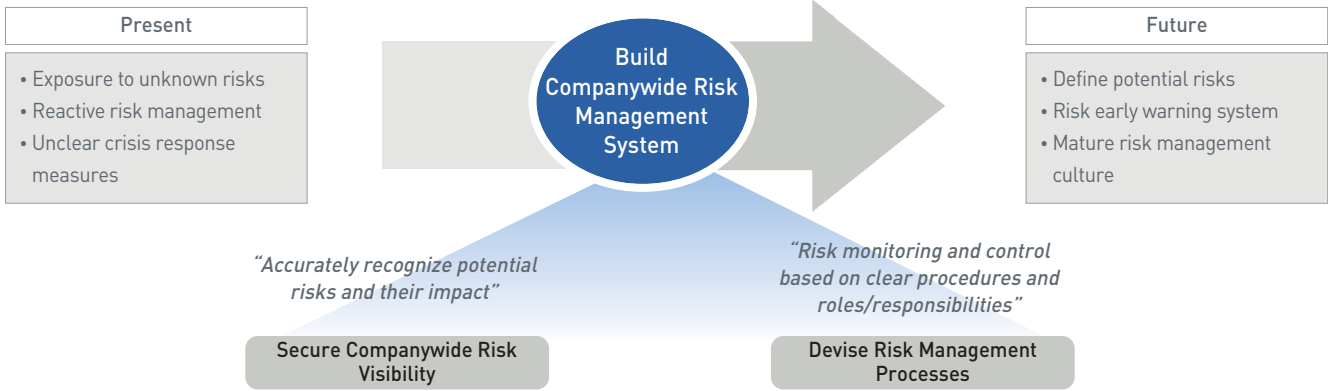
FIVE KEY COMPONENTS



ERM IMPLEMENTATION

Through the adoption of ERM, we have secured risk visibility and devised systematic risk management processes. That has given us the footing to effectively respond to all types of risks and maintain stability.

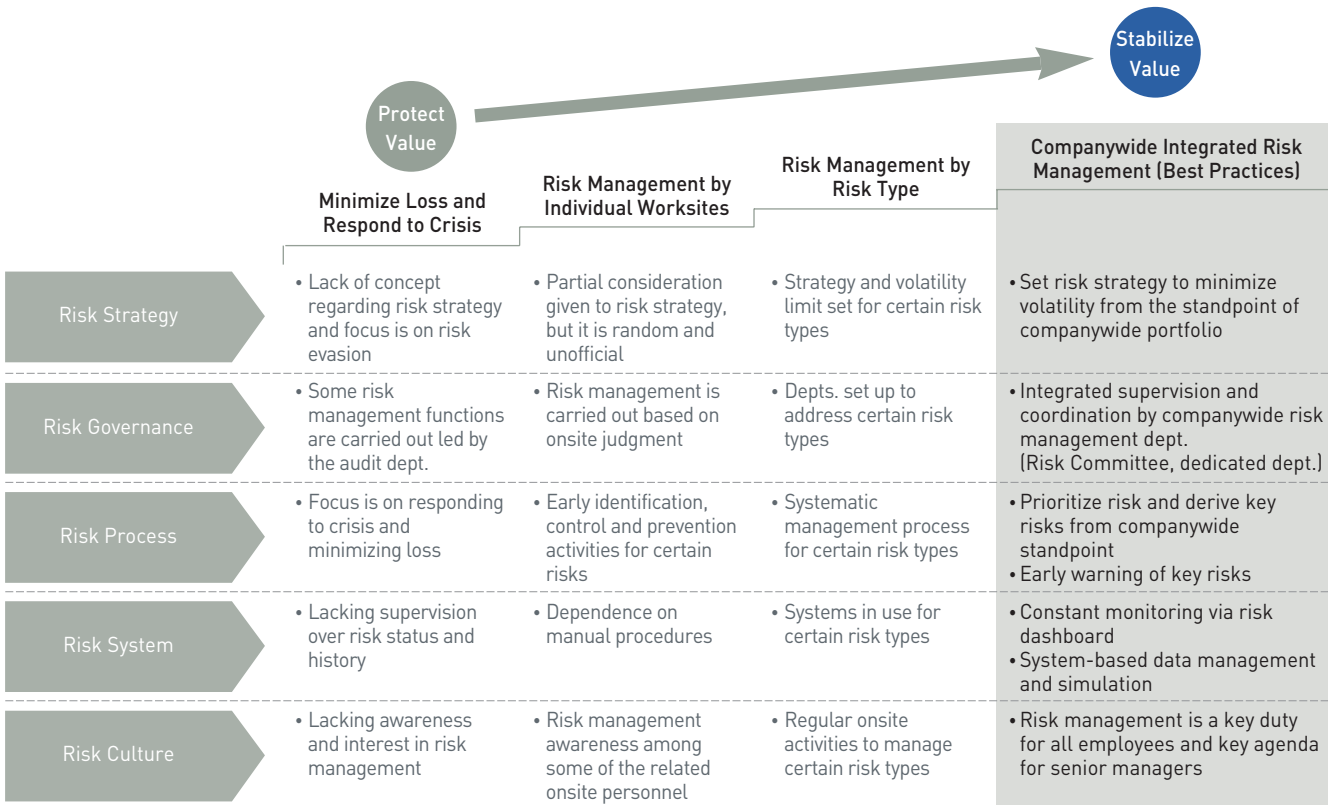
◎ BENEFITS OF ERM



FUTURE PLANS

By implementing ERM, we aim to minimize losses and shift away from a system centered on crisis response and risk management at individual worksites to an integrated risk management framework encompassing our entire organization.

◎ ERM IMPLEMENTATION PLAN



Stakeholder Engagement

IMPORTANCE OF STAKEHOLDER COMMUNICATION

We engage with stakeholders around the world in all aspects of our business activities. Communication with stakeholders is growing in importance as corporate social impact increases and stakeholders make greater demands. Recognizing stakeholder communication as the best way of seeking mutual prosperity, LG Electronics is making every effort to identify and respond to stakeholders' views and needs.

SELECTING MATERIAL ISSUES

At LG Electronics, stakeholder communication takes place through diverse channels. Our commitment to engaging stakeholders also applies to sustainability management as we employ various means to learn about their perceptions and expectations. We have identified corporate sustainability issues that are of interest to stakeholders based on feedback received through the reader survey in our previous sustainability report, media research analysis, interviews and surveys with expert groups, and by deriving best practices and benchmarking sustainability reports of competitors and major global corporations.

We are making continued efforts to reflect corporate sustainability issues raised by stakeholders in our internal decision-making process and systems. Stakeholders' views formed the basis for the structure of our sustainability report. Among the wide range of issues that require our attention, this report focuses on four areas which we believe are particularly important: customer value, employee value, energy and climate change, and development of green products.

◎ STAKEHOLDER COMMUNICATION ON SUSTAINABILITY MANAGEMENT

Communication Method	Period	Explanation
1. Reader feedback on our 2005 sustainability report	Year round	Received reader opinions through the feedback survey in our 2005 sustainability report
2. Interviews with expert groups	Nov. 2006	Gathered expert opinions on our 2005 report through 8 organizations including Samsung Global Environment Research Center and the Korean National Commission on Sustainable Development
3. Telephone survey of general consumers	Nov.~Dec. 2006	Survey on awareness of LG Electronics' sustainability management targeting 1,000 people from the general public in Korea
4. Domestic and overseas media research	Jan. 2008	Study on exposure of LG Electronics' sustainability management in the domestic and overseas media [2006.1.1 ~2007.12.31]
5. Benchmarking competitors' reports	Jan. 2008	Analysis of sustainability reports issued by competitors such as GE, Philips and Panasonic

2006~2007 Corporate Sustainability Management Highlights

WINNER OF LEADING DESIGN AWARDS



In June 2006, LG Electronics declared its commitment to developing great designs and selected concept, style, interface and finish as the four core design skills. Our commitment to design has resulted in a myriad of prestigious awards.

LG Electronics boasted its design leadership at the iF Design Award 2007, one of the most highly regarded design honors in Europe. A total of 21 products were awarded, a huge jump from eleven in 2006 and nine in 2005. Our designs were recognized across a diverse range of products, with the winners including five mobile handsets, three PDP TV products, three Fantasy monitors, four digital media products, Picture Frame ArtCool air conditioners, and three-door refrigerator. At the Design for Asia Award held in Hong Kong in November 2006, our Chocolate phone received the Grand Award.

We also received awards in 29 categories at the 2007 reddot Design Award. That's the most awards won by a home appliances maker and the most ever by a Korean company. The award winning products include the Prada phone which was named 'Best of the Best,' Shine phone, 50-inch PDP TV, notebook, and Art DIOS refrigerator. The chosen products are authorized to bear the reddot quality seal and are recognized worldwide for their outstanding design.

AWARDED IN 11 CATEGORIES AT CES INNOVATION 2007 AWARD



Eleven of our products received innovation awards at CES 2007, the most awards won by a Korean company. The winners included the Chocolate phone which has topped 5 million units in worldwide sales, a FUSIC phone, a 42-inch PDP TV capable of receiving two-way cable data broadcasts, 3-door refrigerator, and steam Tromm washing machine. LG Electronics also garnered the most CES innovation awards in 2004 and 2005, with 17 and 16 respectively. Since 2003, we have picked up 66 innovation awards, making us the biggest winner from Korea.

The CES innovation awards are jointly presented by the Consumer Electronics Association (CEA) and the Industrial Designers Society of America (IDSA) every year. The awardees are selected from around 300 products in roughly 30 categories such as display, mobile phone, home theater, computer component and consumer electronics appliances. Standing for Consumer Electronics Show, CES is held annually in Las Vegas in the US. It is the world's largest electronics trade show and serves as a forum for showcasing the latest products and technologies in consumer electronics.

WINNING HANDSET AT 3GSM WORLD CONGRESS 2007



An LG Electronics phone was selected to lead the GSM Association's '3G For All' campaign. The campaign by GSM Association, the world's largest union of mobile operators, is intended to narrow the regional divide in the global mobile telecom market and promote 3G service. It has received much attention as an opportunity to predict the future landscape of the global mobile handset market. We have secured priority negotiation rights to supply our product and may ship over 10 million units within this year. That would place us in an advantageous position in the next-generation 3G phone market which is poised for rapid growth. Our products drew keen interest at the 3GSM World Congress 2007. The models on display included our 3G and folder phones, the Shine phone and the touch screen-based Prada phone.

ACTIVITIES OF LG ELECTRONICS SOCIAL SERVICE GROUP



The LG Electronics Social Service Group held its 2007 rally on June 27 at the Pyeongtaek learning center. Some 200 people including the joint group leaders Seok Chun Jang, head of the labor union, and Executive VP Young Kee Kim gathered for the event. They listened to presentations on how to respond to natural disasters and accidents and learned about basic emergency care such as CPR. To help victims of typhoons and flooding, the Social Service Group cleaned up flooded homes, removed debris and operated a temporary laundry facility. Additionally, volunteer teams made up of service engineers repaired home appliances damaged by flooding.

UNVEILING OF 'ENERGY SOLUTION' STRATEGY



The unveiling of our business strategy on 'hybrid energy system' and 'energy solution' took place at the Lotte Hotel in downtown Seoul on November 1, 2007. We plan to offer customized 'energy consulting' that spans product development, planning, design, construction and management of energy systems. In short, our strategy is to provide total energy solutions. We intend to offer consulting from the initial stage to provide relevant information to the various parties with decision-making power including building owners, architects, equipment designers, and construction firms. We will also set up systems for real-time monitoring during usage to facilitate maintenance and repairs and provide product recovery and replacement services during the recycling stage.

During the unveiling ceremony, we showcased our hybrid energy systems. These include the hybrid COGEN, which uses LNG to concurrently produce power and hot water, and the hybrid XEO, a system that draws on renewable energy sources such as geothermal energy. Compared to existing systems that require both electricity and gas to provide electric power, hot water and heating/cooling, the hybrid COGEN needs only LNG, thereby reducing power usage by 32% and cutting pollutant emission (eg, CO₂) by 30%. The hybrid energy systems should contribute to managing the demand for electricity and LNG in Korea and to the national policy for diversifying energy sources.