

IT
IS
HARD
TO
MISS
HOW
PASSIONATE
WE
ARE
ABOUT
TECHNOLOGY,
DESIGN,
THE
ENVIRONMENT,
AND
OUR
NEIGHBORS.
AND
NOW,
THAT
PASSION
IS
DELIVERING...

THE PERFECT HARMONY OF

IMPRESSION

+

PERFORMANCE

MC

Mobile Communications Company



It is hard to think of any consumer electronics field that changes more rapidly and dramatically than the mobile phone space. Models seem to come and go overnight, and only a precious few achieve icon status. At LG Electronics, stylish design and smart technology make our handsets really stand out. Not just in international design competitions, but where it really counts. Your palm.

We shipped a record 80.5 million mobile phones in 2007, a remarkable 27% improvement that boosted sales 20% to USD 11.2 billion. Operating profit margin also continued to improve, rising from 6.8% to 8.1% as our premium handsets won over consumers around the globe. During the year, we expanded our product localization strategy from North America, Europe, and Korea to include the CIS, India, and South and Central America. We also sharpened our cost-competitiveness by strengthening operations, increasing our number of global platforms, and streamlining our global supply chain. In 2008, we are aiming to grow sales volume, revenue, and operating profit by more than 20% as we target sales of 100 million units.

consumers with stylish design and innovations in image capture, user interface, and Internet connectivity.

In 2008, many of our new phones will feature touch technology to make their advanced features easier to use. These will include high-tech handsets with advanced camera and Internet features such as the LG-KF510, LG-KF600, and LG-KF700. We will also launch the LG Secret, the third phone in our Black Label series. Designed around the concept of "style that lasts", the LG Secret has a timeless and elegant design that is enhanced by stylish materials such as carbon fiber and tempered glass.

MOBILE PHONES The 2006 global launch of the LG Chocolate phone—the first handset in our Black Label series of premium design phones—has been a tough act to follow, selling over 15 million units through the end of 2007. During the year, we launched the LG Shine phone, the second phone in our Black Label series, featuring a sleek full-metal body. We partnered with fashion icon Prada to launch the Prada Phone by LG, a sophisticated and elegant handset with the industry's first complete advanced touch interface. We also launched the LG Viewty, a feature-oriented phone with a 5.0-megapixel camera and high-end multimedia capabilities. These advanced handsets are just the beginning of what we believe will be a long series of global best-sellers that will wow

MOBILE TECHNOLOGIES We are extremely competitive in all current mobile communications technologies. As the market leader in CDMA and 3G phones, we continue to create handsets that will take full advantage of the increased capacity and bandwidth that technologies like HSUPA and 3G LTE will bring into the mainstream in the coming years. We are also adding value by supporting major mobile broadcast standards like DVB-H, MediaFLO, T-DMB, and S-DMB in select models across our product lineup.

1. LG-KF510 2. LG-KF700 3. LG Voyager (LG-VX10000) 4. LG Secret (LG-KF750) 5. LG Viewty (LG-KU990) 6. LG Vu (LG-CU920) 7. LG-KF600 8. LG-KM710 9. LG-KS20



DD

Digital Display Company



We see the “big picture” a little differently than others. Lots of companies can deliver a no-frills big screen LCD or plasma TV. But only a handful can deliver one that is a work of art. At LG Electronics, stylish design and smart technology make our flat-panel HDTVs really stand out. Not just in international design competitions, but where it really counts. Your living room.

Sales rose a healthy 11% to USD 13.6 billion as global demand for full HD 1080p flat-panel displays and widescreen monitors continued to grow across the board. While we recorded an operating loss for the year due to profitability issues with our plasma TV business, these losses progressively shrank each quarter, setting the stage for us to return to profitability in 2008 with a target operating profit of just over USD 80 million. Although we expect our LCD and plasma TV sales volumes to roughly double in the coming year as falling prices bring flat-panel TVs within reach of more consumers, we also expect fierce competition to limit sales growth to USD 14.1 billion, a modest 3.7% increase.

LCD TVs We were the world’s No. 4 producer of LCD TVs in 2007 with 14% of the market. Our current lineup includes 19, 22, 26, 32, 37, 42, 47, and 52 inch screen sizes. In 2008, we aim to sell 14 million units and capture 14% of the global market.

PLASMA TVs We were the world’s No. 2 producer of plasma TVs in 2007 with 30% of the market. Our current lineup includes 32, 42, 50, and 60 inch screen sizes. In July, we took a key step toward returning to profitability by increasing our 50-inch panel production capacity from 360,000 to 440,000 units a month. We aim to sell 4 million units and capture 30% of the global market in 2008. We believe that demand for 32-inch plasma TVs will be particularly strong due to growth in both primary TV purchases in emerging markets and secondary set purchases in developed ones. We expect this business to turn its first operating profit starting in the first quarter of 2008.

LCD MONITORS In 2007, we retained our No. 4 global market share, close on the heels of No. 3 HP. We are now either first or second in this market in 24 countries worldwide. During the year, we expanded the boundaries of technology and design by introducing new monitors with dynamic contrast ratios as high as 50,000:1, color gamuts of up to 115% of the NTSC spectrum, and stands with interactive LED lighting effects. According to industry statistics, widescreen LCDs rose from 9% of monitor sales in 2006 to over 35% in 2007, and are on track to pass 50% in 2008. We expect this trend to help double our sales as we work to capture a major portion of this profitable emerging segment.

PROJECTORS Although we are a relative newcomer to this business, we are proud to be producing some of the most innovative designs in the industry. In 2007, we introduced the world’s first wall-mounted projector (AN110), an innovation that earned us a coveted IDEA Design Award. We also launched the world’s first ultra-mobile LED-based projector (HS101) to deliver 100 ANSI lumens, more than three-times the previous category leader. In 2008, we aim to nearly triple sales from 36,000 to 109,000 units as we continue to expand our business and consumer lineup with innovative models, including high-end home theater projectors with full HD resolution.

1. LG50 2. LG60 3. LG40 4. PG60 5. PG30 6. LG70



DA

Digital Appliance
Company

For a company in the “white goods” business, we have got quite a colorful lineup. Today’s home appliances not only have to work well. They have to look good. At LG Electronics, stylish design and smart technology make our appliances really stand out. Not just in international design competitions, but where it really counts. Your home.



1

We put three years of flat growth soundly behind us in 2007 as sales climbed nearly 18% to USD 12.6 billion and operating profit rose 5.7% to USD 724 million. Key factors in this robust performance included growing revenues from premium products worldwide, new channel partners in the US, commercial air conditioners in Europe, and off-season air conditioner purchases in Korea. In 2008, we expect solid growth across Europe and emerging markets to largely offset a slowdown in the US. We believe our rapidly expanding commercial air conditioning business and a steady stream of new products will provide solid momentum for profitable growth as we target sales of USD 13.3 billion.

AIR CONDITIONERS In 2007, our power-saving inverter technologies and health-conscious features helped us make an exceptionally strong showing in the Middle East, Africa, and Europe as we continued to lead the global market. We launched a new range of outdoor units including our Multi-V Water and Multi-V Plus 2 as we steadily expanded our V-Net lineup of remote control accessories to make our commercial systems the most flexible and scalable on the market. We also introduced Hybrid XEO, our first renewable energy heating and cooling system and the most efficient geothermal solution available to date, consuming approximately 30% less energy than conventional systems.

REFRIGERATORS We continued to solidify our top-three position in the global refrigerator market in 2007. During the year, we introduced refinements such as hidden door hinges, in-door icemakers that free-up freezer space and provide convenient exterior access to water and ice, VitaLight LED technology to keep vegetables fresher, and an improved version of our Green Ion Door-Cooling system that eliminates mold, micro bacteria, and unpleasant odors as it maintains a constant temperature throughout the refrigerator compartment. We also continued to expand our Swarovski-crystal studded Art Home series in collaboration with renowned Korean artists.

WASHING MACHINES We led the US market for front-loading washers as we continued to expand the capacity and functionality of our front-loading washer and dryer lineup in 2007. We increased capacities to 15 kg and created a dryer control panel that can be rotated 180-degrees, enabling unit stacking without compromising operating convenience.

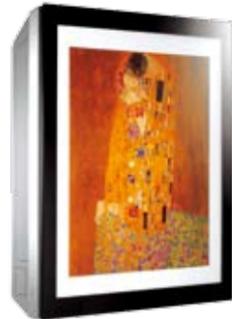
COOKING APPLIANCES We continued to refine and expand our lightwave oven family in 2007 with the new SolarCube series. Our lightwave technology uses a halogen heater to cook food up to four times faster than conventional ovens while retaining all the flavor and nutrients.

VACUUM CLEANERS We continued to refine our bagless vacuum technology to meet consumer expectations in 2007. We introduced a simple-but-effective dust compression technology that dramatically decreases emptying frequency and dust escape as well as handy new features like an extendable brush tool built into the grip handle and a new floor tool designed to conveniently handle both carpet and hard floors.

BUILT-IN APPLIANCES Our full lineup of built-in ovens, hobs, hoods, refrigerators, and dishwashers is designed to seamlessly and elegantly integrate into any kitchen environment. Equipped with virtually all the latest features of our freestanding appliances and several unique ones of their own, our built-ins continue to grow in popularity across Europe.

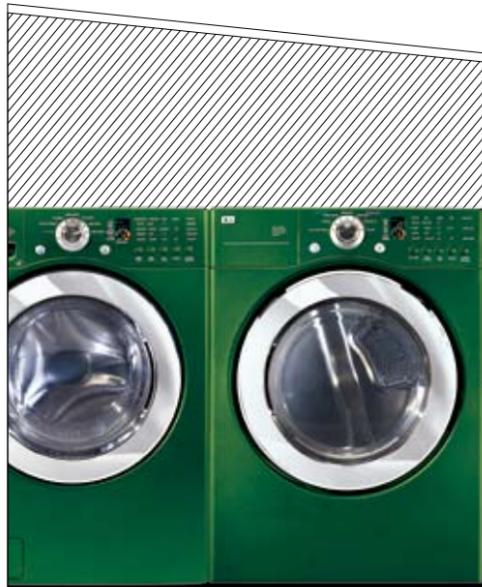
HOME NETWORKING Our HomNet smart home solutions continued to make inroads in the UAE and China in 2007. HomNet goes a step beyond standard home automation systems to offer advanced control over network-enabled LG home appliances and entertainment systems. It also has a community management component to provide integrated security, information, and communications services within residential complexes. We continue to make plans to bring HomNet solutions to consumers in the US, South Africa, and Europe in the near future.

3



4

1. Steam Washing Machine 2. Washer and Drier 3. 3-Door Refrigerator 4. ARTCOOL Air Conditioner 5. Lightwave Oven
6. Side by Side Refrigerator 7. Vacuum Cleaner with Dust Compression System 8. Steam Dishwasher



2



5



6



7



8

DM

Digital Media Company



It used to be that you had to go to a theater to really enjoy movies. Now you can grab some popcorn and a soda and head to the living room for a captivating sight and sound experience. At LG Electronics, stylish design and smart technology make entertainment really stand out. Not just in international design competitions, but where it really counts. Your imagination.

We generated sales of USD 5.8 billion in 2007, virtually identical to our 2006 results. Operating profit was down just over 3% to USD 929 million as we faced increasing product commoditization, falling prices, inaccurate market forecasting, and delays in getting products to market. Today, we continue to enhance profitability by expanding outsourcing, setting phase-out schedules for less profitable products, initiating planning for stylish new products, launching new HD products, and focusing on opportunities in the mobile Internet device, car infotainment, and security fields.

HOME AUDIO We captured 13% of the global home-theater-in-a-box market in 2007, maintaining our No. 2 ranking while closing the gap with market leader Sony to a mere 2.2 percentage points. We also signed a consulting agreement with audio legend Mr. Mark Levinson to take our sound quality to the next level and introduced new models designed to perfectly complement our flat-panel TVs.

HOME VIDEO We made significant inroads in the high-definition player category in 2007 as we grew our market share from zero to 4% following the January launch of the BH100 "Super Blu", the world's first dual-format HD disc player. The HD player market is forecast to double to USD 4 billion in 2008 as it stays on track to reach USD 13 billion by 2010.

MOBILE ENTERTAINMENT DEVICES Our latest touch-screen MP3 player—the FM37—dazzled the judges at the 2007 iF, EISA, and Red Dot design awards with its stylish design and innovative graphical user interface. We aim to offer a touch-screen mobile TV to European football fans in time for the 2008 UEFA European Football Championship.

CAR INFOTAINMENT We continued to expand our presence in the car audio aftermarket, capturing the No. 3 ranking in Latin America. We also successfully launched our portable navigation device lineup in North America as we continued to expand our OEM audio-video-navigation and telematics system sales to major global automakers.

SECURITY SYSTEMS Surveillance equipment sales grew a solid 10% in 2007 as we continued to make inroads in international markets. We expect sales to accelerate in 2008 as we debut new surveillance cameras featuring our advanced XDI chipset with an industry-leading 570 TV lines of color resolution and a new family of IP cameras and network video recorders that will enable us to tap a market segment that is growing around 40% annually.

OPTICAL STORAGE We marked our tenth year at the top of the industry by extending our market share from 31% to 35% and our leadership with 20x burning, 9.5 mm thick slot-loading, and slim external models. We continue to look beyond Blu-ray to the next generation of ultra-high-density recording technologies.

NOTEBOOK PCs We introduced a broad new lineup of models in 2007 designed to satisfy the full spectrum of users and price points. We continue to deliver trend-setting designs with the latest mobile platforms from Intel as well as next-generation wireless broadband technologies such as HSDPA and WiMAX.

1. T80 2. HT953TV 3. RH39 4. BE06 5. P300 6. LAC7800 7. LS903

