

## Vision & Strategy

On 1 April 2001, LG Chem demerged its life science, household goods, and cosmetics businesses as part of a master plan to refocus the company on chemicals and applied chemical technologies. With the demerger, we also introduced a new corporate vision and core values that capture the collective aspirations of our external and internal stakeholders, providing a clear and focused path for us to follow as we aim to become a major global player in the years ahead.

### Vision

To be a global leader, exceeding customer expectations through advanced technologies and innovative solutions, and earning the trust of stakeholders

#### Global Leader



- World class in how we do business, with the best talent worldwide
- Leading globally in our future strategic businesses
- Consistently delivering superior value to a diversified base of domestic and foreign investors

#### Advanced Technologies & Innovative Solutions

- Continuously innovating to develop and deliver advanced technologies, materials and superior solutions
- Delivering value to customers by anticipating their needs and exceeding their expectations

#### Trusted by Stakeholders

- Preferred partner for customers, shareholders and employees through mutual trust and open management
- Respecting employees and providing an exciting place for them to grow and thrive

### Core Values

#### Customer Value First

- We deliver value by anticipating customer needs and exceeding customer expectations

#### Innovation

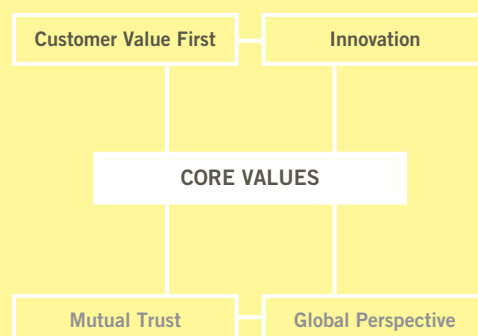
- We constantly strive to innovate: advancing our thinking, behaviors, product offerings and technologies

#### Mutual Trust

- We always fulfill our commitments to customers, shareholders and employees, never compromising our integrity and ethical standards

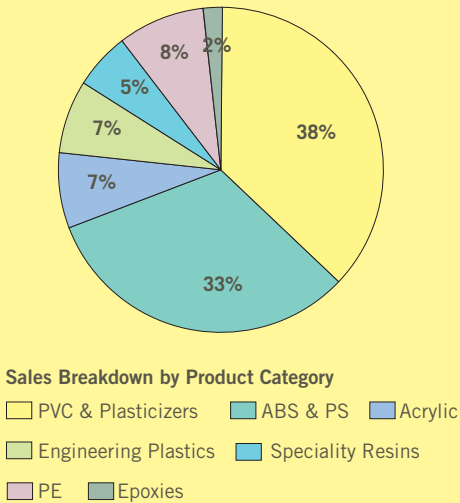
#### Global Perspective

- We think, operate and compete globally



**Our Petrochemicals and Performance Polymers Business Units represent a business portfolio of high-value-added products that are exceptionally competitive in global markets.**

Aiming to sharpen our competitiveness in the petrochemical business, we continue to increase the degree of specialization in our commodity portfolio as we focus on our core competencies. Our unique product mix is more profitable and geographically “in tune” than most of our competitors’.



In recent years, we have focused investment on the PVC and ABS resin businesses. In 2001, we began an expansion of our joint venture Tianjin LG Dagu Chemical PVC plant from 240,000 mtpa to 340,000 mtpa in 2002. Although global demand for PVC shrank in 2001, demand in China soared thanks to a continued economic boom led by construction and strong consumer spending. While the average worldwide PVC plant operating ratio was below 85% during the year, demand still far exceeded domestic production capacity in China, resulting in that country importing 47% of its PVC requirements. By 2005, we will have a PVC production capacity of 640,000 mtpa in China. This will increase our total

capacity to 1.5 million mtpa, making us the world’s 4th largest producer as well as China’s largest foreign producer and distributor.

Our ABS business also operates a joint venture in China. Ningbo LG-Yongxing Chemical is currently expanding its capacity from 150,000 mtpa to 500,000 mtpa through 2005. This will increase our total capacity to 1 million mtpa, making us the world’s 4th largest producer.

In addition to these ongoing investments to enhance our economies of scale, we’ve also been steadily increasing the value-added component of our product mix. Specialized products like PVC resin for surgical latex gloves, high-impact PE resin for piping, transparent ABS, flame-retardant ABS, and extrusion ABS continue to enhance our strong reputation for advanced technology and innovation.

**Our Industrial Materials Business Unit has built a solid technology platform and a strong market presence backed by a commitment to continuous innovation and customer satisfaction.**

Leveraging our core capabilities in petrochemicals, we’ve built a solid technology platform and strong market presence in the fabricated materials sector that’s bringing a new level of comfort and luxury to life around the world.

Two prime examples of our success in these businesses are our deluxe Traum window system and Hi-Macs acrylic solid surfaces, the latter of which dominates the acrylic kitchen and bathroom countertop markets with 55% of the global market. Another world-leading product from this unit is our Banner Flex outdoor sign media.

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**Our Information & Electronic Materials Business Unit has a commitment to R&D, capital investment, and high-performance products that will make it a powerful engine for growth in the years ahead.**

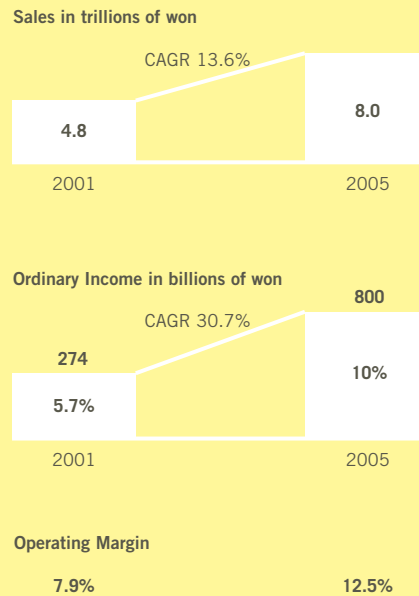
We live in a high-tech world where information and communications technology are rapidly redefining the way we live, work, and play. At LG Chem, we're hard at work developing and delivering the key technologies that are enabling manufacturers to keep their customers on the leading edge of the IT revolution.

Building on our success in the lithium-ion cell marketplace, our battery business is now delivering second-generation lithium-ion polymer cells that surpass the stringent quality and performance requirements of Motorola and other major mobile phone makers. A strong R&D program is also rapidly increasing the value-added ratio in our display and printed circuit board materials businesses. Our expanding high-tech product lineup in these fields includes phosphors for plasma displays, polarizer film and color filter photoresist for TFT-LCD panels, copper-clad laminate for circuit boards, and organic electroluminescent materials for the next-generation of display devices.

**By 2005, we aim to be a top global player capable of consistently generating high growth and profitability in any market environment.**

Our ambitious business plans call for us to be generating an ordinary profit of ₩800 billion on sales of at least ₩8 trillion in 2005. This target of a 10% ordinary margin and a 12% operating margin will place us well within the global top-10 in our industry by mid-decade.

Our analysis of the global chemical industry leaders has shown they generally have a well-focused business portfolio with a strong emphasis on high-value-added products, resulting in superior long-term performance. A key challenge for us in delivering this kind of world-

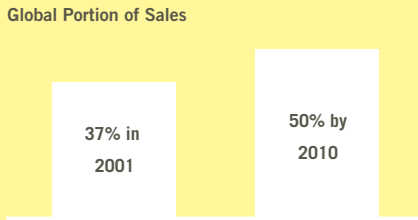


class performance will be in shifting an increasing percentage of our product portfolio into high-value-added categories in fields like specialty chemicals, industrial materials, and information and electronic materials.

In recent years, our international success in the above industries with products like transparent and fire-retardant ABS resins, engineering plastics, and Hi-Macs acrylic solid surfaces has helped us understand and increasingly focus on developing our global potential. This also holds true in commodity businesses, where our early advance into the Chinese market has laid a solid foundation that will continue to strengthen our leadership in regional markets. But the biggest indicator of our commitment to becoming a global player is that, in addition to maintaining and extending our leadership in our domestic market, we are forecasting more than 50% of our sales will come from outside Korea before the second decade of the millennium.

**Our product portfolio is shifting toward:**

- Information and electronic materials
- High-performance industrial materials
- High-value-added petrochemicals



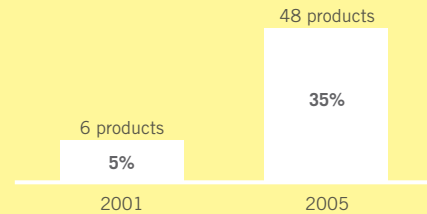
**Our global business strategy emphasizes:**

- Competing globally while maintaining dominance in the Korean market
- Achieving leadership in strategic emerging businesses in major global markets

In order to succeed in global markets, we must deliver superior technology, superior value, and superior marketing to ensure our products command a price premium. Today, we have six “Global Leader” products that are either first or second in one or more major global markets. By 2005, we aim to add another 42 to that list for a total of 48. These top-tier products will be instrumental in driving sales and profit growth, accounting for approximately 35% of sales by the middle of the decade.

At the most fundamental level, R&D will be the key driver behind our continued growth. Over the past decade, we’ve been researching, identifying, and investing in emerging business fields, priming our R&D pipeline to deliver the technologies and products essential to achieving our long-term objectives. Today, our R&D organization is equally adept at handling traditional long-term basic research projects as it is in working with business units to shorten time-to-market and cut production costs.

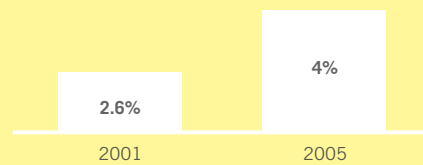
Top-Tier Product Contribution to Sales



**Our high-value-added product strategy focuses on delivering:**

- Superior technology
- Superior value
- Superior marketing

R&D Investment as a Percentage of Sales



**Our R&D organization emphasizes:**

- Corporate R&D projects
- Close R&D-business unit collaboration
- Development of core technology platforms
- Long-term strategic projects
- Efficient project review
- Chief technology officer leadership