

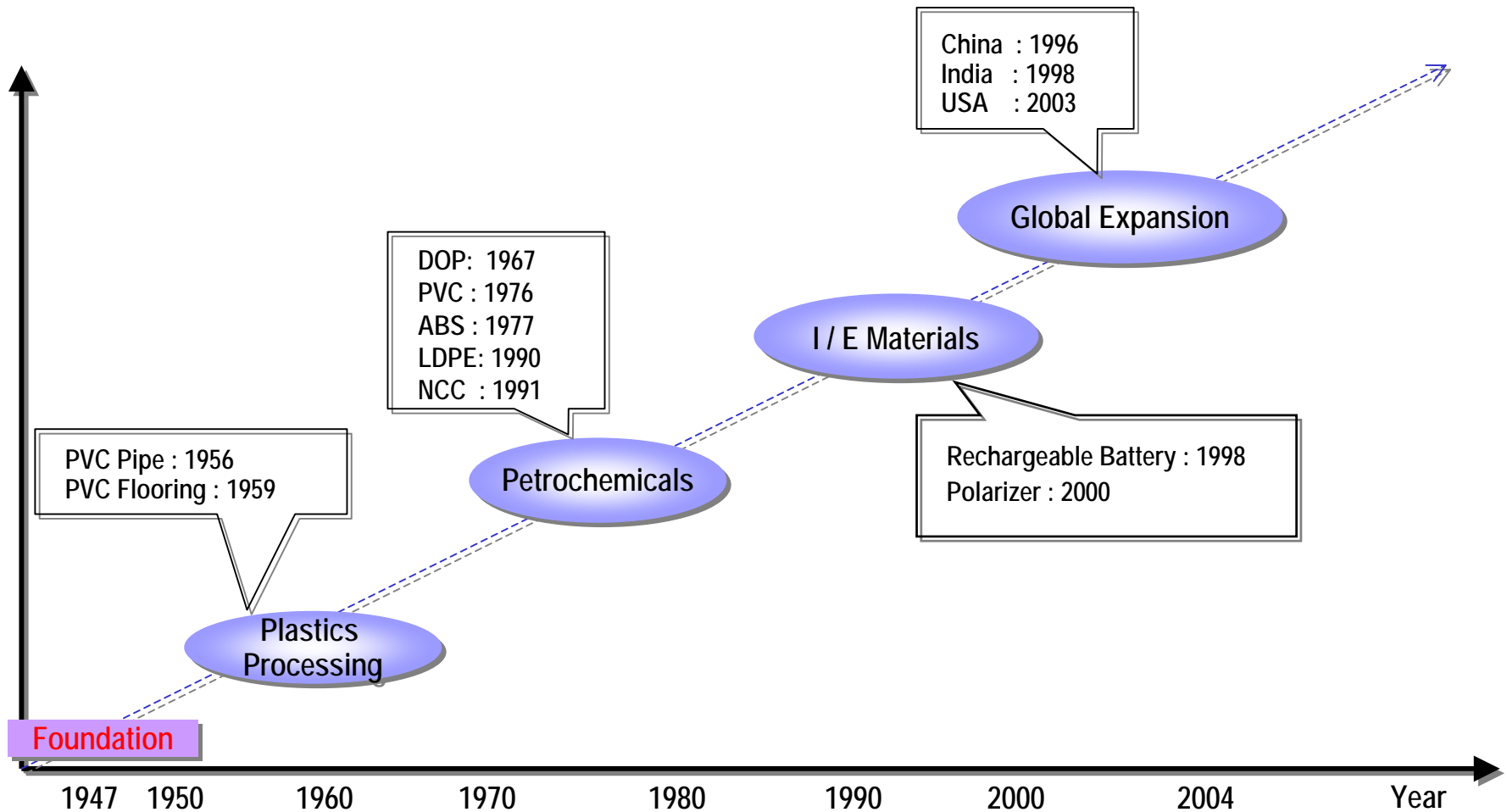
LG Chem, Ltd.

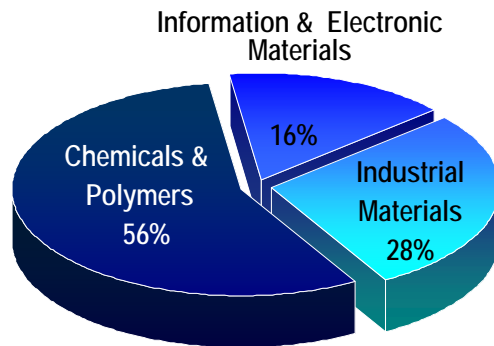
Nov. 2005



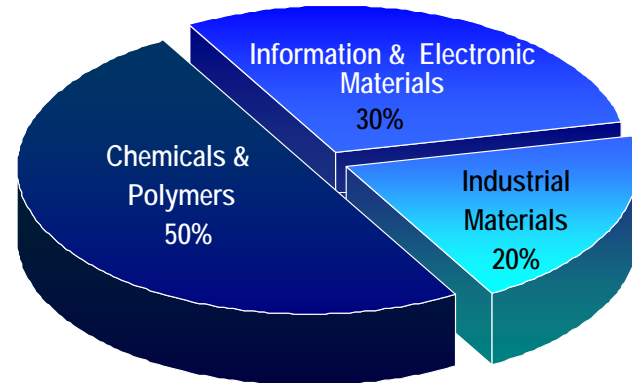
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'04 Non-consolidated Sales KRW 7,127 bn
(USD 7.1 bn)



'08(E) Non-consolidated Sales KRW 12,000 bn*
(USD 12.0 bn)

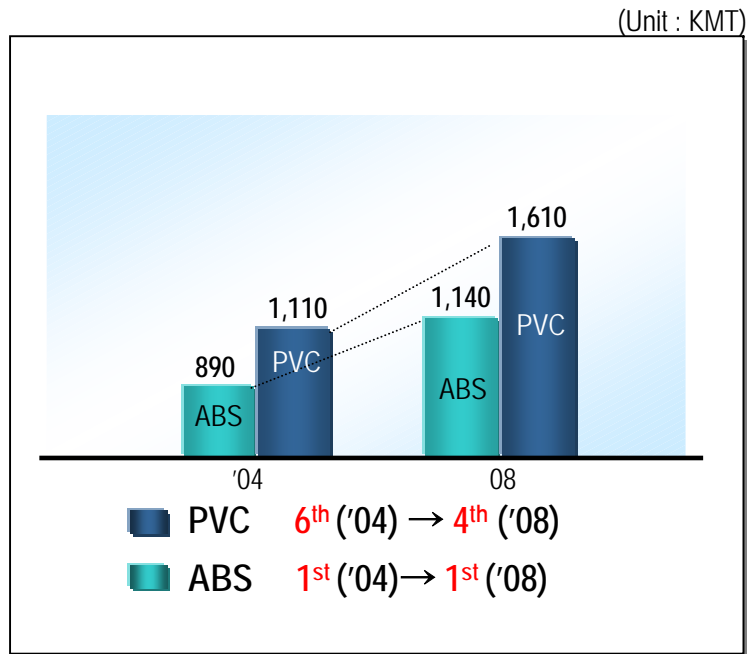
Chemicals & Polymers : PVC, ABS/PS, Plasticizer, PE, PP, Acrylate, EP, Specialty Resin

Industrial Materials : PVC window frame, Flooring, Automotive components, Artificial marble, Banner Flex etc., High gloss sheets

I & E Materials : Rechargeable battery, Polarizer for TFT-LCD, PDP filter, Color filter photo resist

* Year 2008 figures reflect merging LG Daesan

Chemicals & Polymers



* Figures Include overseas Subsidiaries' capacity

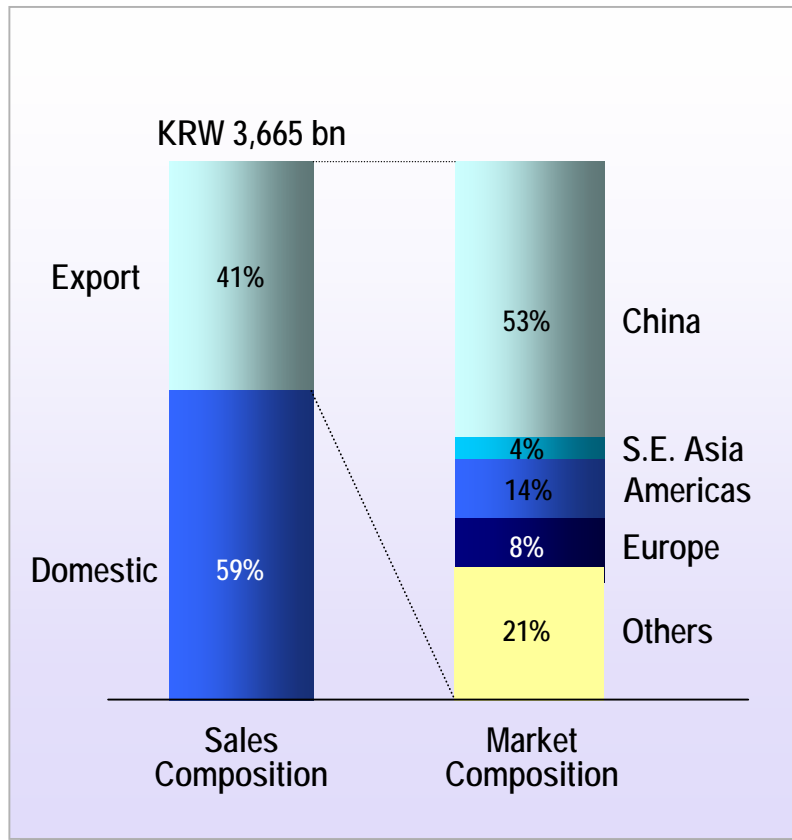
Industrial Materials

- Dominant No.1 Market Share in the domestic market
 - Building & Decorative Materials (50%)
 - Automotive Components (30%)
- Globally competitive products (Global M/S)
 - High-gloss sheet (13%)
 - Hi-Macs (Artificial Marble) (15%)

I & E Materials

- Global Market Share
 - Rechargeable Batteries : 7% ('05) → 22 % ('08)
 - Polarizers for TFT-LCD : 23 % ('05) → 29% ('08)

Sales Contribution by Market ('05 1H)



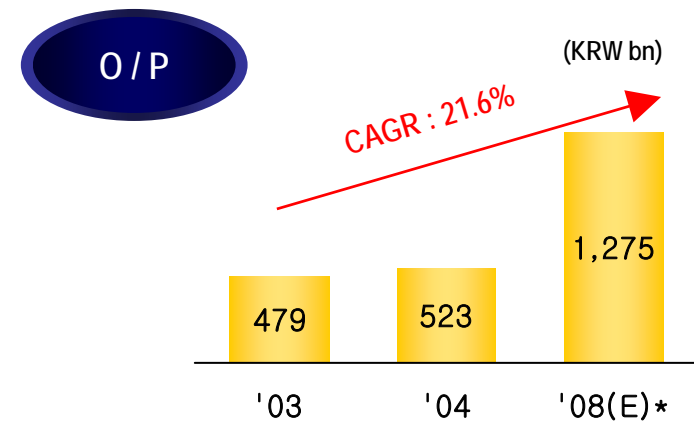
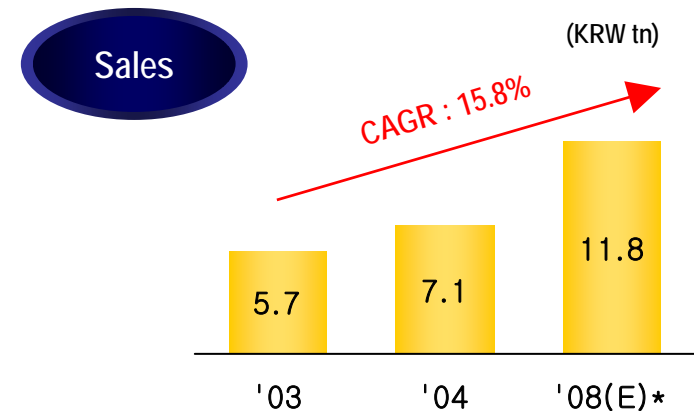
Overseas Business by Region

- **China**
 - Profit driven growth and localized key business
 - Improve cost structure in chemicals
 - Localize marketing and technical support
- **America & Europe**
 - Expand sales in high value-added Industrial Materials (e.g. artificial marble, films, auto parts)
 - Promote petrochemical business in South America
- **Asia & Africa**
 - Find growth driver in India (Expansion in Chemicals)
 - Strengthen marketing in key regional hubs (Nigeria, Iran, Turkey)

II. Financial Highlights

Income statement

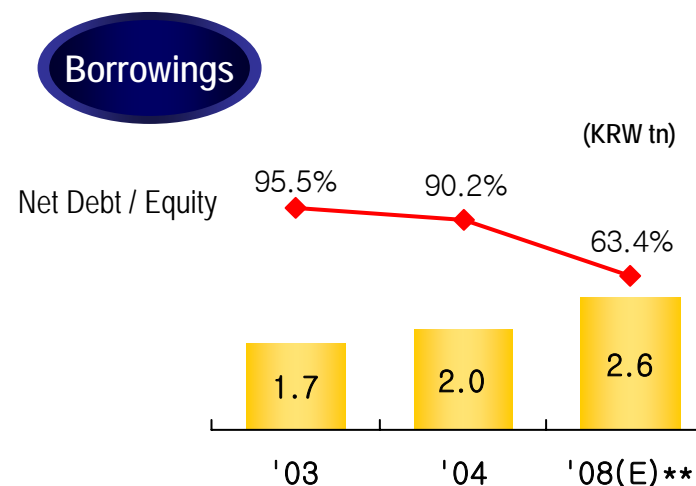
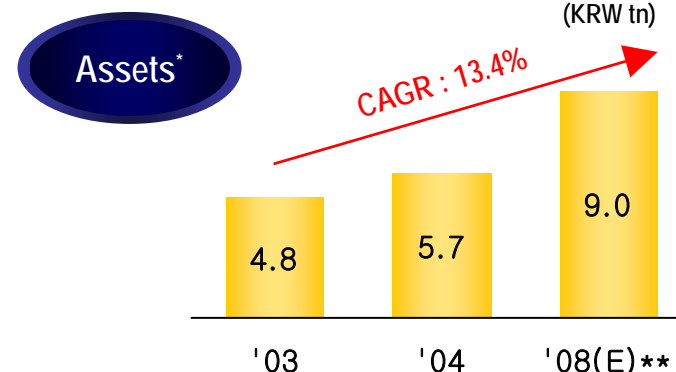
(Unit : KRW bn)	'04 3Q	'05 3Q	'05 Jan~Sep	'05 2Q
Sales	1,861	1,850	5,514	1,796
Operating Profit	135	92	319	86
(%)	(7.3)	(5.0)	(5.8)	(4.8)
Recurring Profit	222	106	392	130
(%)	(11.9)	(5.7)	(7.1)	(7.3)
Equity Method Gains	110	71	190	82
Net Income	160	84	290	88



* Year 2008 figures reflect merging LG Daesan

Balance Sheet

(Unit : KRW bn)		'04	'05 3Q
Assets		5,680	5,681
(Cash and equivalents)		414	196
Liabilities		3,484	3,344
(Borrowings)		1,980	1,994
Shareholder's Equity		2,196	2,337
Total Liabilities/Equity (%)		158.7	143.1
Net Debt/Equity (%)		90.2	85.3
Interest Coverage Ratio		5.7	4.0
ROE (%)		26.8	17.1
ROA (%)		10.3	6.8
EBITDA		877	599



* Major asset increase –LG Daesan, NCC revamping, polarizer expansion, overseas investments (China, India, etc.)

** Year 2008 figures reflect LG Daesan

I / S

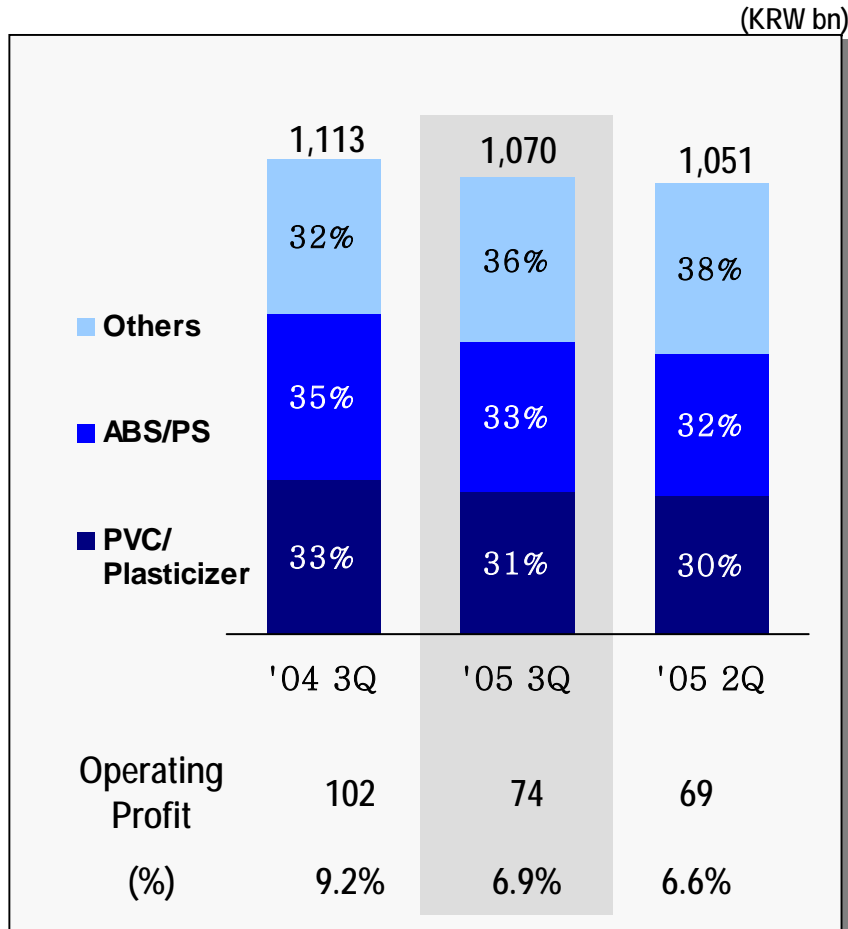
(Unit : KRW bn)	'04	'05 3Q	'05 Jan~Sep
Sales	8,817	2,911	8,270
Operating Profit	890	239	688
(%)	(10.1)	(8.2)	(8.3)
Recurring Profit	936	196	609
(%)	(10.6)	(6.7)	(7.4)
Equity Method Gains	188	3	2
Net Income	538	84	292

B / S

(Unit : KRW bn)	'04	'05 3Q
Assets	6,897	7,336
(Cash and equivalents)	528	561
Liabilities	4,196	4,421
(Borrowings)	2,591	2,756
Shareholder's Equity	2,701	2,915
Total Liabilities / Equity (%)	155.3	151.7
Net Debt / Equity (%)	95.9	94.5
Interest Coverage Ratio	7.8	7.2
ROE (%)	27.6	20.0
ROA (%)	10.7	7.9

*Consolidated subsidiaries – Domestic (3), Chinese (15), other overseas (7)

Revenues & Earnings



Review

- PVC worsened by the competition with Carbide PVC of China and weak domestic demand.
- ABS improved thanks to the stabilization of raw material prices (Benzene) and the seasonal demand.
- Acrylate expansion in China challenged the profitability.

Outlook

- Profitability recovery is expected by the weak raw material prices caused by planned T/A of downstream.
- Despite of supply shortage, the product prices will be stable by the reason of weak demand.
- The domestic market remains weak amid poor performance of the frontline industries.

Major Issues	Strategies	Effects
◆ Integrating chemical business	◆ Plan to merge LG Daesan	◆ Maximize synergy through consolidation and integration - Establish economy of scale ◆ Improved cash flow
◆ Investment for raw materials	◆ NCC expansion at LG Daesan Ethylene : 450 → 650 kMT Propylene : 230 → 330 kMT Benzene : 140 → 230 kMT	◆ Solution to the shortage of raw materials
◆ Strengthen core businesses (PVC, ABS, Acrylate)	◆ PVC - Strengthening vertical integration in China - R&D for alternative feedstock ◆ ABS - Reinforcing business capability in China (Capacity expansion at Ningbo) ◆ Acrylate - Strengthening downstream business - Expand through in-house technology	◆ Securing energy to continue growth ◆ Keeping market leadership - ABS : Global No.1, PVC : China No.1 ◆ Executing innovation in cost structure

Financial Highlights

◆ Financial Structure (Sep '05)

(Unit : KRW bn)

Sales	O/P	O/P Margin	EBITDA
1,210	55	4.5%	217

B/S

Assets (Cash & equivalents)	1,341 (164)	Liabilities (Borrowings) Shareholder's Equity	213 (61) 1,128
Total Assets	1,341	Lia+S/E	1,341

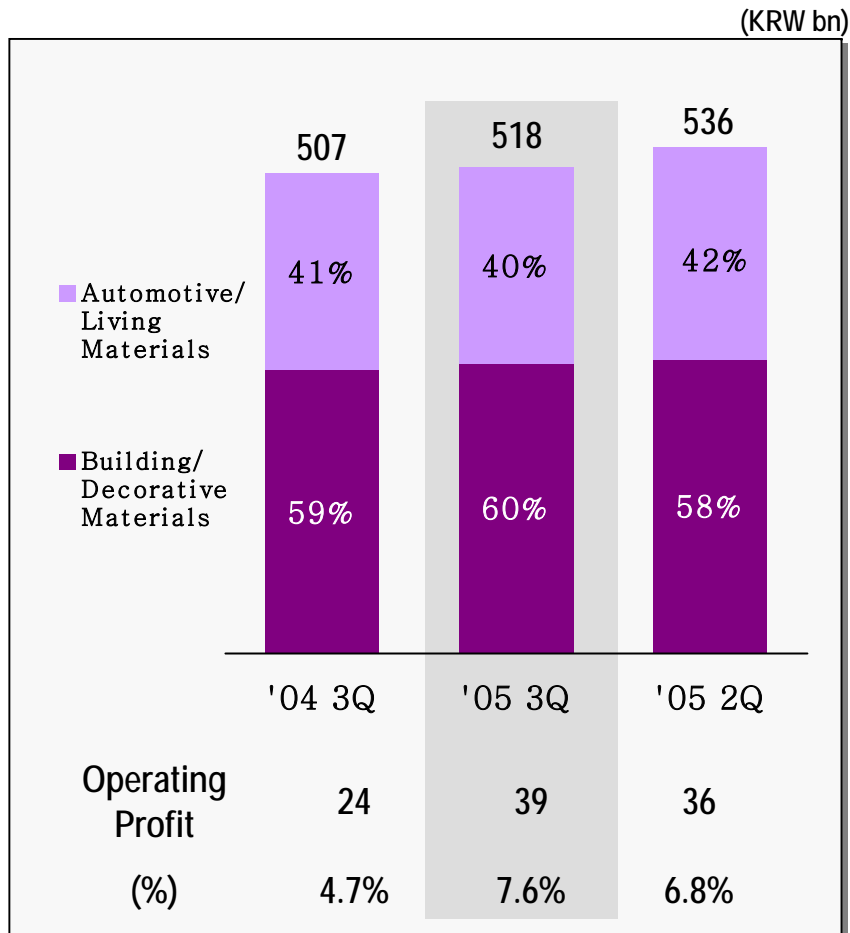
◆ Cash flow (E)

- Cash (Sep '05) : 164 bn
- Expected cash flow ('06~'08) will be over 300 bn.

Overview

- ◆ Date : Jan. 1, 2006
- ◆ Method : A small-scale merger of LG Daesan
- ◆ Ratio : (1:0) on the "no capital increase" basis
- ◆ Expected effects
 - Improve cash flow
 - Internalization of LG Daesan's cash flow surplus.
 - Resources for future growth.
 - Vertical integration
 - Synergy effects

Revenues & Earnings



Review

- Profitability continued to improve after hitting the bottom in the 4Q 2004.
 - Increase outsourcing proportion of production (Approximately 60%)
 - Stabilization of major raw materials (PVC)
- Improved product-mix resulted in higher operating profit.
 - Value-added window frame (Balcony window frame): 13% ↑ (YoY)
 - Automotive skin : 18% ↑ (YoY)

Outlook

- Product differentiation such as balcony window frame will expand the profit but it will be limited without the recovery of domestic economy.
- Focus on export of automotive components (GM and Hyundai).
- Global presence will be strengthened in the market.
 - Hi-Macs plant in the US started operation (300K sheets)

Major Issues

- ◆ Reinforce competitiveness in existing business

Strategies

- ◆ Radical reformation through rationalizing low-profit & low-growth business.

- ◆ Accelerating globalization through product leadership

- ◆ Developing growth engine

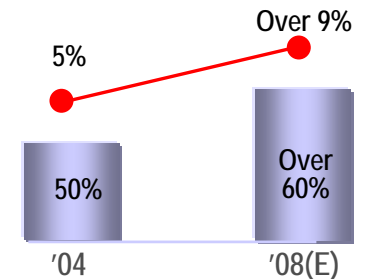
- ◆ Priority in developing high function films among 3E materials that show high growth potential

* Electronic, Energy, Environment-related materials

Plans

OP Margin

Proportion of Outsourcing



- ◆ Hi-Macs plants in the US

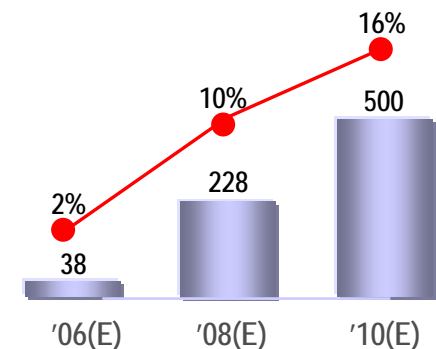
- Global M/S : 15% ('05E) → 25% ('10E)

- ◆ Expand product lines in China

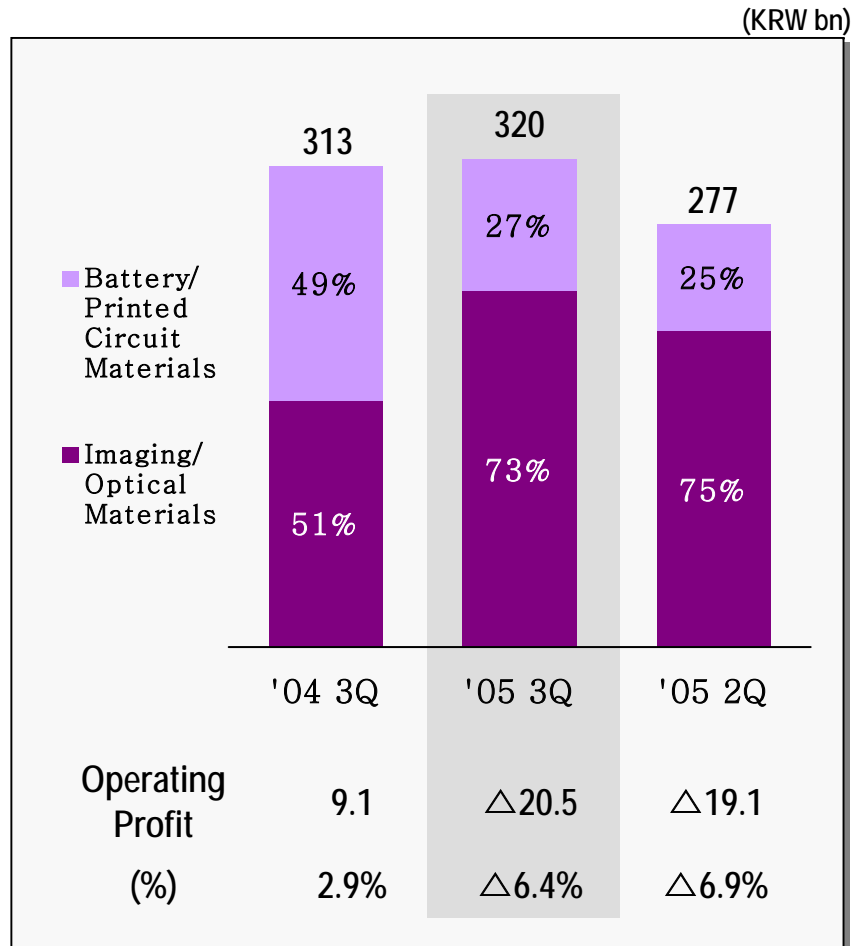
- Setup Deco-sheet line
- Post process line for automotive skins

Proportion

Sales (KRW billion)



Revenues & Earnings



Review

(Battery)

- Reflection of the 2Q's extra portion of special expenses concerning the quality problem.
- Sales increased due to the re-commencement of the operation after the settlement of the quality issue.

(Optical / Imaging)

- Sales increased by volume growth for LG Philips LCD and yield improvement of the large-sized TV polarizer.
- PDP Filter and Color Filter Photo Resist showed strong growth.
 - PDP Filter sales : 9 bn ('04.3Q) → 20 bn ('05.3Q)
 - CFPR sales : 12 bn ('04.3Q) → 21 bn ('05.3Q)

Outlook

(Battery)

- Cylindrical battery sales for HP and Dell will increase drastically.
- Increasing operating rate and using up high-priced raw material inventory will result profitability improvement.

(Optical / Imaging)

- Polarizer sales will increase with the operation of the No.4 line.
- PDP Filter and Color Filter Photo Resist will continue to grow more than 50% annually.

Partnership with customers

- ◆ Providing superior value to customers with good partnership
(LG Electronics, LG Philips LCD, HP etc.)

R&D Capability

- ◆ R&D Human Resources
→ Over 750 professional researchers
- ◆ Results
→ Polarizers, Mid-large sizes Lithium-ion Polymer batteries

Top notch manufacturing capability

- ◆ Superior manufacturing capability through accumulated film processing technology (Coating, laminating, elongation etc.)



[Lithium-ion]



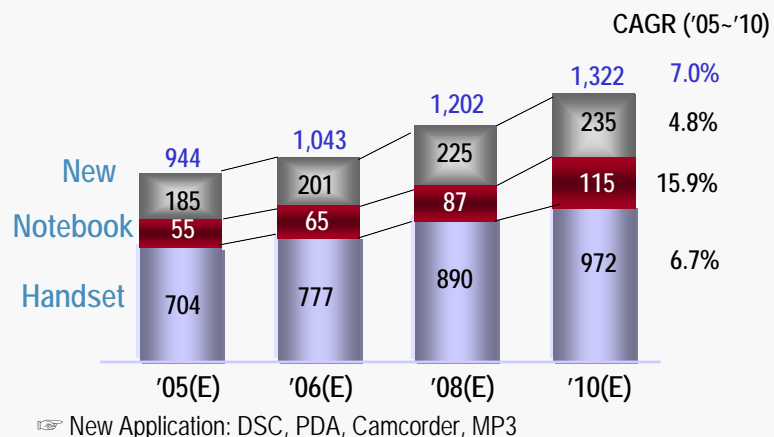
[Lithium-ion Polymer]



[TFT-LCD Module]

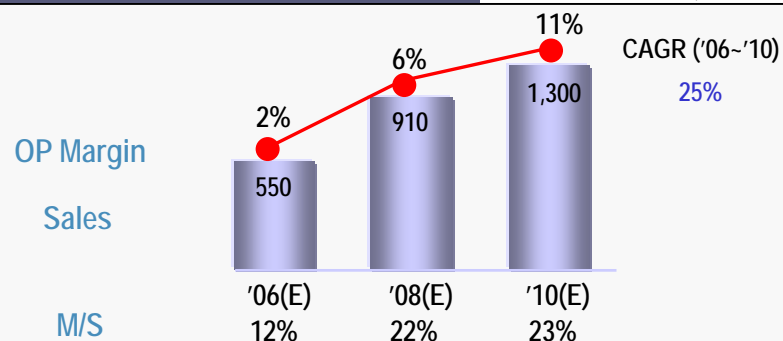
Application Market

(unit mn)



Target

(KRW bn)



Strategies

Cylindrical

- ◆ Launching superior quality products
 - High energy-density
 - Safety-reinforced batteries
- ◆ Developing new applications
 - Power tools

Polymer

- ◆ Innovative products for mobile devices
 - Super slim batteries
- ◆ Polymers for Notebook PC

Prismatic

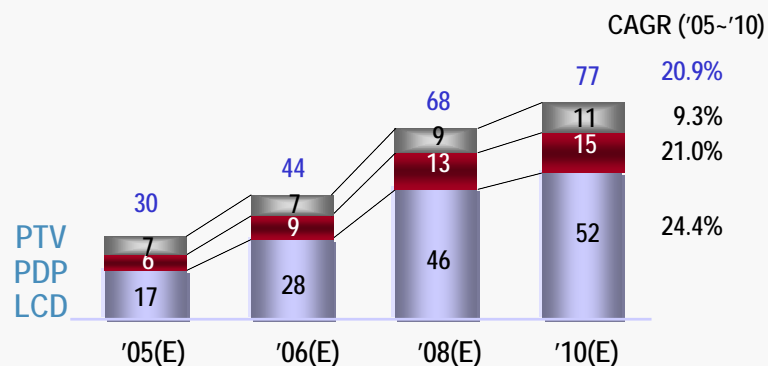
- ◆ Expanding customer base
- ◆ Strengthening cost leadership

Mid-large sized

- ◆ Expanding applications
 - E-Bike, Robot Cleaner
- ◆ Developing HEV business

Flat Panel Display Market

(unit mn)



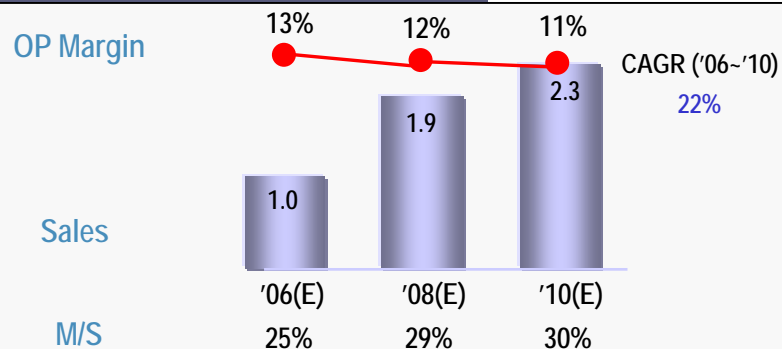
Strategies

◆ Focus on TV displays market

- Leader in IPS displays & new entry into VA market
- Strengthening market position through quality & partnership
- Next-generation Color Filter Photo-resist
- PDP filter market with film filter

Target

(KRW tn)



◆ Widening business areas from materials-focused to components

Business Performance (Divisional)

Appendix

(Unit : KRW bn)

		2004					2005				
		1Q	2Q	3Q	4Q	Sum	1Q	2Q	3Q	4Q	Sum
Sales		1,609.1	1,754.1	1,861.4	1,902.8	7,127.4	1,868.9	1,795.7	1,849.8		5,514.4
Operating Profit		169.1	133.9	135.0	85.0	522.9	141.4	85.6	92.1		319.1
Chemicals & Polymers		936.5	988.7	1,112.9	1,114.3	4,152.3	1,160.7	1,050.5	1,069.5		3,280.7
	PVC/Plasticizer	347.3	364.3	378.6	374.9	1,465.2	382.2	335.7	348.5		1,066.4
	ABS/PS	301.3	324.2	405.3	405.8	1,436.5	391.0	347.4	366.1		1,104.5
	Poly Olefin	104.6	108.4	121.3	116.3	450.5	148.1	130.6	133.6		412.2
	Acrylates	99.1	107.2	117.4	120.8	444.6	139.6	130.3	115.9		385.7
	EP	75.5	72.6	73.9	82.4	304.3	78.6	78.6	80.7		237.8
	Specialty Resin	50.1	53.8	63.1	66.3	233.4	70.5	74.7	71.6		216.8
	Operating Profit	110.1	85.6	102.2	71.7	369.6	116.4	69.0	73.7		259.1
Industrial Materials		491.7	534.2	507.1	522.9	2,055.8	495.0	535.5	518.3		1,548.9
	Building/Decorative	291.3	324.8	319.7	302.0	1,237.8	293.8	332.7	327.4		953.8
	Living/Automotive	227.4	248.1	222.4	249.8	947.7	227.9	237.8	220.9		686.5
	Operating Profit	40.0	31.0	23.7	14.8	109.5	27.5	36.3	39.3		103.2
I & E Materials		254.6	304.9	312.6	334.7	1,206.7	282.1	277.0	319.9		879.0
	Battery/Printed Circuit	115.1	151.4	153.3	159.7	579.3	90.0	69.6	86.3		245.9
	Imaging/Optical	141.5	156.3	162.3	177.8	637.7	192.0	207.8	234.4		634.2
	Operating Profit	19.0	17.3	9.1	△2.3	43.1	△1.4	△19.1	△20.5		△41.0

* Difference between total of all business divisions and total of each business unit indicates inter-company business sales.

Business Results

(Unit : KRW bn)		'04 3Q	'05 3Q	'05 2Q
LG Petro-chemical	Sales	487	543	492
	Operating Profit (%)	102 (21.0)	83 (15.4)	58 (11.7)
	Net Income	74	60	52
LG * Daesan	Sales	-	406	390
	Operating Profit (%)	- (-)	5 (1.3)	10 (2.5)
	Net Income	-	△1.6	14
Overseas **	Sales	341	353	308
	Operating profit (%)	29 (8.6)	19 (5.3)	2 (0.6)
	Net Income	26	20	△3

* Performance of #1 complex prior to the split ('04) is difficult to produce and thus not shown above.

** Figures exclude marketing subsidiaries.

Analysis & Outlook

■ LG Petrochemical

- Sales increased on the back of BPA production and high product prices.
 - Propylene: US\$ 906 ('04 3Q) → 967 ('05 3Q)
 - HDPE : US\$ 1,015 ('04 3Q) → 1,047 ('05 3Q)
- The rise in naphtha price dropped the profitability.
 - Naphtha : US\$ 400 ('04 3Q) → 527 ('05 3Q)

■ LG Daesan Petrochemical

- The rise in naphtha price worsened the spread.
- The synthetic rubber business will show improvement through the T/A activities.

■ Overseas Subsidiaries

- Stabilized raw material prices and steady sales growth are expected.

Sales Growth

- Tianjin PVC : 28% ↑ (QoQ)
- Nanjing Polarizer : 25% ↑ (QoQ)

(Unit : KRW bn)

		'03 Results	'04 Results	'05 Jan~Sep	'05 Plan
Chemicals & Polymers	New/Expansion	43.7	11.8	19.6	57.3
	Maintenance	51.4	52.7	47.7	76.8
	Equity Investment	11.5	6.6	25.0	37.8
	Total	106.6	71.1	92.3	171.8
Industrial Materials	New/Expansion	9.4	4.9	15.7	34.0
	Maintenance	39.0	42.7	33.0	50.7
	Equity Investment	7.5	25.7	3.5	7.1
	Total	55.9	73.3	52.2	91.7
I & E Materials	New/Expansion	271.4	160.7	110.1	183.4
	Maintenance	18.7	31.8	27.4	58.8
	Equity Investment	7.9	35.6	17.7	11.3
	Total	293.0	228.1	155.3	253.5
Common Expenses	New/Expansion	-	22.0	0	0.7
	Maintenance	50.7	42.0	67.9	72.0
	Equity Investment	330.2	133.0	3.2	37.4
	Total	380.9	197.0	77.1	110.1
Total	New/Expansion	324.5	199.4	145.5	275.4
	Maintenance	159.8	169.2	176.0	258.2
	Equity Investment	357.1	200.9	49.5	93.5
	Total	841.4	569.5	370.9	627.1

Borrowings

(Unit : KRW bn)

	Balance			'05 (E)
	'04	'05 3Q	Changes	
Total	1,979.7 (100%)	1,994.4 (100%)	14.7	1,941.6 (100%)
KRW Currency	1,667.6 (84%)	1,577.9 (79%)	△ 89.7	1,527.9 (79%)
C P	150.0	100.0	△ 50.0	100.0
C B	1,300.0	1,350.0	50.0	1,300.0
Others	217.6	127.9	△ 89.7	127.9
Foreign Currency	312.1 (16%)	416.5 (21%)	104.4	413.7 (21%)
FRN	167.0	233.6	66.6	232.0
Others	145.1	182.9	37.8	181.7
Short-term	503.8 (25%)	822.5 (41%)	318.7	861.4 (44%)
Long-term	1,475.9 (75%)	1,171.9 (59%)	△ 304.0	1,080.2 (56%)

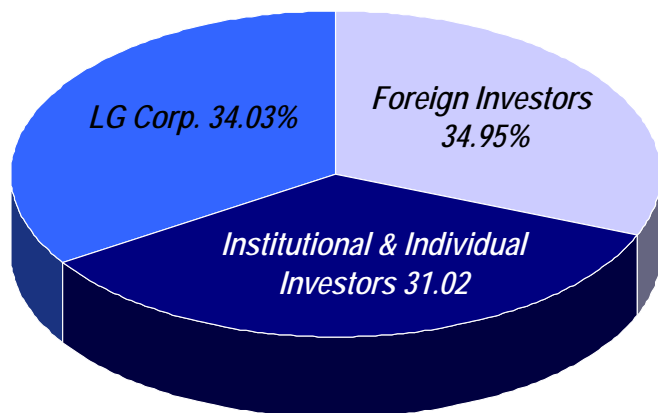
☞ The % is calculated to total borrowings.

Cash Flow

(Unit : KRW bn)

	'04	'05 3Q
Net Income	536.4	290.0
Depreciation	333.2	259.2
Investment	△ 569.5	△ 370.9
Working Capital	△ 143.8	△ 194.1
Dividend	△ 128.1	△ 110.0
Others	△ 300.0	111.1
Borrowing Increase	271.8	14.7

Shareholders



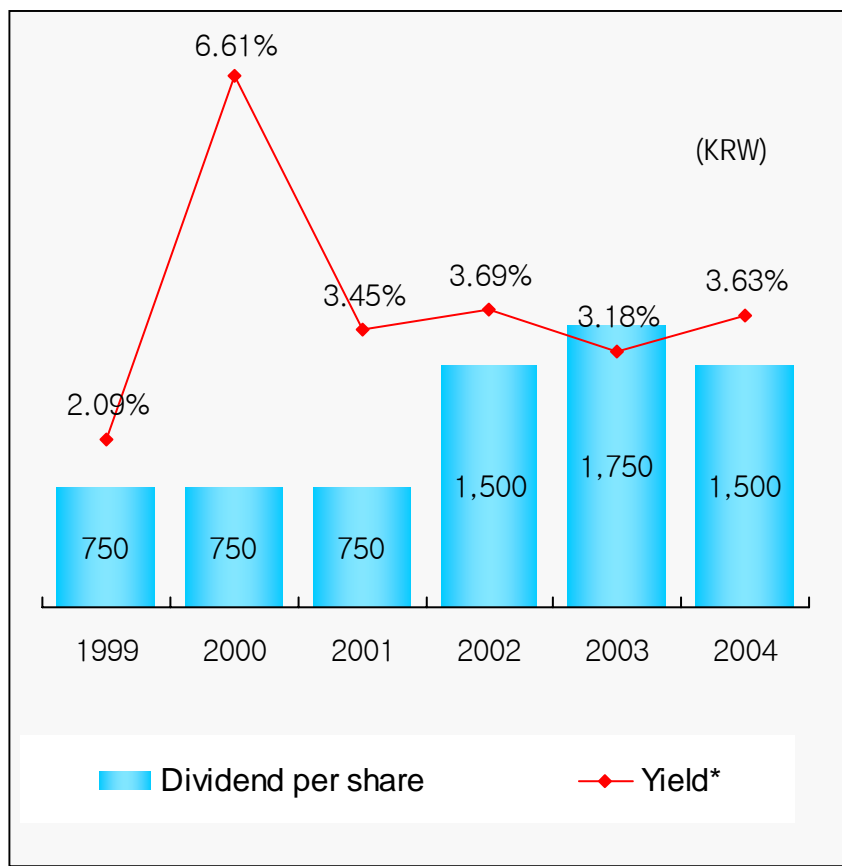
Common Stock as of October 31 2005

Market Capitalization

	No. of Shares	(KRW)		
		Dec 31, '04	Oct 31, '05	
		Price	Price	Market Cap
Common	64,425,064	41,250	45,700	2,944bn
Preferred	8,661,251	25,300	35,000	303bn
Total	73,086,315			

Par value : KRW 5,000

Dividend History



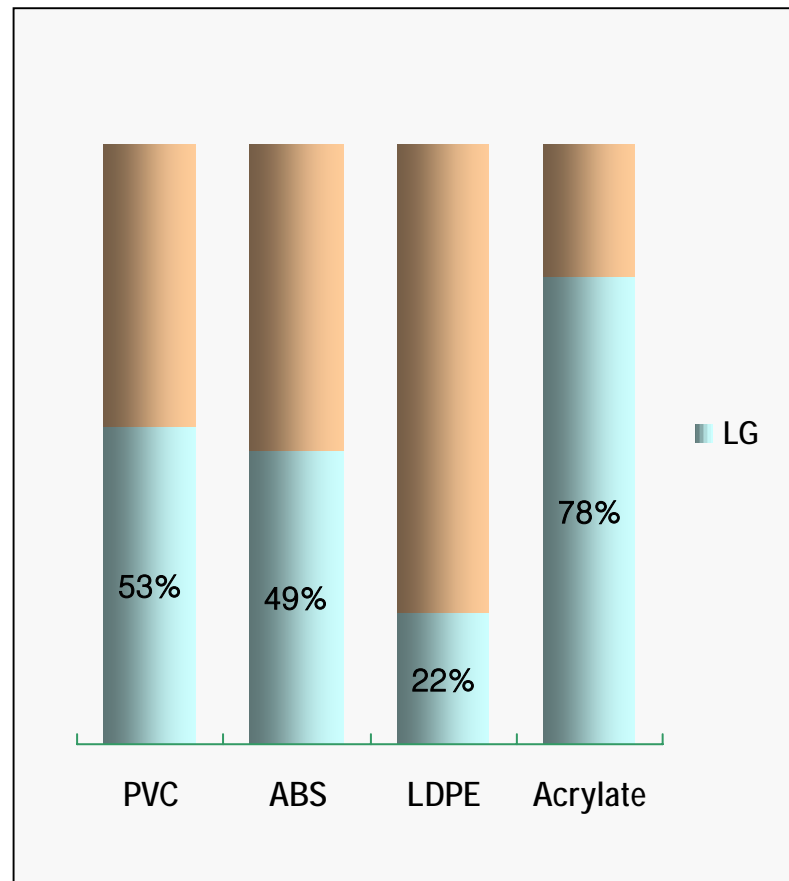
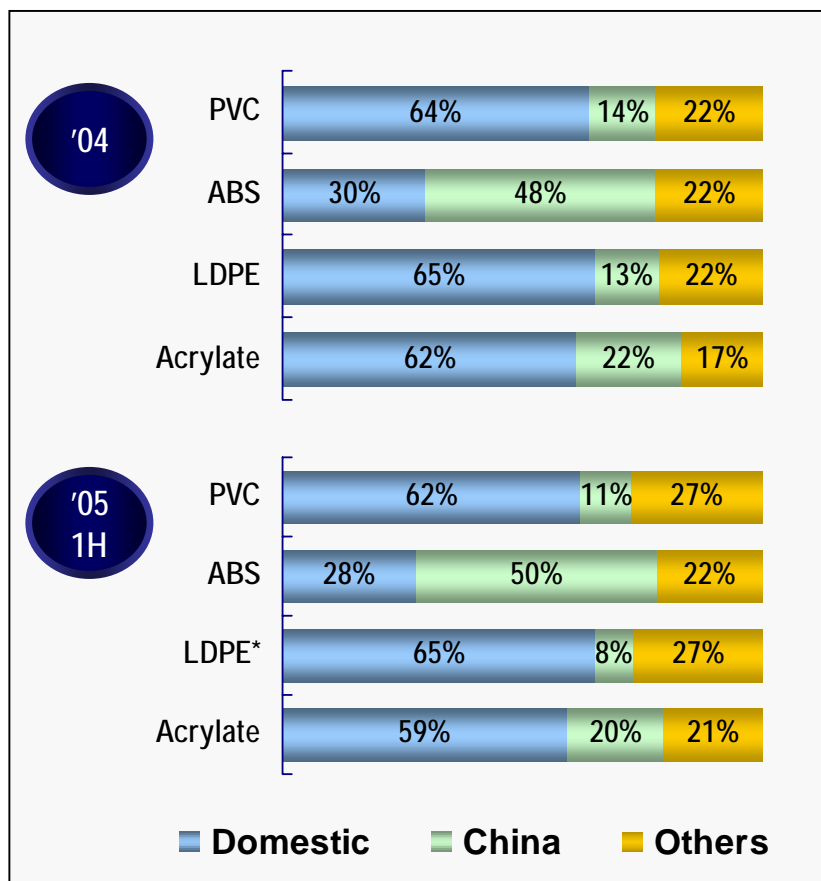
Dividend Policy

- ◆ LG Chem determines dividends on the basis of net income and total earnings available for distribution.
- ◆ For 2004, LG Chem granted a dividend of 30% of the face value (KRW 5,000) for common stock and 31% for preferred stock.
- ◆ As the company continues to improve its financial structure and corporate profitability, it expects to provide corresponding increase in profit and value to shareholders.

* Yield was calculated based on the year-end price of common stock

Market Portfolio ('04, '05 1H)

Domestic Market Share ('05 1H)



* Volume Based

Production Capacity by Product

Appendix

Item	Region	'04	'05	'08	'10
PVC	Yeosu	560	560	650	650
	Daesan	200	200	250	250
	China	350	350	410	600
	India	0	0	300	300
	Total	1,110	1,110	1,610	1,800
VCM	Yeosu	720	720	760	760
	Daesan	190	190	300	300
	China	0	0	400	400
	India	0	0	300	300
	Total	910	910	1,760	1,760
EDC ¹⁾	Yeosu	250	260	260	260
	China	0	0	330	330
	Total	250	260	590	590
NaOH ²⁾	Yeosu	200	200	200	200
	China	0	0	240	240
LDPE	Yeosu	156	156	156	156
	Daesan	135	135	135	135
LLDPE	Daesan	80	80	90	90
HDPE	Yeosu	300	300	330	330
	Daesan	140	140	140	140
PP	Daesan	250	250	370	370

1) Direct Chlorination Only

2) Dry basis

(Unit : KMT/ Yr)

Item	Region	'04	'05	'08	'10
ABS	Yeosu	560	560	640	650
	Ningbo	330	330	500	500
	India	0	0	0	100
	Total	890	890	1,140	1,250
PS	Yeosu	210	210	210	210
	India	80	80	80	80
	Total	290	290	290	290
EPS	Yeosu	84	84	84	84
	India	2	2	2	2
SM	Yeosu	500	500	500	500
	Daesan	150	150	170	180
	Total	650	650	670	680
Acrylic Acid	Korea	160	160	240	240
	Overseas	0	0	0	160
	Total	160	160	240	400

Korea Capacity Matrix

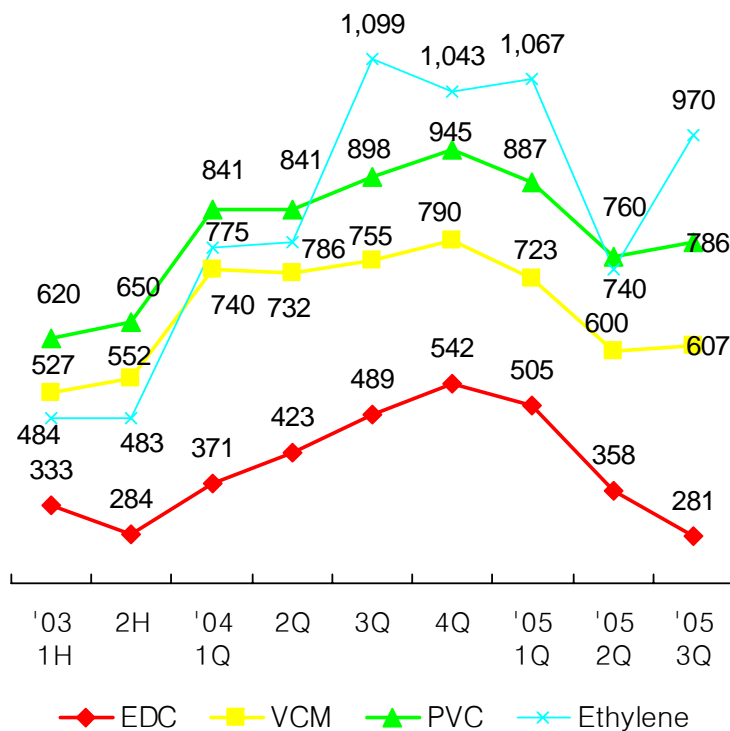
Appendix

Korea Capacity Matrix																								as of March 2004
Company	Ethylene	Propylene	Propylene(*)	Mixed C4	Butadiene	Benzene	Toluene	Xylene	OX	PX	VCM	EDC	PVC	LDPE	LLDPE	HDPE	PP	SM	PS	EPS	ABS	SBR	EG	PA
('000 mtpa)																								
Total	5,700	3,305	435	1,762	770	3,167	1,911	2,533	445	3,830	1,416	830	1,260	902	800	1,980	2,801	2,602	1,303	420	1,370	240	885	387
GS Caltex			175			680	700	1,030		1,050							180							
LG Petrochemical	760	370		235	135	200	85	42								265								
LG Chem											900	250	760	156				500	293	83	500			60
SK Corp.	730	375	110	213	100	323	329	429	200	650					160	190	340							
SK Evertec																				370				
Yeocheon NCC	1,430	750		497	120	354	193	119										142						
Daelim Ind.																380								
Hanwha Chem											516	580	500	371	355									
Inchon Energy						100	250	400																
Samsung Total	630	320		145	80	560				480				100	125	175	220	670					110	
Daehan Petro	400	210		132												390	310							
Hyundai Oil						100				300														
Honam Petro	700	365		260		140	60	40								360	440						400	
S-Oil			150			197	274	473		650														
Kumho Chem					190															265	90	220	180	
Dongbu Chem																		210	135	45				
Taekwang Ind.		250																						
Hyosung Corp.		165															268							
KP Chemical						103			245	700														77
Cheil Ind.																				200	50	400		
Korea BASF																		320	320	70	250			
DC Chemical						100	20																	80
Others																	543			82				170

Source : Korean Petrochemical Association, * Refinery companies

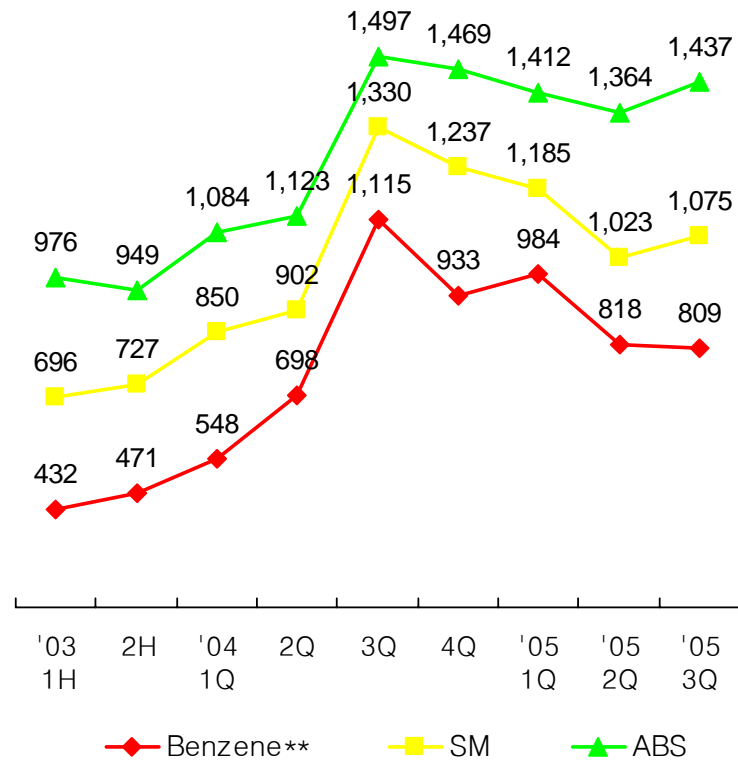
Vinyls

(Unit: U\$/MT)



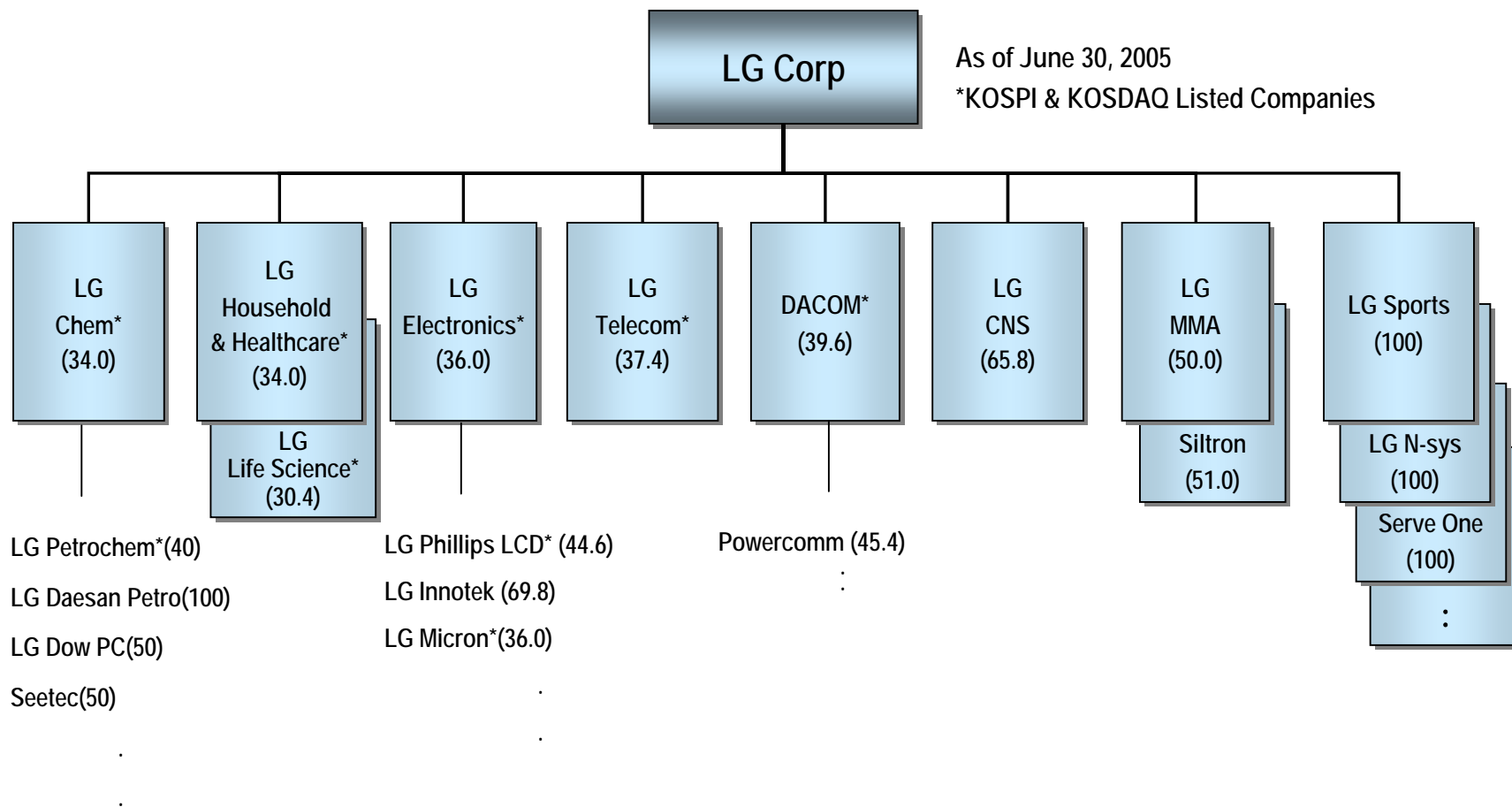
Styrenics

(Unit: U\$/MT)

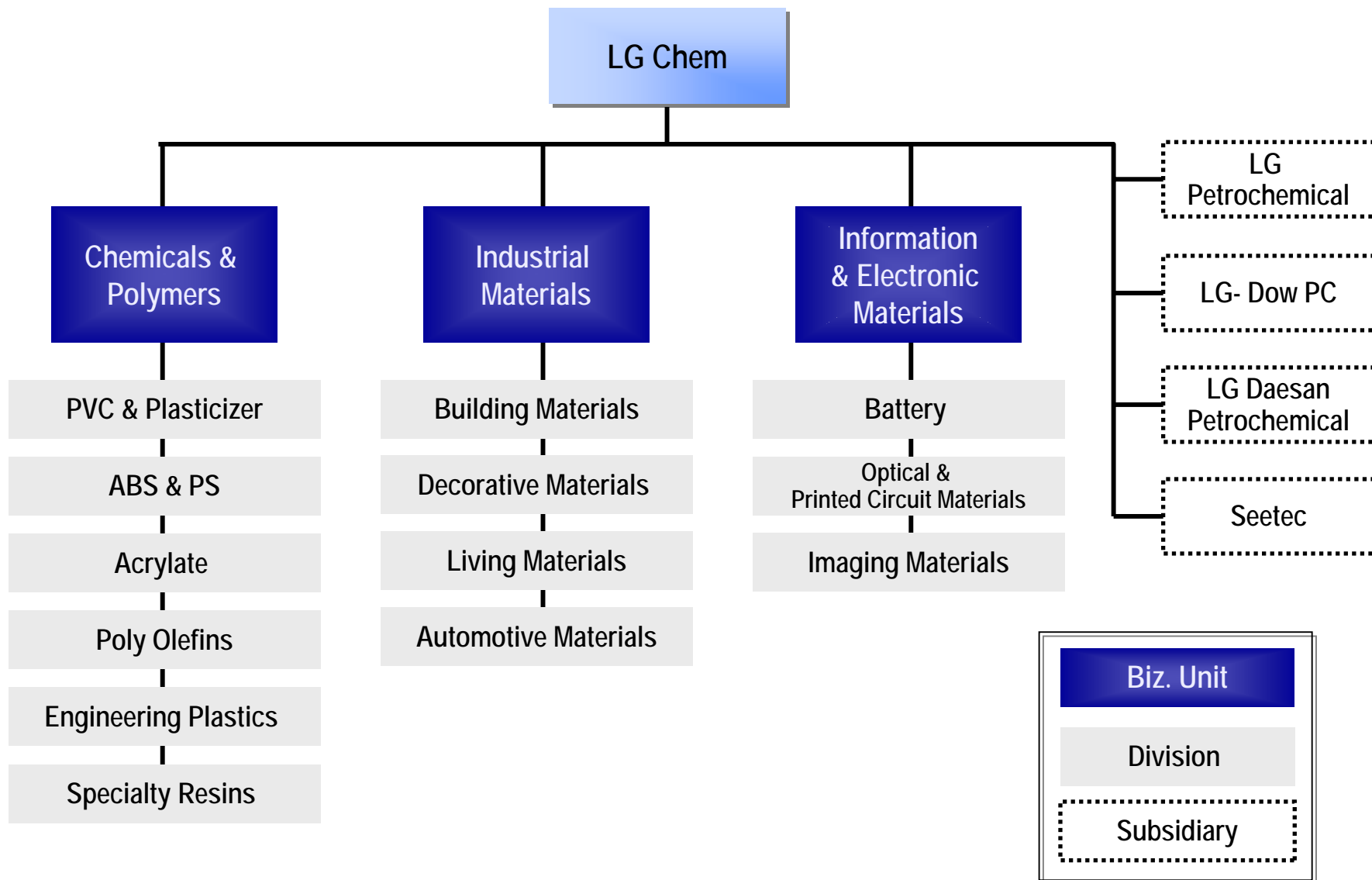


• The prices are average price of CFR FE Asia for general grade in each product group.

** Average of FOB Korea price



* Percentage of stakes are based on common shares



	Name	Career	Remark
Chairman	Kang, Yu-Sig	BA(Business Administration), Seoul National Univ. Vice Chairman of LG Executive Office for Corporate Restructuring *Vice Chairman/President of LG Corp.	Re-elected
CEO	No, Ki-Ho	MA(Chemical Engineering), Han yang Univ. CEO of LG Petrochemical *President & CEO of LG Chem	During his tenure
CFO	Cho, Suk-Jeh	BA(Business Administration), Busan National Univ. Executive Vice President, CFO of LG Corp. *Executive Vice President / CFO of LG Chem	During his tenure
Independent Director	Oh, Ho-Soo	BA(Law), Yonsei Univ. President of the Korea Securities Dealers Association *Counselor of Investus Co., Ltd.	During his tenure
Independent Director	Lee, Young-Moo	Ph.D.(Polymer Engineering), Univ. of North Carolina Senior researcher of 3M *Professor, Division of Applied Chemical Engineering, Han yang Univ.	During his tenure
Independent Director	Kim, Kon-Sik	Ph.D.(Corporate law), Univ. of Washington Independent director of SK Telecom *Professor of Law, Seoul National Univ.	During his tenure
Independent Director	Shin, Chae-Chol	BA(Electric Engineering), Seoul National Univ. CEO of IBM Korea *Independent Director of Korean Air	Newly Elected