

2008 3Q Earnings Release



October 20th 2008

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 3rd quarter of 2008 as contained herein has been prepared on a parent and consolidated basis in accordance with Korean Generally Accepted Accounting Principles (Korean GAAP).

In addition, the information contained herein has been prepared in advance, prior to being reviewed by outside auditors, solely for the convenience of investors of the Company, and is subject to change in the process of final reviewing by outside auditors.

The information contained herein includes forward-looking statements in respect to future plans, prospects, and performances of the Company as well as the Company’s projected sales plan for the rest of the year. These forward-looking statements also refer to the Company’s performance on both parent and consolidated base, as indicated.

The aforementioned forward-looking statements are influenced by changes in the management environment and relative events, and by their nature, these statements refer to uncertain circumstances. Consequently, due to these uncertainties, the Company’s actual future results may differ materially from those expressed or implied by such statements.

Please note that as the forward-looking statements contained herein are based on the current market situation and the Company’s management direction, they are subject to change according to the changes in future market environment and business strategy.

The information contained herein should not be utilized for any legal purposes in regards to investors’ investment results. The Company hereby expressly disclaims any and all liability for any loss or damage resulting from the investors’ reliance on the information contained herein.

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Consolidated Sales & Profits

(Unit : KRW tn)

	Sales	QoQ	YoY	OP (%)	QoQ	YoY
Total (Consolidated)	15.27	- 7.3%	+15.1%	0.88 (5.8%)	- 0.90 ↓ 5.0%p	- 0.21 ↓ 2.4%p
LG Electronics Global *	12.01	- 5.7%	+21.2%	0.57 (4.8%)	- 0.29 ↓ 1.9%p	+ 0.21 ↑ 1.2%p
LG Display	3.86	- 8.3%	- 2.3%	0.25 (6.5%)	- 0.64 ↓ 14.5%p	- 0.45 ↓ 11.1%p
Other Affiliates	1.10	+12.8%	+29.1%	0.04 (3.8%)	- 0.01 ↓ 1.4%p	+ 0.02 ↑ 1.1%p
Intercompany Transactions	- 1.71			0.02		

* Consolidation based on LG Electronics Korea and overseas subsidiaries (excluding internal transactions)

Sales & Profit*

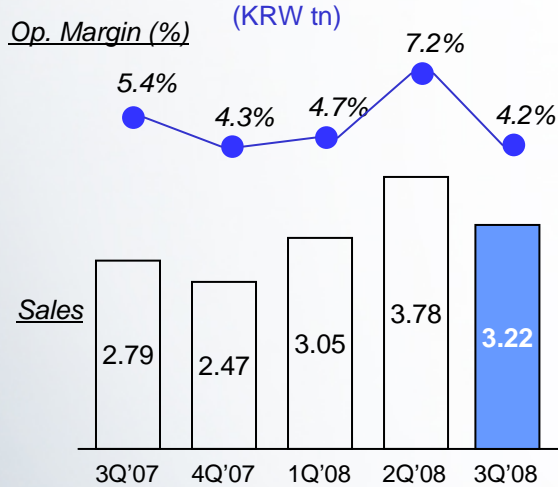
(Unit : KRW bn)

		2Q'08	QoQ	3Q'08	YoY	3Q'07
Digital Appliance	Sales	3,781	- 15.0%	3,215	+15.4%	2,785
	Op. Profit (%)	272 (7.2%)		134 (4.2%)		150 (5.4%)
Digital Display	Sales	3,742	+2.9%	3,852	+21.5%	3,170
	Op. Profit (%)	38 (1.0%)		16 (0.4%)		-29 (-0.9%)
Digital Media (Excluding PC)	Sales	983	+12.4%	1,104	+6.6%	1,036
	Op. Profit (%)	26 (2.6%)		37 (3.3%)		22 (2.1%)
Mobile Communications (Including PC)	Sales	4,086	- 6.6%	3,815	+29.9%	2,936
	Op. Profit (%)	524 (12.8%)		387 (10.2%)		227 (7.7%)
Handset	Sales	3,754	- 6.4%	3,514	+40.8%	2,496
	Op. Profit (%)	540 (14.4%)		406 (11.5%)		209 (8.4%)

* Consolidation based on LG Electronics Korea and overseas subsidiaries (excluding internal transactions)

** Divisional sales includes internal transactions between divisions

Global* Performance



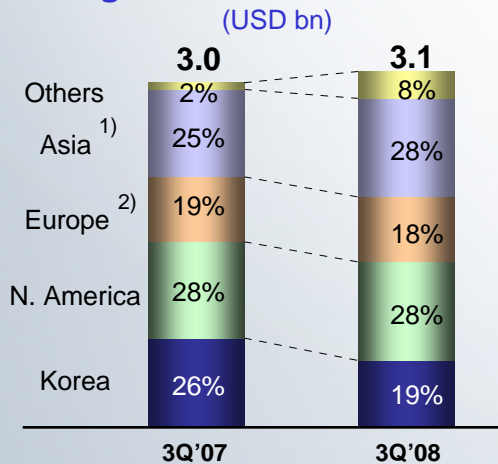
2008 3Q Performance

❖ Sales growth 15% YoY to 3.2 trillion KRW from increase of A/C & washing machine sales

- Domestic : 7% YoY growth from A/C & refrigerator sales
- Exports : Slowness in developed countries from economic recession, but emerging market sales boost enabled continuous growth

❖ Due to rising raw material prices, profitability declined slightly YoY

Regional Sales Breakdown



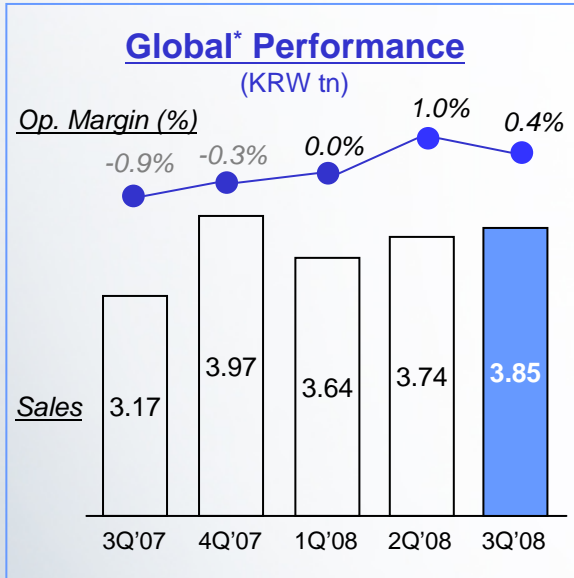
1) Includes MEA 2) Includes CIS

4Q Outlook

❖ Market : Raw material prices stabilizing, continuous growth from emerging markets (Middle East, CS America, etc.) expected

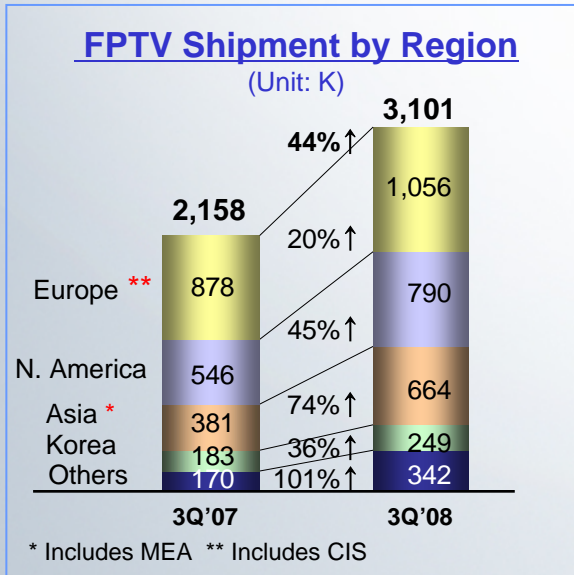
❖ LGE : Strengthen premium marketing and focus on profitability recovery through cost innovation

- Domestic : High season for kimchi refrigerators – sales growth expected
- Exports : Sales expansion in U.S. (washing machines) & Middle East (A/C)



2008 3Q Performance

- ❖ Sales growth of 22% YoY to 3.9 trillion KRW from good sales of FPTVs
 - Display Set : 25% YoY sales growth
 - LCD TV 55%, PDP TV 10%, MNT 8%
 - PDP module sales decreased 7% YoY
- ❖ Profitability declined slightly QoQ but positive profitability sustained



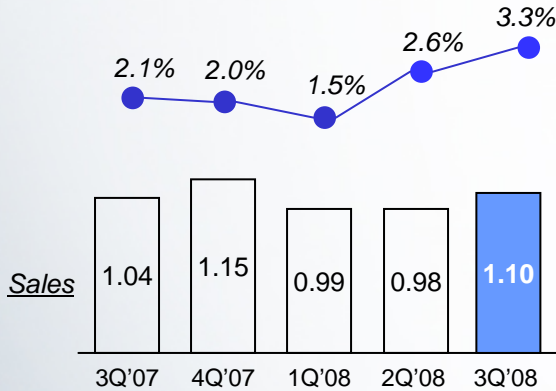
4Q Outlook

- ❖ Market : Demand to increase QoQ from high season, but compared to last year, slight decrease of demand in developed markets from global recession, emerging market expected to grow continuously
- ❖ LGE : Maximize FPTV sales during high season and focus on minimizing inventory through tight SCM, apply new production methods, and concentrate on cost innovation

Global* Performance

(KRW tn, Excluding PC)

Op. Margin (%)

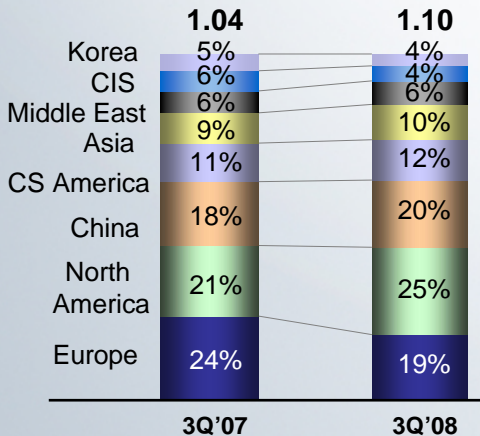


2008 3Q Performance

- ❖ Sales growth of 12% QoQ from good performance of all businesses
- ❖ Improved profitability in main businesses and turnaround of Car business led to 1.2%p YoY increase in profitability
 - Media : Sustained steady profitability by stronger cost competitiveness and expansion of U.S. Set top box sales
 - DS : BD sales growth led to 6% growth QoQ
Sustained profitability on premium products such as DVD-R
 - Car : Sales growth of built-in products and improvements in profitability

Regional Sales Breakdown

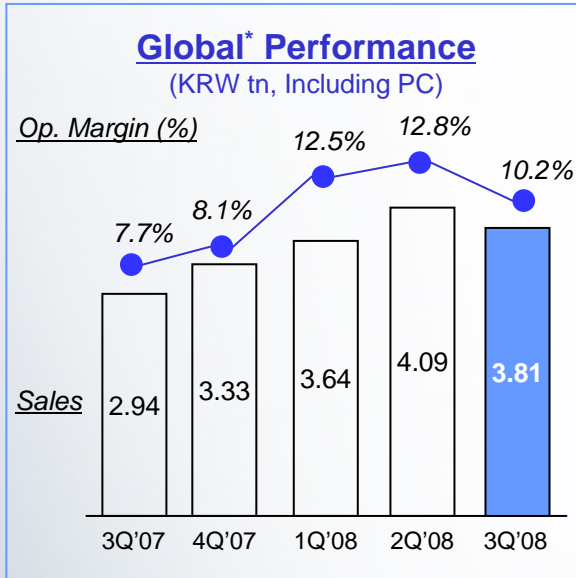
(KRW tn)



4Q Outlook

- ❖ Market : Global recession to continue, intensified price competition expected
- ❖ LGE : Secure profitability from expanding premium product portion and new product launches, strengthen competitive position
 - Media : Expansion in Bluray Disc (BD) market through Network BD player
Strengthen brand positioning of home theatre products in emerging markets and secure profitability
 - DS : Stronger line-up of new HD ODD products for improved profitability
 - Car : Secure additional built-in shipments and expand AVN¹⁾ sales

* Pertains solely LG Electronics and its overseas subsidiaries (excluding internal transactions)

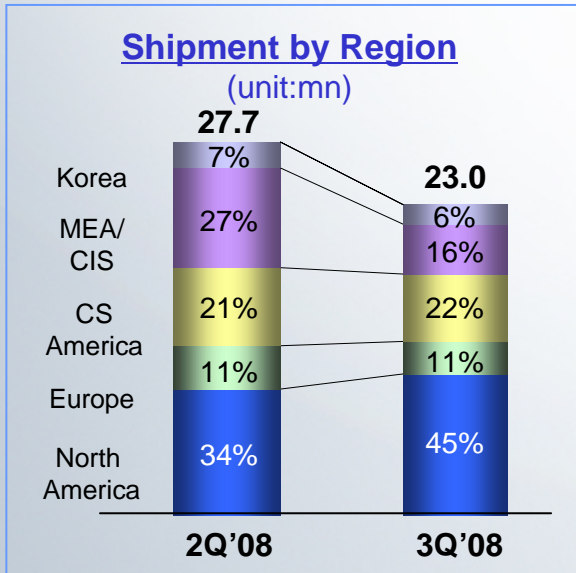


2008 3Q Performance

❖ Shipment declined 4.7 million units QoQ to 23M (5% growth YoY)

- Slow sales in India and emerging markets
- Subsidy decline in Korea and Europe's recession led to partial shipment ↓
- Better model mix from great sales of strategic premium models - Secret, Viewty, U.S. Qwerty phones

❖ Sustained double digit profitability from good sales in U.S., expansion of premium models, and improved mix



4Q Outlook

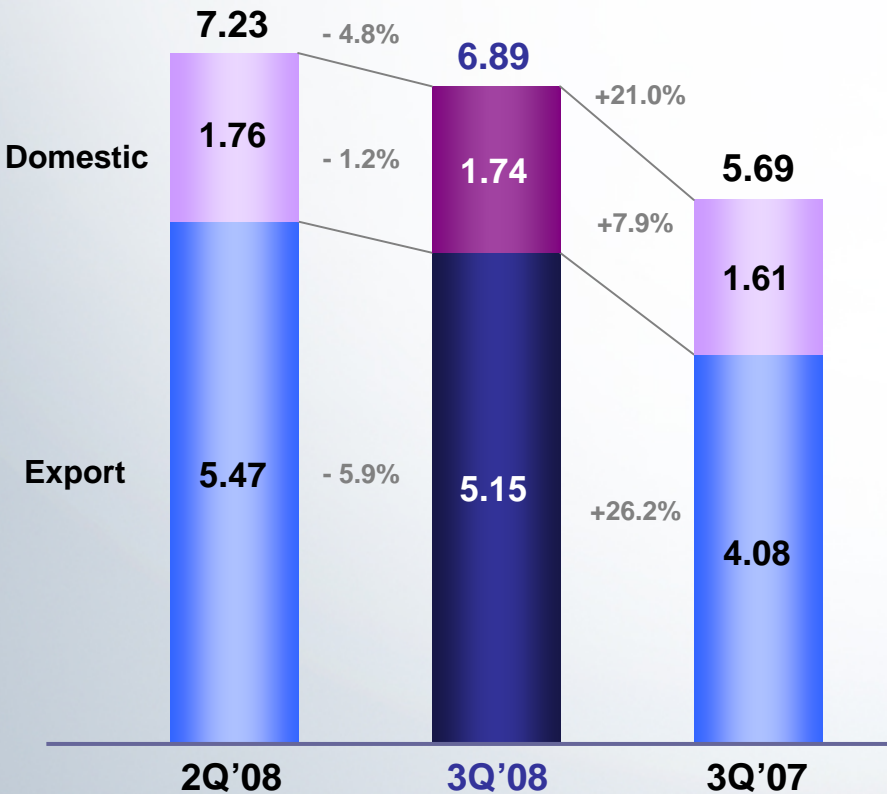
- ❖ Market : From seasonality, shipment growth from all regions expected, but from global recession centered on developed markets, growth rate is expected to slow down
- ❖ LGE : Expected to achieve 100 million units for annual shipment, focusing on risk management for market uncertainties
 - New models : Renoir (8M Camera), PRADA II ,
Cookie (Full touch handset with affordable price)
 - Initiate appropriate pricing strategies and strengthen inventory management in response to recession risks & changes in competitive landscape

Sales

(Unit : KRW tn)

Profit

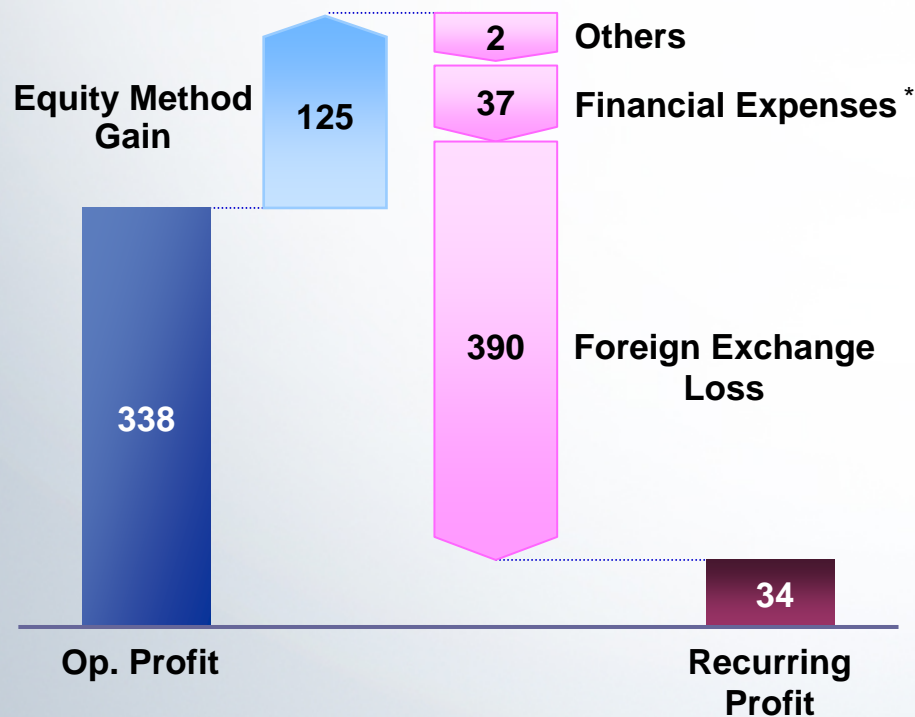
(Unit : KRW bn)



	2Q'08	QoQ	3Q'08	YoY	3Q'07
Operating Profit	635	- 47%	338	+265%	92
EBITDA	811	- 37%	511	+98%	258
Recurring Profit	925	- 96%	34	- 91%	387
Net Profit	707	- 96%	25	- 93%	339

Non-operating Items

(Unit : KRW bn)



Equity Method

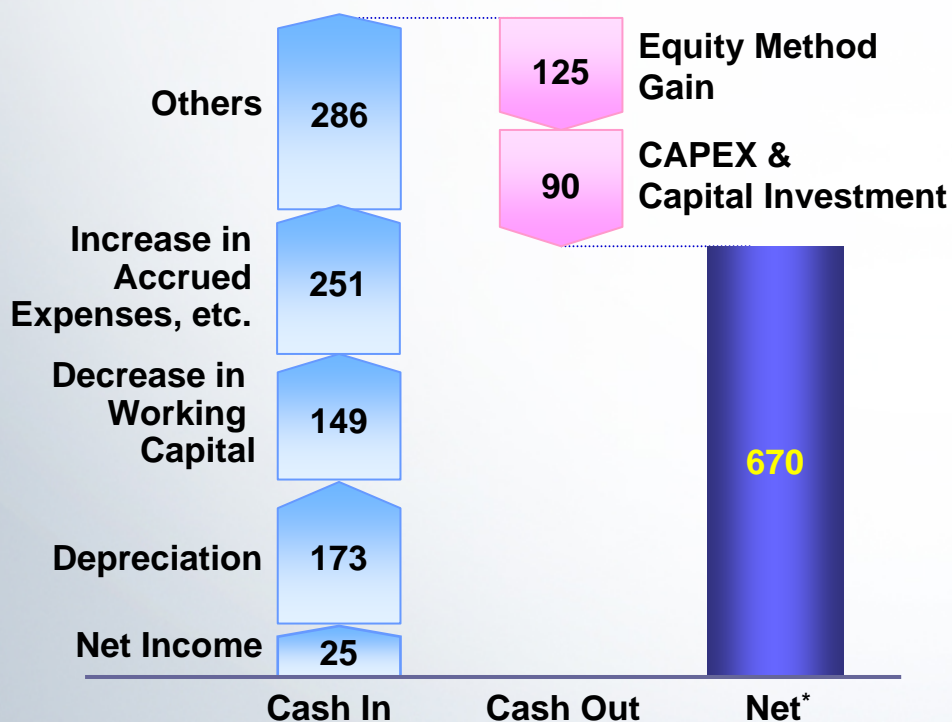
(Unit : KRW bn)

	2Q'08	3Q'08
LG Display	287	100
LGE Overseas Subsidiaries	142	4
Others	67	20
Equity Method Total	496	125

* AR discount fee included in financial expenses

Net Cash Flow *

(Unit : KRW bn)



Cash flow

(Unit : KRW bn)

Cash at the beginning of Quarter	828
Cash Flow from Operating Activities	759
Net Income	25
Depreciation	173
Equity Method Gain	△ 125
Decrease in Working Capital	149
Increase in Accrued Expenses, etc.	251
Others	286
Cash Flow from Investing Activities	△ 90
CAPEX & Capital Investment	△ 90
Cash Flow from Financing Activities	26
Debt	26
Cash Increase	695
Cash at the end of Quarter	1,523

* Excludes cash flow from financing activities

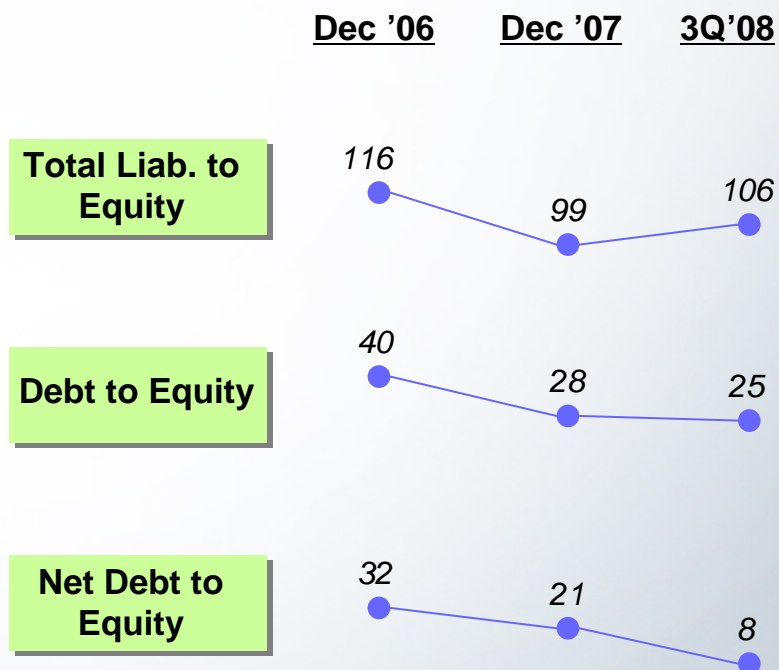
Balance Sheet

(Unit : KRW tn)

	Dec '06	Dec '07	3Q'08
Assets	13.23	14.34	18.44
Current Assets	3.16	2.83	5.41
Cash	0.51	0.53	1.52
Inventories	1.10	0.95	1.16
Fixed Assets	10.07	11.51	13.03
Liabilities	7.09	7.13	9.50
Current Liabilities	4.90	4.42	6.45
Long-Term Liabilities	2.19	2.70	3.05
Equity	6.14	7.21	8.94
<hr style="border-top: 1px dashed green;"/>			
Debt	2.47	2.05	2.28

Financial Ratio

(Unit : %)



* KAI opinion 06-2 not applied to 2006 results.

IV. 4Q Business Direction and Prospects

Growth*

Sales

High season for displays and handsets, but global recession expected to impact sales to increase only slightly QoQ

Profitability*

D A

Despite recession, expecting similar profitability YoY from expansion of premium products in emerging markets

D D

Profitability is expected to decline slightly QoQ from ASP decline and intensified competition

D M

From intensified competition, we expect profitability to decline slightly QoQ

M C

For handsets, despite challenging environment, we expect shipment to increase, and from new product launches, double digit profitability is expected to be sustained



<http://www.lge.com>

Income Statement

(Unit : KRW bn)

	2007					2008				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	6,034	5,903	5,690	5,875	2,350	6,927	7,234	6,887		
COGS	4,693	4,580	4,490	4,577	1,834	5,142	5,264	5,167		
Gross Profit	1,341	1,323	1,200	1,298	516	1,786	1,970	1,720		
SG&A	1,168	1,178	1,107	1,144	460	1,221	1,335	1,383		
Op.Profit	173	145	92	154	56	564	635	338		
Non OP Item	-30	32	29	61	9	-66	290	-304		
Rec. Profit*	-128	461	387	767	149	498	925	34		
Tax	-6	76	48	146	26	76	218	9		
Net Profit	-123	385	339	621	122	422	707	25		

*Recurring profit is equal to pre-tax profit from continuous operation.

Balance Sheet

(Unit : KRW bn)

	2007				2008			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Assets	13,342	13,343	13,796	14,338	16,306	17,314	18,444	
Current Asset	3,520	3,265	3,306	2,827	4,394	4,533	5,415	
Quick Asset	2,323	2,279	2,292	1,882	3,138	3,354	4,257	
Inventories	1,196	986	1,014	946	1,256	1,179	1,157	
Fixed Asset	9,823	10,078	10,490	11,510	11,912	12,781	13,030	
Investment	5,225	5,555	5,974	7,075	7,553	8,464	8,820	
Tangible	4,152	4,126	4,118	4,037	3,962	3,852	3,737	
Intangible	446	398	398	398	397	465	473	
Liabilities	7,624	7,214	7,315	7,127	8,514	8,553	9,497	
Current Liabilities	5,248	4,697	4,731	4,423	5,733	5,544	6,446	
LT Liabilities	2,376	2,517	2,584	2,704	2,781	3,009	3,051	
Capital	5,718	6,129	6,482	7,211	7,791	8,761	8,948	

Appendix

Divisional Sales (Parent)

(Unit :KRW bn)

		1Q'07	2Q'07	3Q'07	4Q'07	FY07	1Q'08	2Q'08	3Q'08	QoQ	YoY	4Q'08
DA	Sales	1,819	1,789	1,339	1,189	6,135	1,645	1,745	1,486	-14.8%	11.0%	
	Op. Profit (%)	218 (12.0%)	173 (9.7%)	65 (4.8%)	55 (4.7%)	511 (8.3%)	186 (11.3%)	207 (11.9%)	71 (4.8%)			
DD	Sales	1,214	1,093	1,389	1,441	5,137	1,466	1,341	1,508	12.5%	8.6%	
	Op. Profit (%)	-194 (-16.0%)	-265 (-24.2%)	-160 (-11.5%)	-96 (-6.6%)	-714 (-13.9%)	-82 (-5.6%)	-117 (-8.7%)	-118 (-7.8%)			
DM	Sales	448	396	413	421	1,679	367	404	467	15.7%	13.0%	
	Op. Profit (%)	10 (2.1%)	-16 (-4.1%)	11 (2.6%)	-11 (-2.6%)	-7 (-0.4%)	-8 (-2.3%)	16 (3.9%)	23 (5.0%)			
MC	Sales	2,565	2,639	2,568	2,834	10,606	3,423	3,710	3,393	-8.6%	32.1%	
	Op. Profit (%)	151 (5.9%)	264 (10.0%)	185 (7.2%)	213 (7.5%)	813 (7.7%)	479 (14.0%)	531 (14.3%)	368 (10.8%)			
Handset	Sales	2,136	2,253	2,131	2,422	8,942	2,954	3,360	3,089	-8.1%	44.9%	
	Op. Profit (%)	141 (6.6%)	254 (11.3%)	170 (8.0%)	200 (8.3%)	765 (8.6%)	468 (15.9%)	547 (16.3%)	384 (12.4%)			
Others	Sales	-12	-14	-19	-10	-55	27	34	33			
	Op. Profit	-11	-11	-9	-8	-38	-10	-2	-7			
Total	Sales	6,034	5,903	569	5,875	23,502	6,927	7,234	6,887	-4.8%	21.0%	
	Op. Profit (%)	173 (2.9%)	146 (2.5%)	92 (1.6%)	154 (2.6%)	565 (2.4%)	564 (8.1%)	635 (8.8%)	338 (4.9%)			
	Recurring Profit	-128	461	387	767	1,487	498	925	34			
	Net Profit	-123	385	339	621	1,222	422	707	25			

* Divisional sales includes internal transaction between divisions

** As PC business was transferred from DM to MC division in July of 2008, adjustments were made for apple-to-apple comparison

Appendix

Divisional Sales (Global*)

(Unit :KRW bn)

		1Q'07	2Q'07	3Q'07	4Q'07	FY07	1Q'08	2Q'08	3Q'08	QoQ	YoY	4Q'08
DA	Sales	2,941	3,604	2,785	2,473	11,803	3,047	3,781	3,215	-15.0%	15.4%	
	Op. Profit (%)	169 (5.7%)	292 (8.1%)	150 (5.4%)	107 (4.3%)	717 (6.1%)	144 (4.7%)	272 (7.2%)	134 (4.2%)			
DD	Sales	2,754	2,727	3,170	3,968	12,619	3,637	3,742	3,852	2.9%	21.5%	
	Op. Profit (%)	-262 (-9.5%)	-138 (-5.1%)	-29 (-0.9%)	-11 (-0.3%)	-440 (-3.5%)	1 (0.0%)	38 (1.0%)	16 (0.4%)			
DM	Sales	1,083	996	1,036	1,146	4,261	993	983	1,104	12.4%	6.6%	
	Op. Profit (%)	18 (1.6%)	-3 (-0.3%)	22 (2.1%)	23 (2.0%)	60 (1.4%)	15 (1.5%)	26 (2.6%)	37 (3.3%)			
MC	Sales	2,808	3,115	2,936	3,334	12,192	3,643	4,086	3,815	-6.6%	29.9%	
	Op. Profit (%)	114 (4.1%)	324 (10.4%)	227 (7.7%)	270 (8.1%)	935 (7.7%)	456 (12.5%)	524 (12.8%)	387 (10.2%)			
Handset	Sales	2,354	2,709	2,496	2,917	10,476	3,195	3,754	3,514	-6.4%	40.8%	
	Op. Profit (%)	110 (4.7%)	313 (11.6%)	209 (8.4%)	257 (8.8%)	889 (8.5%)	444 (13.9%)	540 (14.4%)	406 (11.5%)			
Others	Sales	8	-11	-16	-7	-27	-102	144	23			
	Op. Profit	-11	-11	-9	-8	-38	-10	-2	-4			
Total	Sales	9,593	10,430	9,911	10,914	40,848	11,218	12,735	12,009	-5.7%	21.2%	
	Op. Profit (%)	28 (0.3%)	464 (4.4%)	362 (3.6%)	381 (3.5%)	1,234 (3.0%)	605 (5.4%)	856 (6.7%)	571 (4.8%)			

* Divisional sales pertains solely LG Electronics Korea and its overseas subsidiaries and includes internal transactions

** As PC business was transferred from DM to MC division in July of 2008, adjustments were made for apple-to-apple comparison