

**17<sup>th</sup> Annual Shareholders' Meeting**

# **Description of Agenda Items**

**February 2019  
LG Electronics Inc.**

# 17th Annual Shareholders' Meeting and Agenda Items for Approval

## ☐ Date and Venue

- Date : March 15<sup>th</sup>, 2019 (Friday) 9:00 A.M
- Venue : LG Twin Towers East Building B1 Auditorium

## ☐ Agenda Items for Approval (February 18<sup>th</sup> Resolution of Board of Directors)

<b>Item 1 : Approval of Proposed FY 2018 Financial Statements</b>	- Dividend per share : Common Stock 750 KRW, Preferred Stock 800 KRW
<b>Item 2 : Approval of Amendment of Article of Incorporation</b>	- As Electronic Security Act shall be effective in the near future, the articles related to electronic registration of Shares, Bonds, Preemptive Rights should be reflected in Article of Incorporation - Participation of Board of Directors meeting via audio (with or without video) method is now enabled under Article of Incorporation as per new Korean Commercial Code
<b>Item 3 : Appointment of Directors</b>	- Inside Director : DO HYUN JUNG (Reelection) - Other Director Not Engaged in Regular Business : YOUNG-SOO KWON (New Appointment) - Outside Director : SANG-GOO LEE (New Appointment) - Outside Director : DAE HYUNG KIM(Reelection)
<b>Item 4: Appointment of Audit Committee Member</b>	- Outside Director as Audit Committee Member : YONG HO BAEK (New Appointment), DAE HYUNG KIM(Reelection)
<b>Item 5 : Approval of Compensation Limit for Directors</b>	- Compensation Limit 9.0 Billion KRW (Previous Year: 9.0 Billion KRW)

Item #1: Approval of Proposed FY 2018 Financial Statements  
(Consolidated Statements of Income)

(KRW billion)

	2017	2018	YoY
<b>Net sales</b>	<b>61,396</b>	<b>61,342</b>	<b>(55)</b>
Cost of Sales	46,738	46,261	
<b>Gross profit</b>	<b>14,659</b>	<b>15,081</b>	<b>422</b>
<b>(%)</b>	<b>23.9%</b>	<b>24.6%</b>	<b>0.7%</b>
Selling & Admin Expense	12,190	12,378	188
<b>Operating Income</b>	<b>2,469</b>	<b>2,703</b>	<b>235</b>
<b>(%)</b>	<b>4.0%</b>	<b>4.4%</b>	<b>0.4%</b>
Financial expenses	(347)	(309)	
Gain(Loss) on equity method investment	668	(77)	
Other non-operating expenses	(231)	(308)	
<b>Net profit before income tax</b>	<b>2,558</b>	<b>2,009</b>	
Income tax expense	689	536	
<b>Net profit</b>	<b>1,870</b>	<b>1,473</b>	<b>(397)</b>
Earnings per share for profit attributable to the ordinary equity holders of the Parent Company(in KRW)	9,579	6,882	

**Item #1: Approval of Proposed FY 2018 Financial Statements  
(Consolidated Statements of Comprehensive Income)**

(KRW billion)

	2017	2018	YoY
<b>Profit for the year</b>	<b>1,870</b>	<b>1,473</b>	<b>(397)</b>
<b>Other comprehensive income(loss), net of tax items that will not be reclassified subsequently to profit or loss</b>			
Actuarial profit(loss) on defined benefit liability	97	(74)	
Shares of actuarial profit(loss) of associates	(1)	2	
Available-for-sale financial assets		(0.6)	
<b>Items that will be reclassified subsequently to profit or loss</b>			
Currency translation differences	(461)	(24)	
Cash flow hedges	30	(36)	
Available-for-sale financial assets	(1)	0	
Other comprehensive loss from associates and JV	(99)	(9)	
<b>Total comprehensive income for the year, net of tax</b>	<b>1,434</b>	<b>1,332</b>	<b>(102)</b>
<b>Comprehensive income(loss) for the year, net of tax, attributable to</b>			
Equity holders of the Parent Company	1,310	1,098	
Non-controlling interest	124	234	

# Item #1: Approval of Proposed FY 2018 Financial Statements (Consolidated Statements of Financial Position)

(KRW billion)

	2018 Beginning(*)	2018 Ending	YoY
<b>Assets</b>			
<b>Current assets</b>	<b>19,774</b>	<b>19,363</b>	<b>(411)</b>
Cash and cash equivalents	3,351	4,270	
Trade receivables	8,323	6,372	
Inventories	5,908	6,021	
Contract assets	435	764	
Other current assets	1,757	1,936	
<b>Non-current assets</b>	<b>22,030</b>	<b>24,966</b>	<b>2,936</b>
Investments in associates and joint ventures	5,620	5,538	
Tangible/intangible assets	13,655	16,335	
Other non-current assets	2,754	3,093	
	<b>41,804</b>	<b>44,328</b>	<b>2,525</b>
<b>Liabilities</b>	<b>27,126</b>	<b>28,022</b>	<b>895</b>
Trade payables	8,138	7,217	
Borrowings	9,451	10,901	
Provisions	911	1,016	
Contract liabilities	970	1,144	
Other liabilities	7,657	7,744	
	<b>41,804</b>	<b>44,328</b>	<b>2,525</b>
<b>Equity</b>			
Paid in capital	3,992	3,992	
Retained earnings	10,985	12,075	
Accumulated other comprehensive loss	(1,540)	(1,605)	
Other components of equity	(210)	(210)	
Non controlling interest	1,449	2,054	
	<b>14,677</b>	<b>16,307</b>	<b>1,630</b>
<b>Debt ratio</b>	<b>184.8%</b>	<b>171.8%</b>	<b>-13.0%</b>

(\*) As new K-IFRS 1115(revenue from contracts from customers) and 1109(financial instruments) are adopted, restated balance sheet as of the beginning of 2018 in lieu of balance sheet as of the ending 2017 is presented herein.

**Item #1: Approval of Proposed FY 2018 Financial Statements  
(Consolidated Statements of Changes in Equity)**

(KRW billion)

	2017			2018		
	Owners equity	Non controlling interest	Total	Owners equity	Non controlling interest	Total
<b>Balance at the beginning of year</b>	<b>11,987</b>	<b>1,370</b>	<b>13,357</b>	<b>13,224</b>	<b>1,449</b>	<b>14,674</b>
Retained earnings				21	0	21
Accumulated other comprehensive income				(17)	0	(17)
				4		4
<b>Restated Balance at the beginning of year</b>				<b>13,228</b>	<b>1,449</b>	<b>14,677</b>
<b>Changes in Equity</b>						
Retained earnings	1,731	118	1,848	1,091	188	1,278
Accumulated other comprehensive income	(494)	(38)	(531)	(65)	(4)	(69)
Others	(0)	0	(0)	0	420	420
	<b>1,237</b>	<b>80</b>	<b>1,317</b>	<b>1,026</b>	<b>604</b>	<b>1,630</b>
<b>Balance at the end of year</b>	<b>13,224</b>	<b>1,449</b>	<b>14,674</b>	<b>14,253</b>	<b>2,054</b>	<b>16,307</b>

**Item #1: Approval of Proposed FY 2018 Financial Statements  
(Consolidated Statements of Cash Flows)**

(KRW billion)

	2017	2018
<b>Cash flows from operating activities</b>		
Cash generated from operations	2,938	5,293
Interest received	81	101
Dividends received	69	69
Interest paid	(384)	(426)
Income tax paid	(537)	(495)
	<b>2,166</b>	<b>4,542</b>
<b>Cash flows from investing activities</b>		
Increase in tangible/intangible assets	(3,219)	(3,844)
Others	636	(576)
	<b>(2,583)</b>	<b>(4,420)</b>
<b>Cash flows from financing activities</b>		
Decrease in borrowings	958	942
Dividends paid	(117)	(123)
	<b>841</b>	<b>819</b>
<b>Exchange losses on cash and cash equivalents</b>	<b>(89)</b>	<b>(21)</b>
<b>Net increase in cash and cash equivalents</b>	<b>336</b>	<b>920</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>3,015</b>	<b>3,351</b>
<b>Cash and cash equivalents at the end of year</b>	<b>3,351</b>	<b>4,270</b>

**Item #1: Approval of Proposed FY 2018 Financial Statements  
(Separate Statements of Income)**

(KRW billion)

	2017	2018	YoY
<b>Net sales</b>	<b>31,967</b>	<b>29,982</b>	<b>(1,985)</b>
Cost of Sales	25,341	23,614	
<b>Gross profit</b>	<b>6,625</b>	<b>6,368</b>	<b>(257)</b>
<b>(%)</b>	<b>20.7%</b>	<b>21.2%</b>	<b>0.5%</b>
<b>Selling &amp; Admin Expense</b>	<b>5,924</b>	<b>5,881</b>	
<b>Operating Income</b>	<b>701</b>	<b>488</b>	<b>(214)</b>
<b>(%)</b>	<b>2.2%</b>	<b>1.6%</b>	<b>-0.6%</b>
Financial expenses	(255)	(207)	
Other non-operating expenses	326	(214)	
<b>Net profit before income tax</b>	<b>773</b>	<b>68</b>	
Income tax expense	14	72	
<b>Net profit</b>	<b>758</b>	<b>(5)</b>	<b>(763)</b>
Earnings per share for profit attributable to the ordinary equity holders of the Parent Company(in KRW)	4,205	(31)	



**Item #1: Approval of Proposed FY 2018 Financial Statements  
(Separate Statements of Comprehensive Income)**

(KRW billion)

	2017	2018	YoY
<b>Net income for the year</b>	<b>758</b>	<b>(5)</b>	<b>(763)</b>
<b>Other comprehensive income(loss)</b>			
<b>Items that will not be reclassified subsequently to profit or loss :</b>			
Actuarial loss on defined benefit liability	66	(76)	
Available-for-sale financial assets	0	(1)	
<b>Items that will be reclassified subsequently to profit or loss :</b>			
Cash flow hedges	29	(30)	
Available-for-sale financial assets	(1)	0	
	<b>94</b>	<b>(108)</b>	<b>(202)</b>
<b>Total comprehensive income(loss) for the year, net of tax</b>	<b>852</b>	<b>(113)</b>	<b>(965)</b>

# Item #1: Approval of Proposed FY 2018 Financial Statements (Separate Statements of Financial Position)

(KRW billion)

	2018 Beginning(*)	2018 Ending	YoY
<b>Assets</b>			
<b>Current assets</b>	<b>9,661</b>	<b>7,838</b>	<b>(1,823)</b>
Cash and cash equivalents	1,586	1,110	
Trade receivables	5,428	3,726	
Inventories	1,344	1,505	
Contract assets	331	465	
Other current assets	973	1,032	
<b>Non-current assets</b>	<b>18,647</b>	<b>20,027</b>	<b>1,380</b>
Investments in associates and joint ventures	8,066	9,108	
Tangible/intangible assets	8,617	8,950	
Other non-current assets	1,965	1,969	
	<b>28,308</b>	<b>27,866</b>	<b>(443)</b>
<b>Liabilities</b>			
Trade payables	6,126	5,554	
Borrowings	7,442	7,901	
Provisions	408	474	
Contract liabilities	434	460	
Other liabilities	4,350	4,115	
	<b>18,760</b>	<b>18,503</b>	<b>(257)</b>
<b>Equity</b>			
Paid in capital	3,992	3,992	
Retained earnings	5,615	5,461	
Accumulated other comprehensive loss	(26)	(57)	
Other components of equity	(33)	(33)	
Non controlling interest	9,548	9,363	
	<b>9,548</b>	<b>9,363</b>	<b>(186)</b>
<b>Debt ratio</b>	<b>196.5%</b>	<b>197.6%</b>	<b>1.1%</b>

(\*) As new K-IFRS 1115(revenue from contracts from customers) and 1109(financial instruments) are adopted, restated balance sheet as of the beginning of 2018 in lieu of balance sheet as of the ending 2017 is presented herein.

**Item #1: Approval of Proposed FY 2018 Financial Statements  
(Separate Statements of Changes in Equity)**

	(KRW billion)	
	2017	2018
<b>Balance at the beginning of year</b>	<b>8,766</b>	<b>9,545</b>
Retained earnings		12
Accumulated other comprehensive income		(8)
		4
<b>Restated Balance at the beginning of year</b>		<b>9,548</b>
Retained earnings	824	(81)
Dividend	(73)	(73)
Accumulated other comprehensive loss	28	(31)
	<b>779</b>	<b>(186)</b>
<b>Balance at the end of year</b>	<b>9,545</b>	<b>9,363</b>

**Item #1: Approval of Proposed FY 2018 Financial Statements  
(Separate Statements of Cash Flows)**

(KRW billion)

	2017	2018
<b>Cash flows from operating activities</b>		
Cash generated from operations	558	1,828
Interest received	13	23
Dividends received	454	221
Interest paid	(217)	(241)
Income tax paid	(116)	(14)
	<b>693</b>	<b>1,817</b>
<b>Cash flows from investing activities</b>		
Increase in tangible/intangible assets	(1,647)	(1,463)
Others	540	(1,203)
	<b>(1,107)</b>	<b>(2,639)</b>
<b>Cash flows from financing activities</b>		
Increase in borrowings	897	421
Dividends paid	(73)	(73)
	<b>824</b>	<b>348</b>
<b>Exchange losses on cash and cash equivalents</b>	<b>(5)</b>	<b>(2)</b>
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>405</b>	<b>(476)</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>1,182</b>	<b>1,586</b>
<b>Cash and cash equivalents at the end of year</b>	<b>1,586</b>	<b>1,110</b>

**Item #1: Approval of Proposed FY 2018 Financial Statements  
(Statements of Appropriation of Retained Earnings)**

(KRW billion)

	2017	2018
<b>Unappropriated retained earnings(deficit)</b>		
Retained earnings carried forward	0	0
Changes of accounting policy	0	12
Shares of actuarial loss of associates	66	(76)
Profit(loss) for the year	758	(5)
	<b>824</b>	<b>(69)</b>
 <b>Transfer from voluntary reserve</b>		
Reserve for research and human resource development	4,604	5,348
 <b>Total</b>	<b>5,428</b>	<b>5,278</b>
 <b>Appropriations of retained earnings</b>		
Earned surplus reserve	7	14
Reserve for research and human resource development	5,348	5,129
Dividends	73	136
	<b>5,428</b>	<b>5,278</b>
 Unappropriated Retained Earnings	0	0

## Item #2: Approval of Amendment of Article of Incorporation

### (1) Background

- As Electronic Security Act shall be effective on and after Sep. 2019 for enhancing the efficiency and transparency of security transactions, the articles related to electronic registration of Shares, Bonds, and Preemptive Rights should be reflected in Article of Incorporation
- Participation of Board of Directors meeting via audio (with or without video) method is now enabled under the Article of Incorporation as per new Korean Commercial Code

### (2) Summary of Amendments

- Amended Article 7 (Denomination of Share Certificates) to enable electronic registration of Shares, and Certificates of Preemptive Rights to New Shares, as no physical share certificates shall be issued
- Newly stipulated the electronic registration of bonds at issuance
- Reflected the change in the work scope of transfer agent, for major duties of transfer agent shall be changed
- Deleted the shareholders' duty on the registration of identification information (e.g., address, names, signatures), as registration of such with a transfer agent is no longer required
- Broadened the way Board of Directors can participate in meetings, deeming speaking and hearing via telecommunication systems to be physically present at the meeting
- Addenda sets forth that Amended Articles 7, 18, 19, and 19-2 shall be effective from the enforcement date of the Electronic Security Act

## Item #2: Approval of Amendment of Article of Incorporation

Current	Amendment
<p><b>Article 7. (Denominations of Share Certificates)</b></p> <p>Share certificates of the Company shall be issued in denominations representing One (1), Five (5), Ten (10), Fifty (50), One Hundred (100), Five Hundred (500), One Thousand (1,000) or Ten Thousand (10,000) shares per share certificate.</p>	<p><b>Article 7. (Electronic Registration of Rights Stated in Shares and Certificates of Preemptive Rights to New Shares)</b> The Company shall electronically register the rights stated in Shares and Certificates of Preemptive Rights to New Shares in the electronic accounts book, in lieu of issuing Shares and Certificates of Preemptive Rights to New Shares.</p>
<p><b>Article 18. (Transfer Agent)</b></p> <p>① The Company shall appoint a transfer agent in respect of the shares.</p> <p>② The Board of Directors shall determine the identity of the transfer agent, the scope of the responsibility of such transfer agent in dealing with the shares on behalf of the Company, and the location of the transfer agent's office and provide public notice of the details of such appointment.</p> <p>③ The Company shall keep the register of shareholders of the Company and any duplicate thereof at the office of the transfer agent. The Company shall entrust the transfer agent with the task of making records on the register of shareholders of any changes in the shareholders, registering the creation or termination of pledge of shares, and the insertion or deletion of trust property, as well as the issuance of share certificates, receipt of notices and other affairs concerning the shares of the Company.</p> <p>④ All acts carried on by the transfer agent as specified in paragraph 3 of this Article shall be performed in accordance with the Regulations for Securities Transfer Agent Services of the Transfer Agent.</p>	<p><b>Article 18. (Transfer Agent)</b></p> <p>① &lt;Unchanged&gt;</p> <p>② &lt;Unchanged&gt;</p> <p>③ The Company shall keep the list of shareholders or duplicates of the list at the office of a transfer agent, and entrust the transfer agent with the tasks of electronic registration of shares, management of lists of shareholders, and any other affairs related to shares.</p> <p>④ &lt;Unchanged&gt;</p>

## Item #2: Approval of Amendment of Article of Incorporation

Current	Amendment
<p><b>Article 19. (Notification of Names, Addresses, and Seal Impressions of Shareholders etc.)</b></p> <p>① Each shareholder and registered pledgee of shares of the Company must notify the transfer agent appointed pursuant to Article 18 of his name, address and seal impression.</p> <p>② Each shareholder and/or registered pledgee residing outside Korea must designate the place and an agent for receiving notices within Korea and notify details thereof to the transfer agent.</p> <p>③ The notification requirement shall apply mutatis mutandis to any change in the details notified pursuant to paragraphs 1 and 2 of this Article.</p>	<p>&lt;Deleted &gt;</p>
<p><u>&lt;Newly Stipulated&gt;</u></p>	<p><b>Article 19-2. (Electronic Registration of the Rights Stated in Bonds and Certificates of Preemptive Rights to New Shares )</b> The Company shall electronically register the rights stated in Bonds and Certificates of Preemptive Rights to New Shares in electronic accounts book, in lieu of issuing Bonds and Certificates of Preemptive Rights to New Shares.</p>
	<p><b>Addenda</b></p> <p>This Article of Incorporation shall be effective on and after March 15, 2019. However, Article 7, Article 19, and Article 19-2 shall be effective on and after the effective date of Electronic Security Act.</p>



## Item #2: Approval of Amendment of Article of Incorporation

Current	Amendment
<p><b>Article 36. (Adoption of Resolution of Board of Directors)</b></p> <p>① The quorum for a meeting of the Board of Directors shall be attendance by the majority of directors in office and all resolutions of the Board of Directors shall be adopted by a majority vote of directors present at such meeting.</p> <p>② Any director having an interest in the matter on which the resolution of the Board of Directors is being adopted shall not exercise his right to vote on such meeting.</p> <p>③ The Board of Directors may permit all or any Directors to participate at a meeting by way of telecommunications systems which allow all Directors to send and receive their respective motions and to speak and be heard simultaneously. Directors participating through such means shall be deemed to be physically present at the meeting.</p>	<p><b>Article 36. (Adoption of Resolution of Board of Directors)</b></p> <p>① &lt;Unchanged&gt;</p> <p>② &lt;Unchanged&gt;</p> <p>③ The Board of Directors may permit all or any Directors to participate at a meeting by way of speaking and hearing through telecommunication systems. Directors participating via such means shall be deemed to be physically present at the meeting.</p>

## Item #3: Appointment of Directors

### (1) Background

- Appointment of Directors has been set in accordance with Article 382 of the Korean Commercial Code and Article 28 of the Articles of Incorporation
- Terms of 3 Directors out of total 7 current Directors are to expire this year and 1 Director will resign

### (2) Item for Approval

- Reelect DO HYUN JUNG as Inside Director and newly appoint YOUNG-SOO KWON as Other Director Not engaged in Regular Business
- Reelect DAE HYUNG KIM as Outside Director and newly appoint SANG-GOO LEE as Outside Director

### (3) References

- The resignation registration of SANG-GOO LEE as Representative Director of IntelliSys shall complete before 17<sup>th</sup> Annual Shareholders Meeting
- Vice-Chairman YOUNG-SOO KWON at LG Corporation, the largest shareholder of LG Electronics is proposed to be elected. Vice-Chairman YOUNG-SOO KWON will discuss and mediate with the other Directors in order to create synergy across LG affiliates such as LG Display and LG Uplus, etc.

1) Term : 3 years

Items	Name	Appointment	Expiration	Year 2019 Plan	Comments
Inside Director	SEONG JIN JO	`18.Mar	`21.Mar	SEONG JIN JO	-
	DO HYUN JUNG	`17.Mar	`19.Mar	DO HYUN JUNG	Reelection <sup>1)</sup>
Other Director Not Engaged in Regular Business	BON JOON KOO	`17.Mar	To resign on `19.Mar	YOUNG-SOO KWON	New appointment <sup>1)</sup>
Outside Director	CHANG WOO LEE	`16.Mar	`19.Mar	SANG-GOO LEE	New appointment <sup>1)</sup>
	DAE HYUNG KIM	`16.Mar	`19.Mar	DAE HYUNG KIM	Reelection <sup>1)</sup>
	YONG HO BAEK	`17.Mar	`20.Mar	YONG HO BAEK	-
	JOON KEUN CHOI	`18.Mar	`21.Mar	JOON KEUN CHOI	-

## 1. Profile



- **Name : DO HYUN JUNG**
- **Position : Representative Director and CFO, President at LG Electronics**
- **Year of Birth : 1957**
- **Education**
  - **1981 Bachelor of Business Administration, Seoul National University**

## 2. Career

- **1983 Joined Planning & Coordination Team at LG Electronics**
- **2000 Business Coordination Team, Vice President at LG Electronics**
- **2003 Business Development Team, Vice President at LG Corp.**
- **2005 Finance and Economy Team, Executive Vice President at LG Corp.**
- **2008 CFO, Executive Vice President at LG Electronics**
- **2014~Present Representative Director and CFO, President at LG Electronics**

## 1. Profile



- **Name : YOUNG-SOO KWON**
- **Position : Representative Director and Vice Chairman at LG Corporation**
- **Year of Birth : 1957**
- **Education**
  - **1979 Bachelor of Business Administration, Seoul National University**
  - **1981 Master of Industrial and System Engineering, KAIST**

## 2. Career

- **1979 Long-term Planning Team at GoldStar**
- **2000 Corporate Finance Division, Vice President at LG Electronics**
- **2002 Executive Vice President at LG Electronics**
- **2006 CFO, President at LG Electronics**
- **2007 CEO, President at LG Display**
- **2012 Company President of Battery Business, President at LG Chem**
- **2016 CEO, Vice Chairman at LG Uplus**
- **2018~Present Representative Director and COO, Vice Chairman at LG Corporation**

## 1. Profile



- **Name : SANG-GOO LEE**
- **Position : Professor at Department of Computer Science and Engineering, Seoul National University**
- **Year of Birth : 1962**
- **Education**
  - '85 BS, Computer Science and Statistics, Seoul National University
  - '87 MS, Computer Science, Northwestern University, USA
  - '90 Ph.D, Computer Science, Northwestern University, USA

## 2. Career

- '90 Research Engineer, EDS, USA
- '92~Present Professor, Department of Computer Science and Engineering, Seoul National University
- '02 Director, Center for e-Business Technology, Seoul National University
- '10 President, Korea Society for E-Business Studies
- '12 Dean/CIO, Office of Information Systems and Technology, Seoul National University
- '18~Present Outside Director, SK Gas

## 1. Profile



- **Name:** DAE HYUNG KIM
- **Position:** (Former) GE Plastics Asia/Pacific CFO
- **Year of Birth:** 1950
- **Education:**
  - 1972 Bachelor of Business Administration, Korea University
  - 1981 MBA, University of Chicago

## 2. Career

- 1975 Ankwon Accounting Firm, KICPA (Korean Institute of Certified Public Accounting)
- 1982 AICPA (American Institute of Certified Public Accounting)
- 1984 Financial Director of Signetics Korea
- 1989 CFO of GE Korea
- 1993 GE Lighting China CFO
- 1997 GE Lighting Asia/Pacific CFO
- 1998 GE Lighting Global FP&A and Accounting Ops(Operation) Manager
- 2000 GE Plastics China CFO, GE Plastics Asia/Pacific CFO
- 2007 SABIC IP Asia/Pacific CFO
- 2009 SABIC Asia Financial Services Director
- 2013 SABIC IP Asia/Pacific Commercial Finance Director
- 2015 The Sevensedu Indonesia, PT, Finance Director

## Item #4: Appointment of Audit Committee Member

### (1) Background

- Appoint an Audit Committee Member in accordance with Article 542.12 of the Korean Commercial Code
- The terms of 2 Members out of total 3 Audit Committee Members are to expire

### (2) Item for Approval

- Reelect DAE HYUNG KIM (Outside Director) and newly appoint YONG HO BAEK (Outside Director) as Audit Committee Member

Name	Appointment	Expiration	Year 2019 Plan	Comments
CHANG WOO LEE	March '16	March '19	YONG HO BAEK	New appointment
DAE HYUNG KIM	March '16	March '19	DAE HYUNG KIM	Reelection
JOON KEUN CHOI	March '18	March '21	JOON KEUN CHOI	-

※ The term of Audit Committee Members is identical to the term of Directors appointment<sup>1)</sup>

Therefore, provided that elected, the terms of YONG HO BAEK and DAE HYUNG KIM are 1 year and 3 years respectively

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\*Note 1) Bylaws of Audit Committee Members, Article 5

Unless specifically indicated otherwise by Statue, Articles of Incorporation or submitted to the meeting of the shareholders, the term of Audit Committee Members is identical to the term of Directors appointment.

## 1. Profile



- **Name : YONG HO BAEK**
- **Position : Professor at Department of Policy Science in Ewha University**
- **Year of Birth : 1956**
- **Education**
  - **1980 Bachelor of Economics, Chung-Ang University**
  - **1983 Master of Economics, State University of New York**
  - **1985 Ph.D of Economics, State University of New York**

## 2. Career

- **2002 President of the Seoul Development Institute**
- **2008 Chairman of Korea Fair Trade Commission**
- **2009 National Tax Service Commissioner**
- **2010 Policy planning chief at Cheong Wa Dae**
- **2012 Special Assistant to the President**
- **2013~Present Professor at Department of Policy Science in Ewha University**



## 1. Profile



- **Name:** DAE HYUNG KIM
- **Position:** (Former) GE Plastics Asia/Pacific CFO
- **Year of Birth:** 1950
- **Education:**
  - 1972 Bachelor of Business Administration, Korea University
  - 1981 MBA, University of Chicago

## 2. Career

- 1975 Ankwon Accounting Firm, KICPA (Korean Institute of Certified Public Accounting)
- 1982 AICPA (American Institute of Certified Public Accounting)
- 1984 Financial Director of Signetics Korea
- 1989 CFO of GE Korea
- 1993 GE Lighting China CFO
- 1997 GE Lighting Asia/Pacific CFO
- 1998 GE Lighting Global FP&A and Accounting Ops(Operation) Manager
- 2000 GE Plastics China CFO, GE Plastics Asia/Pacific CFO
- 2007 SABIC IP Asia/Pacific CFO
- 2009 SABIC Asia Financial Services Director
- 2013 SABIC IP Asia/Pacific Commercial Finance Director
- 2015 The Sevensedu Indonesia, PT, Finance Director

# Item #4: Approval of Compensation Limit for Directors

## (1) Background

- To set the payroll limit for Directors in accordance with Article 388 of the Korean Commercial Code and Article 39 of the Articles of Incorporation
- Request the approval of compensation limit at the same level as previous year.

## (2) Item for Approval

- 2019 payroll limit : 9 billion KRW (2018: 9 billion)
- Compensation of Directors : Fixed annual income (basic income + income based on role) and bonus

Item	2018		2019 Plan
	Approved Limit	Actual Payroll	
Payroll Limit	9.0 billion KRW	4.9 billion KRW	9.0 billion KRW

## (3) References

- 9.0 billion KRW limit is set with the consideration of Directors' fixed annual income, maximum simulated results of bonus, and volatility of future compensations, which are difficult to foresee as of now, etc. Bonus is evaluated on the basis of both quantitative indexes(e.g., Sales, Operating Profit, etc) and non-quantitative indexes(e.g., mid-to-long term strategic task implementation for future business preparation, key tasks evaluation, etc)
- LGE has been paying the compensation of Directors as per the rules set in Board of Directors, within the limit approved in Shareholder Meeting, appropriately considering Directors' positions, roles, and performances. Details of compensation till first half 2018 are publicly disclosed in semi-annual report, which is posted in Korean public filing site.
- After the approval of compensation limit for Directors in the Meeting of the Shareholders, detailed plan of compensation is to be approved in the following Board of Directors Meeting on March 15th.