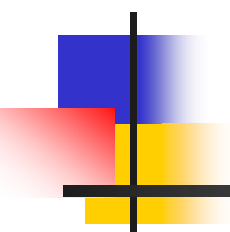


LG Electronics Global Focus on Contracts



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Prior Status & Change

- 2003-Just starting Global Legal Department
- Korea-Centric Business Culture
 - Limited Contract Consciousness
 - Limited central control/approval capability or focus
 - Limited personnel with contract negotiating or drafting skill
- 2004 Change begins
 - Larger/changing Global Legal Department
 - Started new/increased contract Training
 - New internal policies and efforts to focus on contracts and contract approval and storage processes



Contract Compliance Tasks & Goals

- **Basic Contract Skills 2003-04**
 - Need to establish consistent baseline
 - Educate Business Units on Global/US contract practices
 - Track Obligations, benefits and obligations
- **Waste Elimination 2007-Ongoing**
 - Maximize Contractual Rights
 - Meet Contract Obligations.
- **Enterprise Risk Management 2008-Ongoing**
 - Financial Risk Management
 - Compliance Risk Management



Improvement Path

- Hiring Experienced Contract & Legal Personnel Globally(2004 - continuing)
- Created Legal Service System to support Contract and Litigation Management Globally (2005)
- Promulgate Simple but Strict Process and Approval Policies (2005-refined in 2007)
- Increase training of business & inexperienced Contract and Legal staff
 - Ex: Used IACCM training for Global staff and China Legal
 - Cascaded Training Via Legal Departments to Business Units
 - Designating Contract Mangers/Owners in each business sub-group or division
 - Periodic and Targeted training for Use of internal Legal Service System



Current Focus: Waste Management via CRM

- Part of Global ERM-Enterprise Risk Management
- Major focus of Legal and Contract Teams is CRM-Compliance Risk Management
 - Legal & Regulatory
 - Contract Compliance
 - Part of Relationship Management
 - Minimize Legal Disputes
 - Maximize Contract Benefits