LG Display Co., Ltd.
Form 6-K
May 24, 2011
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 UNDER

THE SECURITIES EXCHANGE ACT OF 1934

For the month of May 2011

LG Display Co., Ltd.

(Translation of Registrant s name into English)

65-228 Hangangno 3-ga, Yongsan-gu, Seoul 140-716, Republic of Korea

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F x Form 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submission to furnish a report or other document that the registration foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant s home country), or under the rules of the home country exchange on which the registrant s securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant s security holders, and if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ¨ No x

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QUARTERLY REPORT

(From January 1, 2011 to March 31, 2011)

THIS IS A TRANSLATION OF THE QUARTERLY REPORT ORIGINALLY PREPARED IN KOREAN AND IS IN SUCH FORM AS REQUIRED BY THE KOREAN FINANCIAL SUPERVISORY COMMISSION.

IN THE TRANSLATION PROCESS, SOME PARTS OF THE REPORT WERE REFORMATTED, REARRANGED OR SUMMARIZED AND CERTAIN NUMBERS WERE ROUNDED FOR THE CONVENIENCE OF READERS.

UNLESS EXPRESSLY STATED OTHERWISE, ALL INFORMATION CONTAINED HEREIN IS PRESENTED ON A CONSOLIDATED BASIS IN ACCORDANCE WITH KOREAN INTERNATIONAL FINANCIAL REPORTING STANDARDS, OR K-IFRS, WHICH DIFFER IN CERTAIN RESPECTS FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CERTAIN OTHER COUNTRIES, INCLUDING THE UNITED STATES. WE HAVE MADE NO ATTEMPT TO IDENTIFY OR QUANTIFY THE IMPACT OF THESE DIFFERENCES IN THIS DOCUMENT.

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1. **Company**

A. Name and contact information

The name of our company is EL-GI DISPLAY CHUSIK HOESA, which shall be LG Display Co., Ltd. in English.

Our principal executive office is located at 65-228 Hangangno 3-ga, Yongsan-gu, Seoul 140-716, Republic of Korea, and our telephone number is +82-2-3777-1114. Our website address is http://www.lgdisplay.com.

B. Domestic credit rating

Subject	Month of rating	Credit rating	Rating agency (Rating range)
Commercial Paper	January 2006	A1	National Information & Credit Evaluation, Inc. (A1 ~ D)
	June 2006		
	December 2006		
	June 2007		
	December 2007		
	September 2008		
	December 2008		
	June 2006	A1	Korea Investors Service, Inc. (A1 ~ D)
	January 2007		
	June 2007		
	December 2007		
	September 2008		
Corporate Debenture	June 2006	AA-	National Information & Credit Evaluation, Inc. (AAA ~ D)
	December 2006	A+	
	June 2007		
	September 2008	AA-	
	July 2009		
	October 2009		
	February 2010		
	May 2010		
	December 2010		
	June 2006	AA-	Korea Investors Service, Inc. (AAA ~ D)
	January 2007	A+	
	June 2007		
	September 2008		
	July 2009	AA-	
	December 2009		
	February 2010		
	May 2010		
	August 2010		
	February 2011		
	October 2009	AA-	Korea Ratings, Inc. (AAA ~ D)
	December 2009		
	August 2010		
	December 2010		
	February 2011		

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C. Capitalization

(1) Change in capital stock (as of March 31, 2011)

(Unit: Won, Share)

Date	Description	Change in number of common shares	Face amount per share
July 23, 2004	Offering [1]	33,600,000	5,000
September 8, 2004	Follow-on offering [2]	1,715,700	5,000
July 27, 2005	Follow-on offering [3]	32,500,000	5,000

(1) ADSs offering: 24,960,000 shares (US$30 per share, US$15 per ADS) / Initial public offering in Korea: 8,640,000 shares ((Won)34,500 per share)
(2) ADSs offering: 1,715,700 shares ((Won)34,500 per share) pursuant to the exercise of greenshoe option by the underwriters
(3) ADSs offering: 32,500,000 shares (US$42.64 per share, US$21.32 per ADS)

(2) Convertible bonds (as of March 31, 2011)

(Unit: In millions of Won, Share)

Item		Content
Issue date		April 18, 2007
Maturity		April 18, 2012
Face amount [1]		(Won)513,480
Conversion shares		Registered common shares
Conversion period		Convertible into shares of common stock during the period from April 19, 2008 to April 3, 2012
Conversion price [2]		(Won)47,892 per share
Outstanding	Face amount	(Won)61,618
	Number of convertible shares [2]	1,286,594 shares if all are converted
Remarks		- Registered form - Listed on Singapore Exchange

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(1) Face amount translated from US$550 million at the noon buying rate of the Federal Reserve Bank of New York in effect on April 10, 2007 (which was the date the convertible bond purchase agreement was entered into), which was (Won)933.6 = US$1.00.

(2) Conversion price was adjusted from (Won)49,070 to (Won)48,760 and the number of convertible shares was adjusted from 10,464,234 to 10,530,762 following the approval by the shareholders of a cash dividend of (Won)750 per share at the annual general meeting of shareholders on February 29, 2008. Conversion price was further adjusted from (Won)48,760 to (Won)48,251 and the number of shares issuable upon conversion was adjusted from 10,530,762 to 10,641,851 following the approval by the shareholders of a cash dividend of (Won)500 per share at the annual general meeting of shareholders on March 13, 2009. Conversion price was further adjusted from (Won)48,251 to (Won)48,075 and the number of shares issuable upon conversion was adjusted from 10,641,851 to 10,680,811 following the approval by the shareholders of a cash dividend of (Won)500 per share at the annual general meeting of shareholders on March 12, 2010. In April 2010, certain holders of our US$550 million convertible bonds due 2012 exercised their put option for an aggregate principal amount of US$484 million and were repaid at 109.75% of their principal amount. The remaining US$66 million matures in 2012 at 116.77% of their principal amount. Accordingly, the number of shares issuable upon conversion changed from 10,680,811 to 1,281,697. Conversion price was further adjusted from (Won)48,075 to (Won)47,892 and the number of shares issuable upon conversion was adjusted from 1,281,697 to 1,286,594 following the approval by the shareholders of a cash dividend of (Won)500 per share at the annual general meeting of shareholders on March 11, 2011.

D. Voting rights (as of March 31, 2011)

(Unit: share)

Description	Number of shares
1. Shares with voting rights [A-B]	357,815,700
A. Total shares issued	357,815,700
B. Shares without voting rights	
2. Shares with restricted voting rights	
Total number of shares with voting rights [1-2]	357,815,700

E. Dividends

At the annual general meeting of shareholders on March 11, 2011, our shareholders approved a cash dividend of (Won)500 per share of common stock and payment of the dividends was made in April 2011.

Dividends during the recent three fiscal years

Description (unit)	2010	2009	2008
Par value (Won)	5,000	5,000	5,000
Profit for the period / Net income (million Won)	1,002,648 (3)	1,067,947 (4)	1,086,896 (4)
Earnings per share (Won) (1)	2,802	2,985	3,038
Total cash dividend amount (million Won)	178,908	178,908	178,908
Total stock dividend amount (million Won)			
Cash dividend payout ratio (%)	17.8	16.8	16.5
Cash dividend yield (%) (2)	1.3	1.3	2.2
Stock dividend yield (%)			
Cash dividend per share (Won)	500	500	500
Stock dividend per share (share)			

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(1) Earnings per share is based on par value of (Won)5,000 per share and is calculated by dividing net income by weighted average number of common stock.
(2) Cash dividend yield is the percentage that is derived by dividing cash dividend by the arithmetic average of the daily closing prices of our common stock during the one-week period ending two trading days prior to the closing of the register of shareholders for the purpose of determining the shareholders entitled to receive annual dividends.
(3) Profit for the period based on separate K-IFRS.
(4) Net income based on non-consolidated Korean GAAP.

2. Business

A. Business overview

We were incorporated in February 1985 under the laws of the Republic of Korea. LG Electronics and LG Semicon transferred their respective LCD business to us in 1998, and since then, our business has been focused on the research, development, manufacture and sale of display panels, applying technologies such as TFT-LCD, LTPS-LCD and OLED.

As of March 31, 2011, we operated TFT-LCD and OLED production facilities in Paju and Gumi, Korea and a LCD research center in Paju, Korea. We have also established subsidiaries in the United States, Europe and Asia.

As of March 31, 2011, our business consisted of (i) the manufacture and sale of LCD panels, (ii) the manufacture and sale of OLED panels and (iii) the manufacture and sale of television sets and monitors that utilize our LCD panels. Because our OLED, television set and monitor businesses represent an extremely small portion of our assets and revenues, only our LCD business has been categorized as a reporting business segment.

Financial highlights by business (based on K-IFRS)

(Unit: In billions of Won)

2011 (Q1)	LCD business
Sales Revenue	5,366
Gross Profit	233
Operating Profit (Loss)	(239)

B. Industry

(1) Industry characteristics and growth potential

TFT-LCD technology is one of the widely used technologies in the manufacture of flat panel displays, and the demand for flat panel displays is growing. The flat panel display industry is characterized by entry barriers due to rapidly evolving technology, capital-intensive characteristics, and the significant investments required to achieve economies of scale, among other factors. There is intense competition among the players in the industry, and the industry s production capacity, including ours, is continually increasing.

The demand for LCD panels for notebook computers and desktop monitors has grown, to a degree, in tandem with the growth in the information technology industry. The demand for LCD panels for television sets has been growing as digital broadcasting is becoming more common and as LCD television has come to play an important role in the digital display market. In addition, markets for small- to medium-sized LCD panels, such as those used in mobile phones, P-A/V, medical applications, automobile navigation systems and e-books, among others, have shown continued growth.

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The average selling prices of LCD panels may continue to decline with time irrespective of general business cycles as a result of, among other factors, technology advancements and cost reductions.

(2) Cyclicality

The TFT-LCD business is highly cyclical. In spite of the increased demand for products, this industry has experienced periodic volatility caused by imbalances between supply and demand due to capacity expansion within the industry.

Intense competition and expectations of demand growth may lead panel manufacturers to invest in manufacturing capacity on similar schedules, resulting in a surge in capacity when production is ramped up at new fabrication facilities.

During such surges in production capacity, the average selling prices of display panels may decline. Conversely, demand surges and inability of supply to meet such demand may lead to price increases.

(3) Market conditions

The TFT-LCD industry is highly competitive due largely to additional capacity expansion driven by TFT-LCD panel makers.

Most TFT-LCD panel makers are located in Asia.

a. Korea: LG Display, Samsung Electronics (including a joint venture between Samsung Electronics and Sony Corporation), Samsung Mobile Display, Hydis Technologies

b. Taiwan: AU Optronics, Chi Mei Innolux, CPT, Hannstar, etc.

c. Japan: Sharp, Panasonic LCD, etc.

d. China: SVA-NEC, BOE-OT, etc.

(4) Market shares

Our worldwide market share for large-sized TFT-LCD panels based on revenue is as follows:

	2011 (Q1) [1] [4]	2010 [2] [4]	2009 [3] [5]
Panels for Notebook Computers [6]	33.0%	33.2%	30.3%
Panels for Monitors	29.2%	26.5%	23.9%

Panels for Televisions	23.4%	23.4%	24.4%
Total	26.2%	25.4%	25.2%

(1) Source: 2011 Q2 DisplaySearch Quarterly Large-Area TFT LCD Shipment Report (advanced version with LED backlight).
(2) Source: 2010 Q4 DisplaySearch Large-Area TFT LCD Shipment Report (advanced version with LED backlight).
(3) Source: 2009 Q4 DisplaySearch Large-Area TFT LCD Shipment Report.
(4) Based on TFT-LCD panels that are 9 inches or larger.
(5) Based on TFT-LCD panels that are 10 inches or larger.
(6) Includes panels for netbooks.

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(5) Competitiveness

Our ability to compete successfully depends on factors both within and outside our control, including product pricing, our relationship with customers, successful and timely investment and product development, cost competitiveness, success in marketing to our end-brand customers, component and raw material supply costs, foreign exchange rates and general economic and industry conditions.

In order to compete effectively, it is critical to be cost competitive and maintain stable and long-term relationships with customers which will enable us to be profitable even in a buyer s market.

A substantial portion of our sales is attributable to a limited number of end-brand customers and their designated system integrators. The loss of these end-brand customers, as a result of customers entering into strategic supplier arrangements with our competitors or otherwise, would result in reduced sales.

Developing new products and technologies that can be differentiated from those of our competitors is critical to the success of our business. It is important that we take active measures to protect our intellectual property internationally by obtaining patents and undertaking monitoring activities in our major markets. It is also necessary to recruit and retain experienced key managerial personnel and skilled line operators.

As a leading technology innovator in the display industry, we continue to focus on delivering differentiated value to our customers by developing new technologies and products, including in the categories of 3D, touch screens and next generation displays. With respect to 3D technology, we have commenced mass production of high definition 3D panels with reduced degrees of crosstalk, or the degree of 3D image overlapping, of less than 1% (which is less than what the human eye can perceive). We have also acquired the technical skills and have established a supply chain management system that enables us to provide one-stop solutions to our customers with respect to touch module products. In addition, we have shown that we are technologically a step ahead of the competition by developing products such as 10.1-inch flexible LCDs, 2.6 mm thin televisions (the thinnest in the world at the time) and 19-inch flexible e-papers.

Moreover, we entered into long-term sales contracts with major global firms such as Dell, Hewlett Packard and Kodak of the United States and Japan s Toshiba, among others, to secure customers and expand partnerships for technology development. In January 2009 and April and December 2010, we entered into separate long-term supply agreements with Apple Inc. to supply display panels for three to five years.

C. New businesses

In order to meet the rapidly increasing market demand for large TFT-LCD panels, we decided in March 2010 to further expand P8 by investing in P83, which successfully commenced mass production in March 2011. In January 2011, we also decided to invest in a new eighth generation production facility, P98.

We also plan to strengthen our market position in future display technologies by strengthening our OLED business, accelerating the development of flexible display technologies and maintaining our leadership position in the LED backlight LCD market.

We are making an effort to increase our competitiveness, including in the LCD component parts market, by forming cooperative relationships with suppliers and purchasers of our products. As part of this effort, in March 2005, we established a joint venture company, Paju Electric Glass Co., Ltd., with Nippon Electric Glass Co., Ltd. We invested (Won)14.4 billion in return for a 40% interest in Paju Electric Glass Co., Ltd. In November 2010 and April 2011, we invested an additional (Won)14.8 billion and (Won)4.4 billion, respectively, in Paju Electric Glass Co., Ltd. but the additional investments did not change our percentage interest in Paju Electric Glass Co., Ltd. In July 2008, we purchased 6,850,000 shares of common stock of New Optics Ltd. at a purchase price of (Won)9.7 billion, and in February 2010, we purchased an additional 1,000,000 shares of common stock of New Optics at a purchase price of (Won)2.5 billion. In addition, in February 2009, we purchased 3,000,000 shares of common stock of LIG ADP Co., Ltd. (formerly ADP Engineering Co., Ltd.) at a purchase price of (Won)6.3 billion. In May 2009, we purchased 6,800,000 shares of common stock of Wooree LED Co., Ltd. at a purchase price of (Won)11.9 billion. In November 2009, we purchased TWD212.5 million in convertible bonds from Everlight Electronics Co., Ltd. In December 2009, we purchased 420,000 global depositary shares representing 420,000 shares of Prime View International Co., Ltd s common stock at a purchase price of US$9.9 million. In January 2010, we purchased 10.8 million shares of Can Yang Investment Limited representing a 15% interest at a purchase price of US$10.8 million. In October 2010, we invested an additional US$4.5 million and acquired 4.8 million additional shares of Can Yang Investment Limited, but the additional investment did not change our percentage interest in Can Yang Investment Limited.

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In October 2008, we established a joint venture company, Suzhou Raken Technology Ltd., with AmTRAN Technology Co., Ltd., a Taiwan corporation. We invested US$10.4 million in return for a 51% interest in Suzhou Raken Technology Ltd. Suzhou Raken Technology Ltd. will supply both parties with TFT-LCD modules and TFT-LCD televisions. Through the establishment of this joint venture, we are able to further expand our customer base by securing a stable long-term panel dealer. It also allows us to produce LCD modules and LCD television sets in a single factory, which enables us to provide our customers with products that are more competitive both in terms of technology and price. In 2009 and 2010, we invested an additional US$58.7 million and US$14.5 million, respectively, in Suzhou Raken Technology Ltd., but the additional investments did not change our percentage interest in Suzhou Raken Technology Ltd.

As part of our strategy to expand our production capacity overseas, we signed an investment agreement and a joint venture agreement in November 2009 with the City of Guangzhou, China, to build an eighth-generation panel fabrication facility in China.

In December 2009, certain LG affiliates and we entered into a joint venture investment agreement and established a joint venture company, Global OLED Technology LLC, for purposes of managing the patent assets relating to OLED technology that we acquired from Eastman Kodak Company in December 2009. As of December 31, 2009, we had invested (Won)72.3 billion in return for a 49% equity interest in the joint venture company. In June 2010, we sold (Won)19.0 billion worth of our equity interest in the joint venture company. After such sale, our equity interest was reduced to 32.73%.

In December 2009, we acquired a 30.6% limited partnership interest in LB Gemini New Growth Fund No. 16. Under the limited partnership agreement, we have agreed to invest a total amount of (Won)30 billion in the fund, and as of December 31, 2010, we had invested (Won)8.3 billion in the fund. By becoming a limited partner of this fund, our aim is to seek direct investment opportunities as well as to receive benefits from the investment. In February 2011, we received a distribution of (Won)1.4 billion from the fund, and in March and April 2011, we invested an additional (Won)1.9 billion and (Won)3.1 billion, respectively, in the fund. Our total net investment amount in the fund as of March 31, 2011 was (Won)8.8 billion. The additional investments did not change our limited partnership interest in the fund, which remained at 30.6%.

In order to establish a production base for LCD modules, LCD television sets and LCD monitors, we entered into a joint investment agreement with Top Victory Investment Ltd. in January 2010 and established L&T Display Technology (Xiamen) Ltd. and L&T Display Technology (Fujian) Ltd. in Xiamen and Fujian, China, respectively. We invested (i) (Won)7.1 billion and acquired a 51% equity interest in L&T Display Technology (Xiamen) Ltd. and (ii) (Won)10.1 billion and acquired a 51% equity interest in L&T Display Technology (Fujian) Ltd.

In May 2010, we completed the acquisition of the LCD module division of LG Innotek Co., Ltd. Through this acquisition, we expect to improve our module manufacturing process and simplify our supply chain which will increase our efficiency and competitiveness.

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In August 2010, in order to strengthen our competitiveness in the LED backlight LCD market, we entered into a joint venture with Everlight Electronics Co., Ltd. and AmTRAN Technology Co., Ltd. and established Eralite Optoelectronics (Jiangsu) Co., Ltd., a company that specializes in LED packaging and manufacturing, in Suzhou, China. We invested US$4 million and acquired a 20% equity interest in Eralite Optoelectronics (Jiangsu) Co., Ltd.

In September 2010, in order to strengthen our OLED business, we acquired a 20% equity interest in YAS Co., Ltd., which develops and manufactures OLED deposition equipment components, at a purchase price of (Won)10 billion.

In November 2010, in order to strengthen our e-book business, we acquired a 100% equity interest in Image & Materials, Inc., a company that develops and manufactures e-book deposition equipment components, at a purchase price of (Won)35 billion.

In October 2010, in order to strengthen our competitiveness in the e-book market, we entered into a joint venture with Iriver Ltd. and established L&I Electronics Technology (Dongguan) Limited, a company that specializes in e-book manufacturing, in Dongguan, China. We invested U.S. $2.6 million and acquired a 51% equity interest in L&I Electronics Technology (Dongguan) Limited.

In November 2010, in order to build Backlight-Module-System (BMS) lines that would help differentiate our technical skills from those of our competitors and increase our cost competitiveness, we entered into a joint venture with Compal Electronics, Inc., a Taiwanese company, and established LUCOM Display Technology (Kunshan) Ltd. in Kunshan, China. We invested US$2.3 million and acquired a 51% equity interest in LUCOM Display Technology (Kunshan) Ltd. In February and April 2011, we invested an additional US$ 3.1 million and US$2.3 million, respectively, in LUCOM Display Technology (Kunshan) Ltd., but the additional investments did not change our percentage interest in LUCOM Display Technology (Kunshan) Ltd.

In April 2011, in order to enhance the product quality and assist the local development of coaters, a component used in our TFT-LCD products, we invested (Won)20 billion and acquired a 16.6% interest in Narae Nanotech, a Korean equipment manufacturer.

3. Major Products and Raw Materials

A. Major products in 2011 (Q1)

We manufacture TFT-LCD panels, of which a significant majority is exported overseas.

(Unit: In billions of Won)

Business area	Sales types	Items (Market)	Specific use	Major trademark	Sales (%)
TFT-LCD	Product/ Service/ Other Sales	TFT-LCD (Overseas [1])	Panels for Notebook Computer, Monitor, Television, etc	LG Display	4,978 (92.8%)
		TFT-LCD (Korea [1])	Panels for Notebook Computer, Monitor, Television, etc	LG Display	388 (7.2%)
Total					5,366 (100%)

- Period: January 1, 2011 ~ March 31, 2011.

(1) Based on ship-to-party.

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B. Average selling price trend of major products

The average selling prices of LCD panels did not substantially change during the first quarter of 2011 compared to the fourth quarter of 2010. However, there is no assurance that the average selling prices of LCD panels in the future will not fluctuate due to imbalances in supply and demand.

(Unit: US$ / m^2)

Description	2011 Q1	2010 Q4	2010 Q3	2010 Q2
TFT-LCD panel (1) (2)	694	695	778	863

(1) Semi-finished products in the cell process have been excluded.
(2) Quarterly average selling price per square meter of net display area shipped.

C. Major raw materials

Prices of major raw materials depend on fluctuations in supply and demand in the market as well as on change in size and quantity of raw materials due to the increased production of large-sized panels.

(Unit: In billions of Won)

Business area	Purchase types	Items	Specific use	Purchase price	Ratio (%)	Suppliers
TFT-LCD	Raw Materials	Glass	LCD panel manufacturing	907	23.92%	Samsung Corning Precision Glass Co., Ltd., Nippon Electric Glass Co., Ltd., etc.
		Backlight		1,116	29.43%	Heesung Electronics Ltd., etc.
		Polarizer		581	15.32%	LG Chem, etc.
		Others		1,187	31.33%	-
Total				3,791	100%	-

- Period: January 1, 2011 ~ March 31, 2011.

4. Production and Equipment

A. Production capacity and calculation

(1) Calculation method of production capacity

Quarter: Maximum monthly input capacity (based on glass input substrate size for eighth generation glass sheets) during the quarter multiplied by the number of months (3 months).

Year: Maximum monthly input capacity (based on glass input substrate size for eighth generation glass sheets) during the year multiplied by the number of months (12 months).

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(2) Production capacity

(Unit: 1,000 Glass sheets)

Business area	Items	Business place	2011 (Q1)	2010	2009
TFT-LCD	TFT-LCD	Gumi, Paju	1,856	7,509	6,219

- Based on glass input substrate size for eighth generation glass sheets.

B. Production performance and utilization ratio

(1) Production performance

(Unit: 1,000 Glass sheets)

Business area	Items	Business place	2011 (Q1)	2010	2009
TFT-LCD	TFT-LCD	Gumi, Paju	1,694	6,490	5,231

- Based on glass input substrate size for eighth generation glass sheets.

(2) Utilization ratio

(Unit: Hours)

Business place (area)	Available working hours of 2011 (Q1)	Actual working hours of 2011 (Q1)	Average utilization ratio
Gumi (TFT-LCD)	2,160 (24 hours x 90 days)	2,160 (24 hours x 90 days)	100.0%
Paju (TFT-LCD)	2,160 (24 hours x 90 days)	2,160 (24 hours x 90 days)	100.0%

C. Investment plan

In connection with our strategy to expand our TFT-LCD production capacity, we estimate that we will incur capital expenditures on a cash out basis of approximately (Won)5.0 trillion in 2011. Such amount is subject to change depending on business conditions and market environment.

5. Sales

A. Sales performance

(Unit: In billions of Won)

Business area	Sales types	Items	(Market)	2011 (Q1)	2010	2009
TFT-LCD	Products, etc.	TFT-LCD	Overseas [(1)]	4,978	23,806	18,833
			Korea [(1)]	388	1,706	1,205

Total	5,366	25,512	20,038

(1) Based on ship-to-party.

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B. Sales route and sales method

(1) Sales organization

As of March 2011, each of our IT Business Unit, Television Business Unit and Mobile/OLED Business Unit had individual sales and customer support functions.

Sales subsidiaries in the United States, Germany, Japan, Taiwan, China and Singapore perform sales activities and provide local technical support to customers.

(2) Sales route

One of the following:

LG Display HQ and overseas manufacturing subsidiaries g Overseas sales subsidiaries (USA/Germany/Japan/Taiwan/China/Singapore), etc. g System integrators and end-brand customers g End users

LG Display HQ and overseas manufacturing subsidiaries g System integrators and end-brand customers g End users

(3) Sales methods and sales terms

Direct sales and sales through overseas subsidiaries, etc. Sales terms are subject to change depending on the fluctuation in the supply and demand of LCD panels.

(4) Sales strategy

To secure stable sales to major personal computer makers and leading consumer electronics makers globally. To increase sales of premium notebook computer products (including smartbooks), to strengthen sales of the high-end monitor segment (such as LED, IPS and slim monitors), to lead in the large and wide television market (including the LED television market) and to continually increase our market share in the 3D television market by utilizing film patterned retarder technology.

In the small- to medium-sized products segment, to strengthen our business portfolio by developing a diverse range of products, such as mobile phone (including smart phone), smartbook, car navigation, e-book, industrial products (including aviation and medical equipment), etc.

(5) Purchase orders

Customers generally place purchase orders with us one month prior to delivery. Our customary practice for procuring orders from our customers and delivering our products to such customers is as follows:

Receive order from customer (overseas sales subsidiaries, etc.) g Headquarter is notified g Manufacture product g Ship product (overseas sales subsidiaries, etc.) g Sell product (overseas sales subsidiaries, etc.)

6. Market Risks and Risk Management

A. Market risks

Our industry continues to experience continued declines in the average selling prices of display panels irrespective of cyclical fluctuations in the industry, and our margins would be adversely impacted if prices decrease faster than we are able to reduce our costs.

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The TFT-LCD industry is highly competitive. We have experienced pressure on the prices and margins of our major products due largely to additional industry capacity from panel makers in Korea, Taiwan, China and Japan. Our main competitors in the industry include Samsung Electronics (including its joint venture with Sony), Samsung Mobile Display, Infovision, Hydis Technologies, AU Optronics, Chi Mei Innolux, Chunghwa Picture Tubes, HannStar, SVA-NEC, BOE-OT, Sharp, Hitachi, TMDisplay, Mitsubishi and Panasonic LCD.

Our ability to compete successfully depends on factors both within and outside our control, including product pricing, performance and reliability, successful and timely investment and product development, success or failure of our end-brand customers in marketing their brands and products, component and raw material supply costs, and general economic and industry conditions. We cannot provide assurance that we will be able to compete successfully with our competitors on these fronts and, as a result, we may be unable to sustain our current market position.

Our results of operations are subject to exchange rate fluctuations. To the extent that we incur costs in one currency and generate sales in a different currency, our profit margins may be affected by changes in the exchange rates between the two currencies. Our sales of display panels are denominated mainly in U.S. dollars, whereas our purchases of raw materials are denominated mainly in U.S. dollars and Japanese Yen. Our risk management policy regarding foreign currency risk is to minimize the impact of foreign currency fluctuations on our foreign currency denominated assets and liabilities.

B. Risk management

The average selling prices of display panels have declined in general and could continue to decline with time irrespective of industry-wide cyclical fluctuations. Certain contributing factors for this decline will be beyond our ability to control and manage. However, in anticipation of such price decline we have continued to develop new technologies and have implemented various cost reduction measures. In addition, in order to manage our risk against foreign currency fluctuations, we have entered into cross-currency interest rate swap contracts and foreign currency forward contracts.

7. Derivative Contracts

A. Currency risks

We are exposed to currency risks on sales, purchases and borrowings that are denominated in currencies other than in Won, our functional currency. These currencies are primarily the U.S. dollar, the Euro and the Japanese Yen.

We generally use forward exchange contracts with a maturity of less than one year to hedge against currency risks.

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by our underlying operations, primarily in Won, the U.S. dollar and the Japanese Yen.

In respect of other monetary assets and liabilities denominated in foreign currencies, we ensure that our net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, when necessary, to address short-term imbalances. In addition, we also adjust the factoring volumes of foreign currency denominated receivables and utilize usances as means of settling accounts payables relating to capital expenditures for our facilities, in response to currency fluctuations.

B. Interest rate risks

Our exposure to interest rate risks relates primarily to our long term debt obligations. To the extent necessary, we hedge our interest rate risks by entering into interest swap contracts. As of March 31, 2011, we had no interest swap contracts outstanding.

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8. Major contracts

In January 2009 and April and December 2010, we entered into separate long-term supply agreements with Apple Inc. to supply LCD panels for three to five years. We have received long-term advances from Apple Inc. in the amount of US$1,080 million ((Won)1,196 billion) in connection with these agreements, which will be offset as consideration for products supplied to Apple Inc. Furthermore, the Industrial Bank of Korea provided us with a payment guarantee in the amount of US$200 million ((Won)221 billion) relating to the long-term advances received from Apple Inc.

9. Research & Development

A. Summary of R&D expenses

(Unit: In millions of Won)

Account		2011 (Q1)	2010	2009
	Material Cost	138,981	616,072	400,467
	Labor Cost	92,527	285,212	191,507
	Depreciation Expense	45,471	93,365	89,459
	Others	49,509	122,619	92,905
	Total R&D Expense	326,488	1,117,268	774,338
Accounting Treatment	Selling & Administrative Expenses	68,252	264,073	168,081
	Manufacturing Cost	226,066	717,848	505,585
	Development Cost (Intangible Assets)	32,170	135,347	100,672
R&D Expense / Sales Ratio [Total R&D Expense÷Sales for the period×100]		6.1%	4.4%	3.8%

B. R&D achievements

[Achievements in 2009]

1) Developments of 15.6-inch, 18.5-inch HD monitors for emerging market

Achieving cost reduction by focusing on basic functions and by applying GIP and DRD

2) Development of 22-inch WSXGA+ monitor applying White LED backlight

Development of our first environmentally friendly slim model (14.5mm in thickness)

Reduces power consumption by 47% compared to conventional CCFL model by applying White LED backlight

3) Development of 24-inch WUXGA+ monitor applying GIP

Development of the world s first monitor applying IPS GIP technology

Increased cost competitiveness by applying 960ch source driver integrated circuits chip, which reduces the number of integrated circuits: 8ea g 6ea

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4) Development of 55/47/42-inch FHD LED models

Development of Direct thicker LED model MP

Realization of TM240Hz

5) 240Hz driving technology development

Development of the world s first 1 Gate 1 Drain 240Hz driving technology

6) Development of low voltage liquid crystal development

Improving contrast ratio by 2.7%

Decreases voltage used in liquid crystals reducing circuit heat**;** decreases voltage by 6.9%

7) Development of Ez (Easy) Gamma technology

Minimize Gamma difference by using new measuring algorithm: 2.2±0.6 g 2.2±0.25

8) Development of 22-inch White+ technology

Increases transmissivity by 66% by using White+ Quad type pixel structure

9) Development of 55FHD direct slim LED model

Development of the world s first direct-mounted 16.3mm depth slim LCM

Realization of 240 block local dimming and Trumotion 240Hz

10) Development of 42HD GIP +TRD technology

The world s first application of the 42HD GIP + TRD structure

Removal of gate drive integrated circuits: 3ea g 0ea

Reduction in source drive integrated circuits: 6ea g 2ea

11) Development of TV3 CR5 Color PR

Realization of 100% BT709 reiteration rate by applying RGB Color Locus

Achieving a 5% increase in CR by decreasing size of Color PR pigment

12) Development of the world s first slim 27W FHD TN monitors

Reduces thickness by applying edge-mounted backlight: 37.2t g 21.6t

Reduces power consumption by 60% compared to conventional models by applying 4Lamp

Realization of MPRT 8ms by applying BDI technology

13) Development of the world s first 25W FHD TN new size monitors

Development of new aspect ratio model: 16:9 wide-format

Reduction in the number of driver integrated circuits by applying 960ch Source Driver: 8ea g 6ea

Removal of gate driver integrated circuits by applying GIP technology

14) Development of 16:9 wide-format power consum