LG Display Co., Ltd.
Form 6-K
November 28, 2011
Table of Contents

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 November 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

Table of Contents

QUARTERLY REPORT

(From January 1, 2011 to September 30, 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.

Contents

2

Table of Contents

Table of Contents

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 June 2006 December 2006 June 2007 December 2007 September 2008 December 2008	A1	National Information & Credit Evaluation, Inc. (A1 ~ D)
	June 2006 January 2007 June 2007 December 2007 September 2008	A1	Korea Investors Service, Inc. (A1 ~ D)
Corporate Debenture	June 2006	AA-	
	December 2006 June 2007 September 2008	A+	
	July 2009	AA-	National Information & Credit Evaluation, Inc.
	October 2009 February 2010 May 2010 December 2010 July 2011	AA-	(AAA ~ D)
	June 2006	AA-	Korea Investors Service, Inc.
	January 2007 June 2007 September 2008	A+	(AAA ~ D)
	July 2009 December 2009 February 2010 May 2010	AA-	

August 2010 February 2011 April 2011 August 2011 October 2011		
October 2009 December 2009 August 2010 December 2010 February 2011 April 2011 July 2011 October 2011	AA-	Korea Ratings, Inc. (AAA ~ D)

Table of Contents

C. Capitalization

(1) Change in capital stock (as of September 30, 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)

Table of Contents

(2) Convertible bonds (as of September 30, 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

(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 September 30, 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.

Table of Contents

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)			

(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 September 30, 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 September 30, 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, we have included them as part of our LCD reporting business segment.

Financial highlights by business (based on K-IFRS)

(Unit: In billions of Won)

2011 (Q1~Q3)	LCD business
Sales Revenue	17,681
Gross Profit	864
Operating Profit (Loss)	(780)

Table of Contents

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.

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~Q3) [1] [4]	2010 [2] [4]	2009 [3] [5]
Panels for Notebook Computers [6]	35.9%	33.2%	30.3%
Panels for Monitors	27.4%	26.5%	23.9%
Panels for Televisions	26.1%	23.4%	24.4%
Total	26.7%	25.4%	25.2%

Table of Contents

(1) Source: 2011 Q3 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.

(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, including those in the United States and Japan, to secure customers and expand partnerships for technology development.

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.

Table of Contents

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.

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. In June 2011, we received a further distribution of (Won)0.7 billion as return of principal and (Won)0.9 billion as dividends and we invested an additional (Won)1.2 billion in the fund. The additional investments did not change our investment commitment amount of (Won)30 billion or our limited partnership interest in the fund, which remained at 30.6%.

Table of Contents

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.

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 each of June 2011 and September 2011, respectively, we invested an additional (Won)3.0 billion in Image & Materials, Inc.

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 US$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 Corporation, a Korean equipment manufacturer. In June 2011, we invested an additional (Won)10.0 billion and acquired a further 7.7% interest in Narae Nanotech Corporation. As of September 30, 2011, we held a 23% equity interest in Narae Nanotech Corporation.

Table of Contents

3. Major Products and Raw Materials

A. Major products in 2011 (Q1~Q3)

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	16,182 (91.5%)
		TFT-LCD (Korea [1])	Panels for Notebook Computer, Monitor, Television, etc	LG Display	1,499 (8.5%)
Total					17,681 (100%)

- Period: January 1, 2011 ~ September 30, 2011.

(1) Based on ship-to-party.

B. Average selling price trend of major products

The average selling price of LCD panels per square meter of net display area in the third quarter of 2011 decreased by 5% from the second quarter of 2011. There is no assurance that the average selling prices of LCD panels will not fluctuate in the future due to imbalances in supply and demand.

(Unit: US$ / m^2)

Description	2011 Q3	2011 Q2	2011 Q1	2010 Q4
TFT-LCD panel [1][2]	704	743	702	707

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

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 [1]	Ratio (%)	Suppliers
TFT-LCD	Raw Materials	Glass	LCD panel manufacturing	2,640	22.14%	Samsung Corning Precision Glass Co., Ltd., Nippon Electric Glass Co., Ltd., etc.
		Backlight		3,672	30.79%	Heesung Electronics Ltd., etc.
		Polarizer		1,817	15.23%	LG Chem, etc.
		Others		3,797	31.84%	-
Total				11,926	100%	-

- Period: January 1, 2011 ~ September 30, 2011.

(1) Based on total cost for purchase of raw materials which includes manufacturing and development costs, etc.

Table of Contents

4. Production and Equipment

A. Production capacity and output

(1) Production capacity

The table below sets forth the production capacity of our Gumi and Paju facilities in the periods indicated.

(Unit: 1,000 Glass sheets)

Business area	Items	Business place	2011 (Q1~Q3) [1]	2010 [2]	2009 [2]
TFT-LCD	TFT-LCD	Gumi, Paju	5,840	7,509	6,219

(1) Calculated based on the maximum monthly input capacity (based on glass input substrate size for eighth generation glass sheets) during the period multiplied by the number of months in the period (i.e., 9 months).
(2) Calculated based on the maximum monthly input capacity (based on glass input substrate size for eighth generation glass sheets) during the year multiplied by the number of months in a year (i.e., 12 months).

(2) Production output

The table below sets forth the production output of our Gumi and Paju facilities in the periods indicated.

(Unit: 1,000 Glass sheets)

Business area	Items	Business place	2011 (Q1~Q3)	2010	2009
TFT-LCD	TFT-LCD	Gumi, Paju	4,932	6,490	5,231

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

B. Production performance and utilization

(Unit: Hours)

Business place (area)	Available working hours of 2011 (Q1~Q3)	Actual working hours of 2011 (Q1~Q3)	Average utilization ratio
Gumi (TFT-LCD)	6,552 [1] (273 days) [2]	6,470 [1] (270 days) [2]	98.7%
Paju (TFT-LCD)	6,198 [1] (258 days) [2]	5,634 [1] (235 days) [2]	90.9%

(1) Based on the assumption that all working hours in a day (i.e., 24 hours) have been fully utilized.
(2) No. of days are calculated by averaging the no. of working days for each facility. For Paju, includes facilities that commenced production in March 2011.

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 slightly in excess of (Won)4.0 trillion in 2011. Such amount is subject to change depending on business conditions and market environment.

Table of Contents

5. Sales

A. Sales performance

(Unit: In billions of Won)

Business area	Sales types	Items (Market)		2011 (Q1~Q3)	2010	2009
TFT-LCD	Products, etc.	TFT-LCD	Overseas [1]	16,182	23,806	18,833
			Korea [1]	1,499	1,706	1,205
			Total	17,681	25,512	20,038

(1) Based on ship-to-party.

B. Sales route and sales method

(1) Sales organization

As of September 30, 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 high-end notebook computer products (including smartbooks, IPS and slim and narrow bezel notebook computer products), to strengthen sales of the high-end monitor segment (such as LED, IPS, slim and narrow bezel and 3D 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, which is centered on high-end products applying IPS technology, to strengthen our business portfolio by developing a diverse range of products, such as mobile phone (including smartphone), smartbook, car navigation, e-book, industrial products (including aviation and medical equipment), etc.

Table of Contents

(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.

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, the Japanese Yen and the Chinese Renminbi.

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

Table of Contents

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, the Japanese Yen and the Chinese Renminbi.

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 September 30, 2011, we had no interest swap contracts outstanding.

8. Major contracts

Our material contracts, other than contracts entered into in the ordinary course of business, are set forth below.

Type of agreement	Name of party	Term	Content
Technology licensing agreement	Semiconductor Energy Laboratory	October 2005 ~	Patent licensing of LCD and OLED related technology
	Fergason Patent Properties	October 2007 ~	Patent licensing of LCD driving technology
	Hewlett-Packard	January 2011 ~	Patent licensing of semi-conductor device technology
Technology licensing/supply agreement	Chunghwa Picture Tubes	November 2007 ~	Patent cross-licensing of LCD technology
	Hannstar Display Corporation	November 2009 ~	Patent cross-licensing of LCD technology
	AU Optronics Corporation	August 2011~	Patent cross-licensing of LCD technology

Table of Contents

9. Research & Development

A. Summary of R&D expenses

(Unit: In millions of Won)

Account		2011 (Q1~Q3)	2010	2009
Material Cost		431,716	616,072	400,467
Labor Cost		278,949	285,212	191,507
Depreciation Expense		153,936	93,365	89,459
Others		133,748	122,619	92,905
Total R&D Expense		998,349	1,117,268	774,338
Accounting Treatment	Selling & Administrative Expenses	190,378	264,073	168,081
	Manufacturing Cost	712,116	717,848	505,585
	Development Cost (Intangible Assets)	95,855	135,347	100,672
R&D Expense / Sales Ratio [Total R&D Expense÷Sales for the period×100]		5.8%	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

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

Table of Contents

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 consumption saving monitors (200W HD+, 215W FHD, 230W FHD)

Reduces power consumption by 40% compared to conventional models by applying 2Lamp

Slim design which reduces thickness: 17.0t g 14.5t

To meet Energy Star 5.0 standards

15) Development of the world s first 22-inch WSXGA+ DRD (Double Rate Driving) monitors

A 50% reduction in source driver integrated circuits by applying Double Rate Driving technology: 8ea g 4ea

Removal of gate driver integrated circuits by applying GIP technology

Application of optimum thin-film transistor structure for Double Rate Driving monitors

16) Development of the world s first 23W e-IPS monitors

Slim design: Reduces thickness by applying edge-mounted backlight: 35.7t g 17t

Reduces power consumption by 50% compared to conventional model by applying 4Lamp

Realization of high aperture ratio by applying UH-IPS technology

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

Removal of gate driver integrated circuits by applying GIP technology

To meet Energy Star 5.0 standards

17) Development of high efficiency backlight technology

Removal of DBDEF-D Sheet by increasing backlight luminance level by more than 30% g development of high efficiency lamp and improvement of optics sheet optical efficiency

18

Table of Contents

18) Development of GIP and high aperture ratio technology for QHD IPS model

Stable GIP output in QHD IPS models

Maximizing transmissivity by applying UH-IPS technology and asymmetric pixel design

19) Development of three-dimensional display technology using the shutter glasses method.

Realization of stable rate of 172Hz

Realization of 4port low voltage differential signaling frequencies at a rate of 400MHz

Realization of ODC (Over Driver Circuit) tuning of GTG 3.5ms which is optimum for three-dimensional display

20) Development of 17.1-inch wide-format slim (flat type) panel applying COG (Chip On Panel) chip, our largest slim (flat type) panel

Development of our largest size slim (flat type) model (previously, our largest model was the 15.4-inch wide-format)

Reduction in thickness: 6.5mm g 4.3mm

21) Development of new high resolution 101W model (1024x600, 1366x768)

Achieving higher resolution: 1024x576 g 1024x600, 1366x768

22) Development of world s first 17.3-inch HD+ LED panel for notebook computers

New size and resolution for 16:9 wide-format

Existing model: 17.1-inch WXGA+ 1400x900 / New model: 17.3-inch HD+ 1600x900

23) Development of 13.3-inch HD LED panel for notebook computers

New size and resolution for 16:9 wide-format

24) Development of world s first 14.0-inch HD+ LED panel for notebook computers

New size and HD+ resolution (1600x900) for 16:9 wide-format

25) Development of world s first 15.6-inch HD+ LED panel for notebook computers

First HD+ resolution (1600x900) for 16:9 wide-format

26) Development of world s first 15.6-inch FHD LED panel for notebook computers

First FHD resolution (1920x1080) for 16:9 wide-format

27) Development of the first Green PC models (13.3-inch, 14.0-inch, 15.6-inch)

First models applying Green product concept (halogen free, low power consumption)

28) Development of DRD (Double Rate Driving) technology applying COG (Chip on Glass)

Development of the first COG that applies DRD technology (a 50% reduction in the number of COG drive integrated circuits)

29) Development of 10.1-inch SD (1024 x 600) model for netbooks

Improved resolution: 1024 x 576g1024 x 600

Reduction in cost by applying COG instead of COF

30) Development of 10.1-inch HD (1366 x 768) model for netbooks

Highest resolution among 10.1-inch models

Table of Contents

Reduction in cost by applying GIP technology

31) Development of 17.1-inch WUXGA flat type model

Development of largest flat type model (previously, largest model was 15.4-inch)

The thinnest among 17.1-inch models

Reduction in thickness: 6.5t g 4.3t

32) Developments of 11.6-inch HD monitor for netbooks

Development of largest/ highest resolution monitor for netbooks

Reduction in cost by applying GIP technology

33) Development of low-cost 26-inch and 32-inch HD model for televisions

World s first monitor without a cover shield

Application of sheet type support side

Reduction in cost by applying low-cost single bottom covers for mold frames

34) Development of large-sized (42-inch/47-inch) edge type LED LCD model for televisions

Development of our first model for televisions applying edge type LED backlight (mass production commenced in September 2009)

Slim depth (11.9mm in thickness) & narrow bezel (18mm in thickness)

35) Development of world s first S/D-IC + Tcon merging technology applicable to television monitors

Minimizing size of printed circuit board by applying 1380ch S/D-IC + ASIC technology and removing ASIC chip

A 49% cost reduction in manufacturing circuits

36) Achieving a full product line-up for netbook monitors

A full product line-up that covers the full spectrum of netbook monitor sizes from 8.9-inch to 11.6-inch models

37) Development of our first flat type monitor for netbooks

Development of 11.6-inch flat type HD monitor

38) Development of new LED-applied model utilizing vertical LED array technology

Development of 15.6-inch HD model applying vertical
LED array technology (technology applied in existing models: horizontal LED array)

Reduction in power consumption and raw material costs

39) Development of world s first 21.5W FHD IPS monitor applying white LED backlight technology

Application of environmentally friendly components including white LED backlight and halogen free parts

Achievement of high luminance (more than 330nit) by applying high efficiency white LED backlight

A 100% sRGB coverage

40) Development of world s first 27W QHD IPS monitor applying white LED backlight technology

Application of environmentally friendly components including white LED backlight and halogen free parts

Table of Contents

Achievement of high luminance (more than 380nit) by applying high efficiency white LED backlight

A 100% sRGB coverage

Realization of high resolution (2560x1440)

Removal of gate driver integrated circuits by applying GIP technology

41) Development of world s first 19-inch WXGA monitor applying DRD (Double Rate Driver)

A 50% reduction in the number of source driver integrated circuits by applying DRD (Double Rate Driving) technology

Removal of gate driver integrated circuits by applying GIP technology

Optimization of TFT design structure for DRD (Double Rate Driver) technology

42) Development of world s first 22W e-IPS monitor applying GIP technology

Achievement of high aperture ratio by applying UH-IPS technology

Reduction in the number of source driver integrated circuits by applying 960 channel chip (8eag6ea)

Removal of gate driver integrated circuits by applying GIP technology

43) Development of world s first QHD new high resolution monitor (27W QHD)

Achievement of high resolution (2560 x 1440)

Maximization of aperture ratio applying UH-IPS technology and elimination of gate driver integrated circuits by applying GIP technology

Achievement of high luminance and sRGB coverage of 100% applying high efficiency white LED

44) Development of world s first monitor applying GIP, DRD (Double Rate Driver) and I-VCOM monitor (185W HD)

50% reduction in the number of source driver integrated circuits by applying DRD (Double Rate Driving) technology

Elimination of gate driver integrated circuits by applying GIP technology

Elimination of DBEF Optical sheet by applying I-VCOM technology and optical efficiency improvement in backlight

45) Development of shutter glasses type three-dimensional monitor with full high definition

172Hz operation frame rate

Highest data interface speed of over 400MHz in 4port LVDS interface and achievement of GTG 3.5ms by optimal tuning of ODC (Over Driving Circuit)

46) One layer vertical LED monitor development and reinforcement of monitor product line up (200W HD+, 215W FHD, 230W FHD)

Minimization of the number of LED PKG applying vertical array structure

Elimination of DBEF Sheet applying two-in-one LED PKG

Slim design: optimization of mechanical structure

47) Development of world s first notebook monitor applying 2ea Sheet Backlight

Achieving cost competitiveness by switching from conventional 3~4ea sheet to 2ea complex sheet backlight (with the Diffuser Sheet eliminated)

Table of Contents

[Achievements in 2010]

48) Development of 9.7-inch AH-IPS model for Apple s i-Pad.

Development of the world s first IPS Tablet

Achieving the following viewing angles by applying AH-IPS: top (80°) / bottom (80°) / left (80°) / right (80°)

49) Development of second Green PC products (13.3-inch, 14.0-inch and 15.6-inch in high-definition)

Thin and light; low electricity consumption thereby increasing battery life

Development of Company-led flat product market

50) Development of world s first TruMotion 480Hz product (47-inch and 55-inch in full high-definition)

World s first application of 240hz driving technology and scanning technology to achieve TruMotion 480Hz.

50% reduction in source driver integrated circuits (from 16ea to 8ea) by applying 1 gate 1 drain technology

51) World s first full high-definition 47-inch three-dimensional display panels using Glass Patterned Retarder (GPR) technology

Achieving full high-definition for three-dimensional display panels using GPR technology

52) Development of our first large-sized display panels viewable in three-dimension using shutter glasses (42-inch, 47-inch, 55-inch in full high-definition)

Achieving high aperture ratio by applying S-IPS V technology

Removal of gate driver integrated circuits by applying GIP technology

Reduction in the number of integrated circuits (from 8ea to 6ea) by applying 960Ch source driver integrated circuits

53)

World s first LCD product which uses the LCD monitor s bottom cover as the back cover of a television set (32-inch, 37-inch and 42-inch in full high-definition)

Removal of the television set back cover by replacing it with the LCD monitor s bottom cover. Co-designed with a third party

54) Development of 42-inch and 47-inch full high-definition display panels for television to be sold in emerging markets

Focusing on basic functions and removing functions that are costly

Achieving cost reduction by applying GIP technology

55) Development of intra interface technology for large-sized, high resolution, high frequency display panels

Improved data transmission rate (from 660Mbps to 1.6Gbps)

Developing slim PCBs by decreasing the number of transmission lines

56) Development of our first 21.5-inch and 26-inch full high-definition Edge LED products

Application of 21.5-inch, 26-inch full high-definition TV LED BL and mid-sized full high-definition model Slim TCON (176Pin g 88Pin)

Table of Contents

57) Development of our first 32 high-definition Edge LED product

Application of 32-inch high-definition TV Edge LED BL

58) Development of our first 37-inch full high-definition M240Hz product

Development of 37-inch full high-definition 240Hz panel. Development and mass production of MEMC 240Hz with TCON model.

59) Development of 240Hz panel for LG Electronics Borderless TV

Development of Narrow Bezel 240Hz panel (Bezel 14mm g 7mm) for LG Electronics Borderless TV

60) Development of the world s first slim 23W full high-definition monitor in IPS mode

Slim design by applying slim-type LED backlight (thickness: 14.5t g 11.5t)

Cost saving by applying low voltage liquid crystal

Removal of gate driver integrated circuits by applying GIP technology

61) Development of the world s first slim 185W high-definition monitor in TN mode

Slim design by applying slim-type LED backlight (thickness: 11.5t g 9.7t)

50% reduction in source driver integrated circuits by applying DRD (Double Rate Driving) technology

Elimination of optical sheet by applying new TFT structure technology (I-VCOM)

Removal of gate driver integrated circuits by applying GIP technology

62) Development of 42-inch, 47-inch and 55-inch full high-definition monitors applying low cell gap (3.1 g 2.8um) technology

Enhanced 3D performance (3D CrossTalk 10.x% g 5.x%)

World s first application of this technology in 42-inch, 47 inch and 55-inch full high-definition products

63) Development of ultra slim 0.2t glass 12.1-inch notebook computer

Realization of ultra slim product by applying 0.2t glass and flat screen backlight structure

64) Development of world s first ultra slim 19SX TN monitor

Slim design by applying slim type LED backlight (thickness: 15.5 g 9.9t)

50% reduction (6ea to 3ea) in the number of source driver integrated circuits by applying DRD (Double Rate Driving) technology

Elimination of gate driver integrated circuits by applying GIP technology

65) Development of 215FHD e-IPS monitor products applying LED PKG

Reduction in the number of LED and LED array cost through optimization of LED PKG s beam and size

Realization of 2 sheet structure by adopting I-VCOM resulting in increased transmittance and backlight luminance

Elimination of gate driver integrated circuits by applying GIP technology

Minimization of LCM thickness by applying thin LED array structure (14.5t g 10.2t)

Table of Contents

66) Development and application of LED PKG in 215FHD TN monitor products

Reduction in the number of LED and LED array cost through optimization of LED PKG s beam and size

Elimination of DBEF sheet by adopting I-VCOM resulting in increased transmittance and backlight luminance

Elimination of gate driver integrated circuits by applying GIP technology

Minimization of LCM thickness by applying thin LED array structure (14.5t g 10.2t)

67) Development of world s first slim TN monitor (185W HD, 20W HD+, 215W/23W FHD)

Developing ultra slim monitor by cooperating with set makers in the design process (SET standard: over 20t g 12.9t)

Minimization of LCM thickness by applying thin LED array structure (11.5t g 8.2t)

Simplification of circuit by developing T-con + Scaler 1chip

68) Development of world s first ultra slim 215W FHD TN monitor