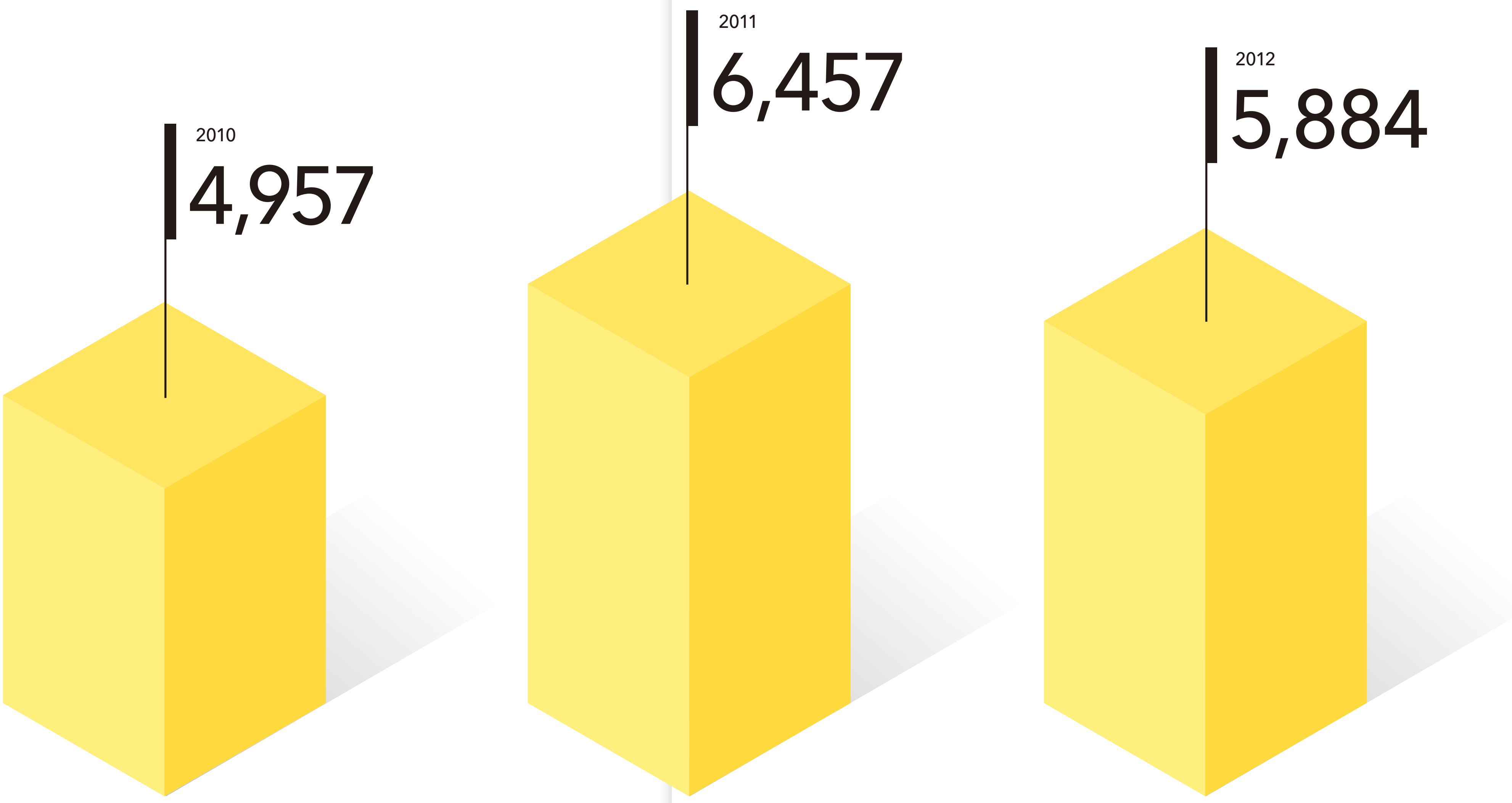
After recording sales of KRW 4,957 billion in 2010, the first year under the MOU with our creditor banks, we delivered the best performance in our history in 2011 with sales of KRW 6,457 billion as we continued to strengthen the global competitiveness of our core synthetic rubbers business through capacity expansion. In 2012, sales declined just under 9% to KRW 5,884 billion due to falling prices of both raw materials and products as the global economy weakened.

Sales

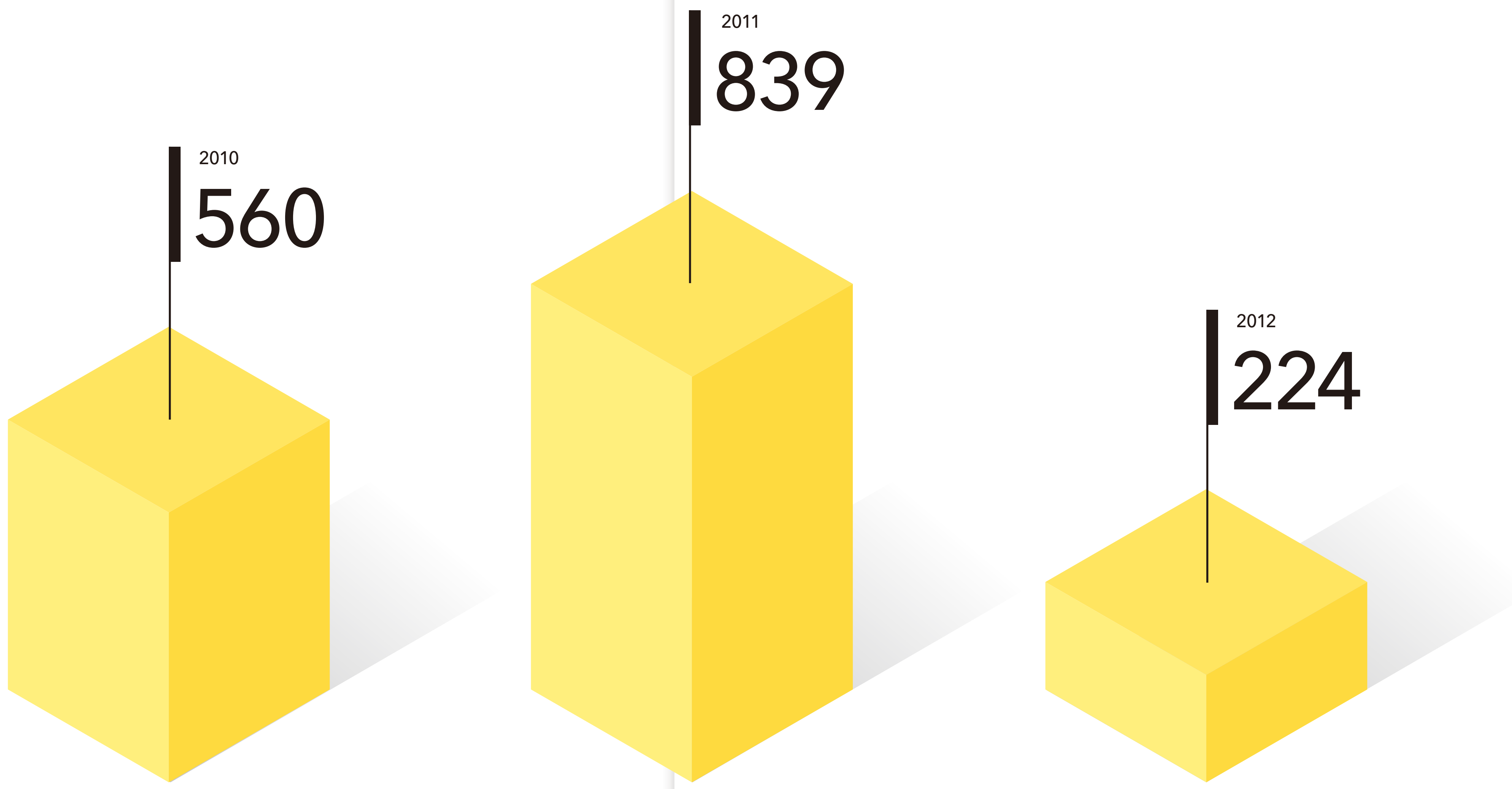
In KRW Billions



Operating income rose from KRW 560 billion in 2010 to KRW 839 billion in 2011 thanks to record sales and a boom in the synthetic rubber market that led to higher prices and profitability. In 2012, a major decline in demand for synthetic rubbers combined with volatile butadiene feedstock prices weakened profitability as operating income fell over 73% to KRW 224 billion.

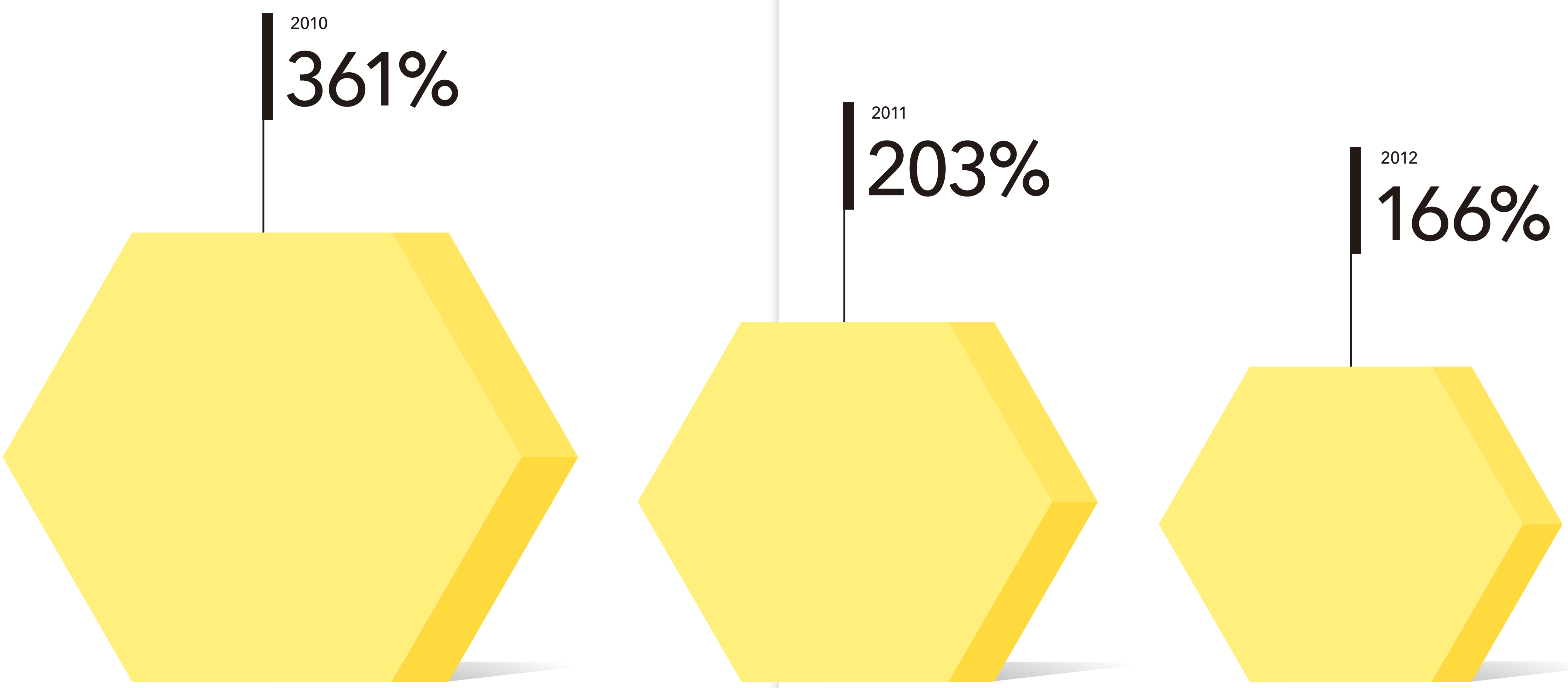
Operating Income

In KRW Billions



We have steadily reduced our debt-to-equity ratio from 361% at the end of 2010 by retiring or converting short-term debt into long-term debt, reducing our interest costs by winning credit upgrades, and improving our ability to generate cash. At the end of 2012, our net debt fell to KRW 1,843 billion, reducing our debt-to-equity ratio to 166%.

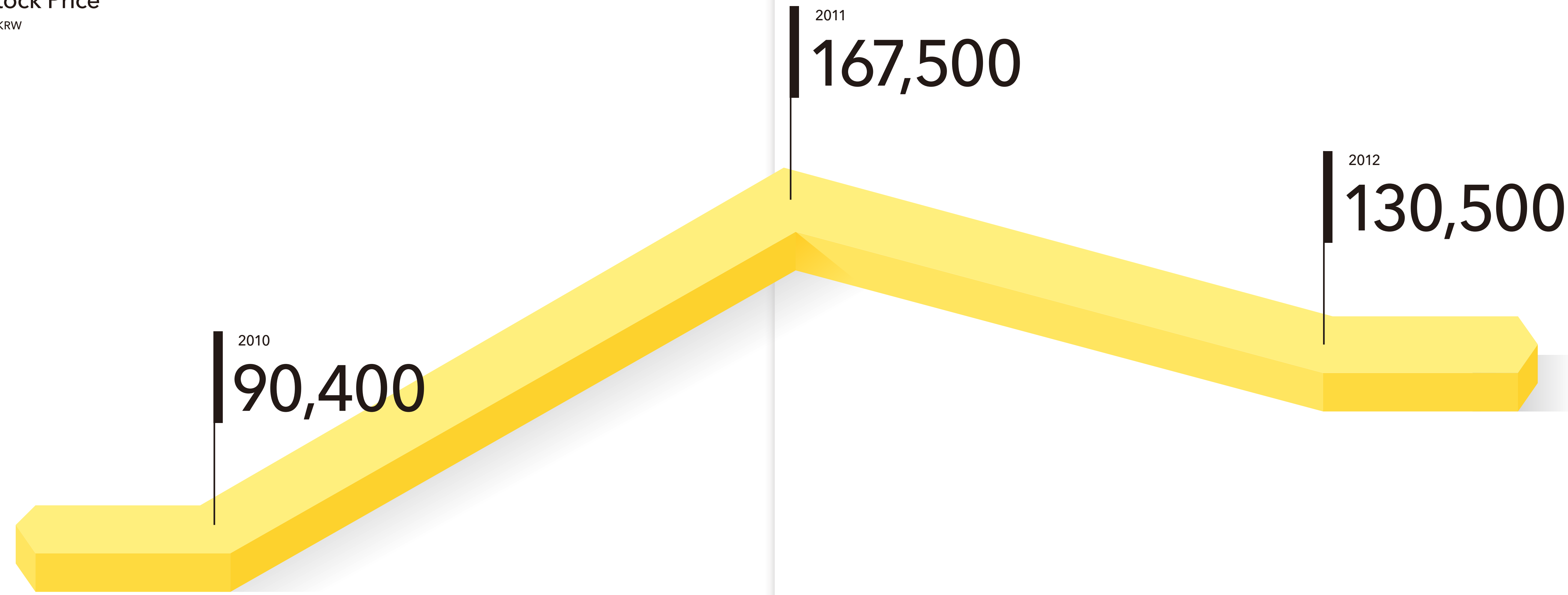
Debt-to-Equity Ratio



After closing 2010 at KRW 90,400, our stock began a steady climb on the strength of rising sales and profitability and an improved financial structure that saw it reach a record-high of KRW 253,000 in July 2011. However, declining demand and falling prices in our core synthetic rubbers business starting in late 2011 took a toll on our stock in 2012 as it finished the year down 22% at KRW 130,500.

Stock Price

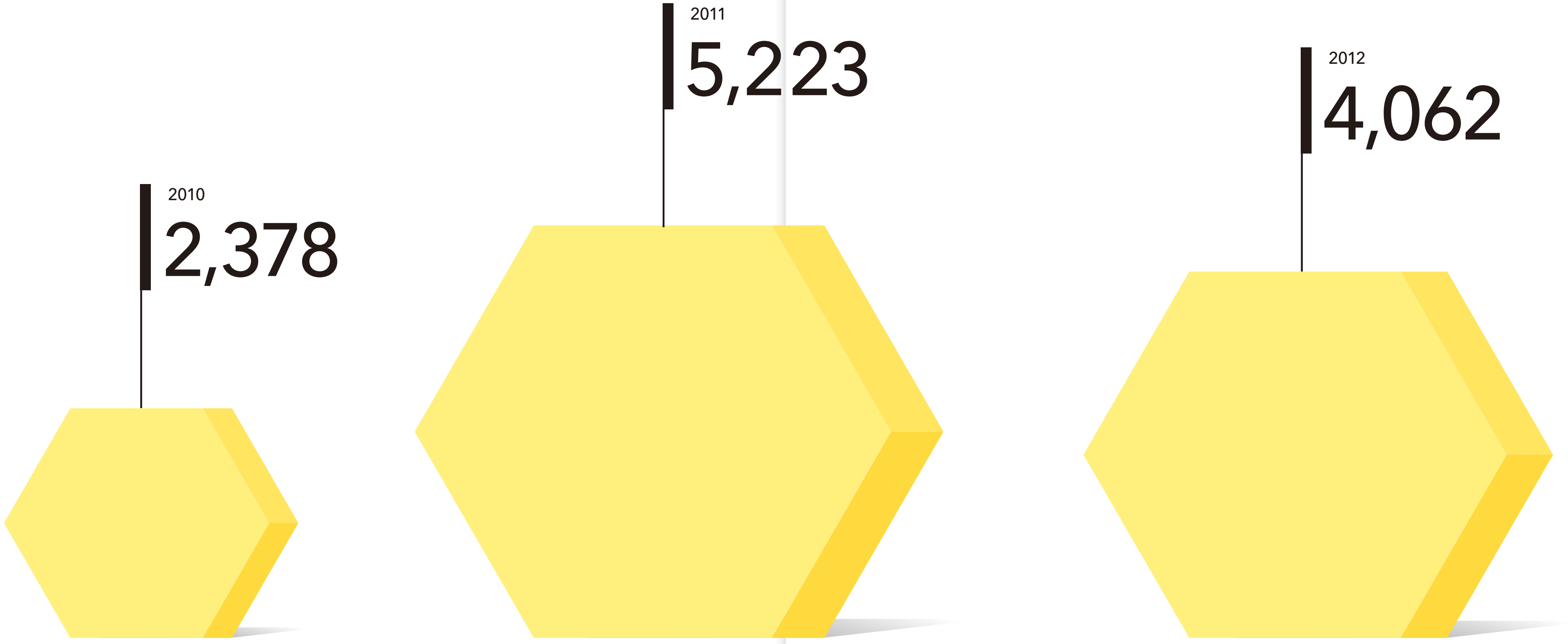
In KRW



We closed 2010 with a market cap of KRW 2,378 billion. Since then, our market value has grown dramatically as we have earned increasingly favorable ratings in the marketplace by focusing on operational excellence, the asset quality of our chemical affiliates, and managerial independence. We closed 2012 with a market cap of KRW 4,062 billion.

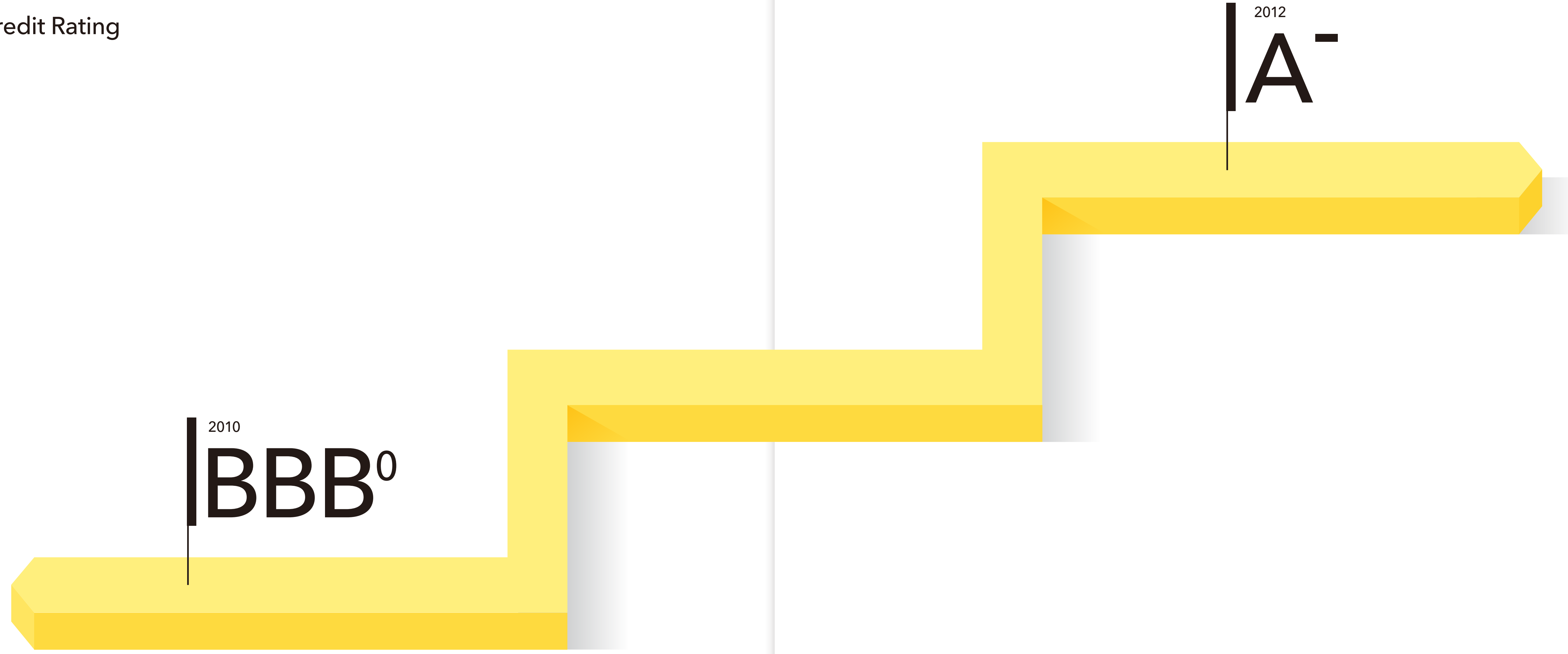
Market Capitalization

In KRW Billions



In May 2012, Korea Investors Service upgraded our credit rating to A-, up two steps from our BBB0 rating at the end of 2010. This upgrade was awarded based on the stability and competitiveness of our synthetic rubbers business, improved operating results and profitability due to ongoing capacity expansion, and sound fundamentals and profitability at our chemical affiliates.

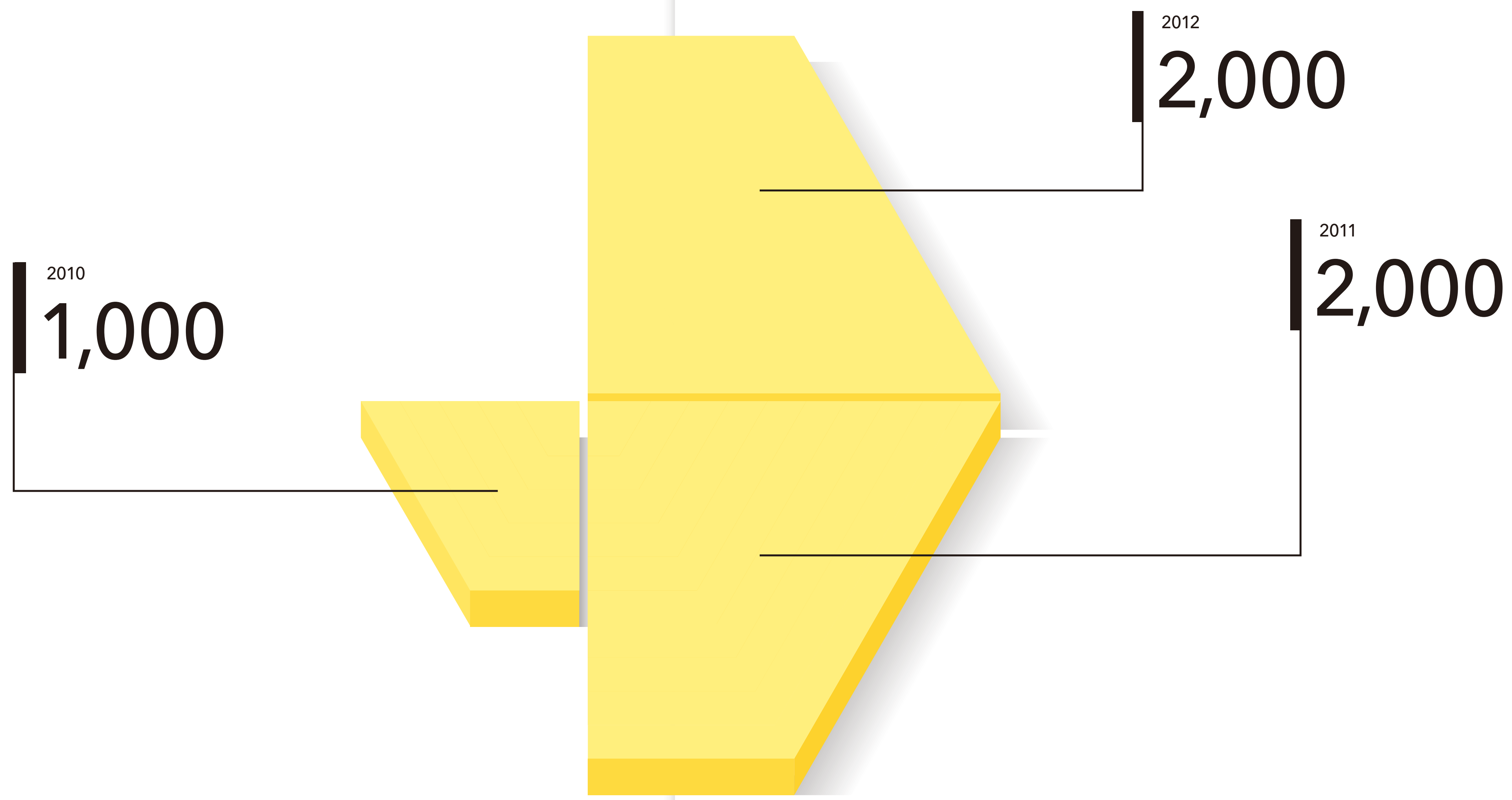
Credit Rating



Consecutive net losses in 2008 and 2009 consumed all the reserves we had set aside to cover contingencies. Although this made it impossible for us to declare a dividend in 2009, our return to solid profitability in 2010 enabled us to declare a dividend of KRW 1,000 per common share in 2010 and KRW 2,000 in both 2011 and 2012.

Dividend

In KRW



During this challenging period of company normalization under our MOU with creditor banks, we have made remarkable advances in terms of growth, profitability, and financial stability. At the same time, there have been a number of behind-the-scenes but equally important achievements at the organizational level as we have learned and grown through the process. This invaluable experience in uniting together to overcome adversity will provide a solid foundation for our growth and development in the years ahead.

The following are a few of the most important lessons we learned during the challenging past three years.

Discipline isn't just about doing more with less.

It's about having the integrity to do the right thing every time.

Leadership isn't just about managing things or people. It's about sharing a vision and then enabling people to accomplish it.

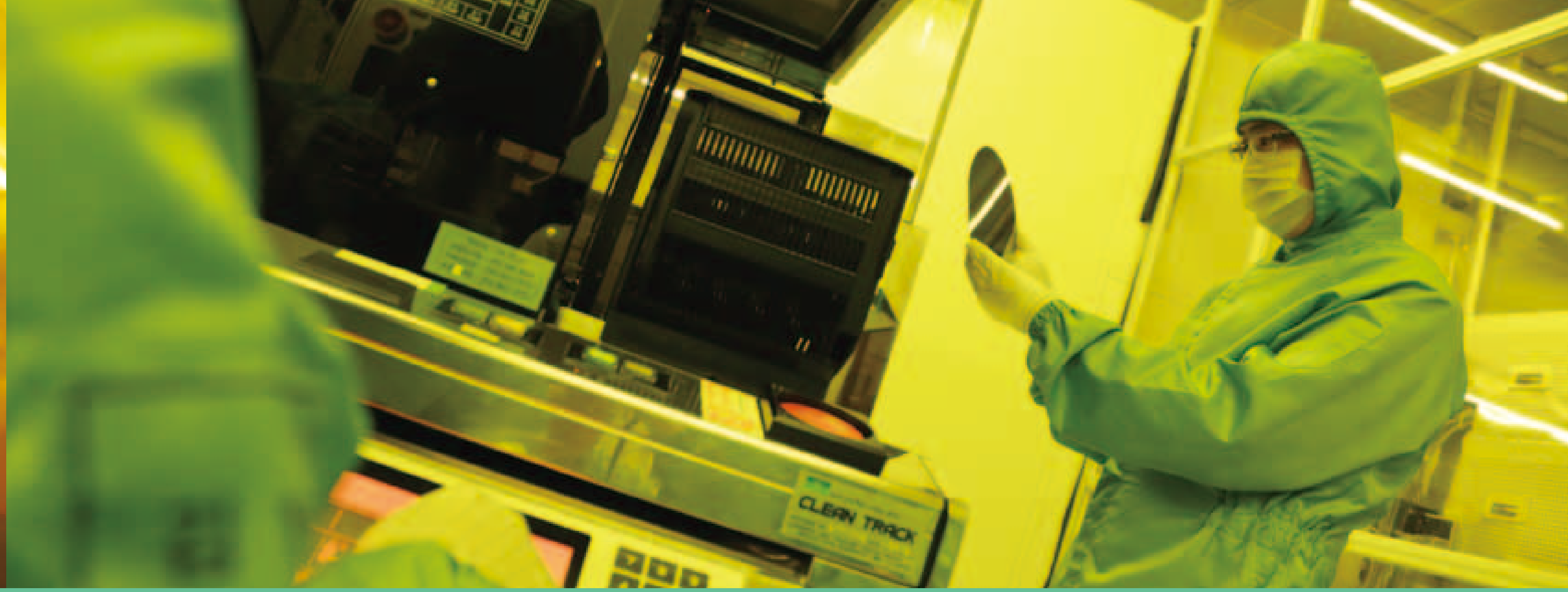

Integrity isn't just about keeping our promises.

It's about cultivating a deep respect for the law and our stakeholders.


Overcoming challenges isn't just about getting things done. It's about fostering dedication, collaboration, and professional growth.

Synergy isn't just about being more efficient or effective.

It's about collaborating with partners to better meet local needs.



Satisfaction isn't just about money and benefits. It's about seeing our ideas succeed in the real world.