



\* The above presentation reflects the results of an organizational restructuring which took place on May 22, 2008. This restructuring saw the operations of the Digital Appliance business merged into the Digital Media and Telecommunication Networks businesses. The 2006 and 2007 results have been restated accordingly to reflect this change for comparative purposes.

BUSINESS OVERVIEW

2008 HIGHLIGHTS

We are a global leader in consumer electronics and premium home appliances. Our comprehensive product portfolio includes digital flat-panel TVs and monitors, audio and video equipment, cameras and camcorders, computers and peripherals, printers and multifunction devices, and home appliances. In addition to our global market leadership in TVs and monitors, we continue to deliver innovative products that combine form and function such as the industry's thinnest LED TVs and the industry's most compact color laser printers and multifunction devices.

In 2008, we marked our third consecutive year at the top of the global TV and LCD monitor markets as we continued to deliver products with innovative designs and features. Our printer business continued to hold steady at No. 2 in the global laser printer and multifunction printer market. Our home appliances business also led the industry in growth as we continued to win new customers around the globe.

We are a global leader in mobile phones and telecommunications equipment. Our product portfolio includes the industry's widest range of cutting-edge mobile phones and MP3 players as well as turnkey telecommunications network solutions. As our premium designs and unique features propel us ever closer to the top of the global mobile phone market, we're also playing a key role in the development and standardization of next-generation 4G network technologies such as Mobile WiMAX and LTE.

In 2008, we shipped more than 196 million mobile phones worldwide, solidifying our position as the global No. 2 maker. Our success was driven by the steady rollout of premium phones with advanced features such as touchscreens with "haptic" tactile feedback and high-resolution cameras of up to 8 megapixels as well as aggressive marketing in key markets. We also expanded our market base in the telecommunication systems business by delivering Mobile WiMAX network equipment to major operators in the US, Japan, Russia, and other markets.

We are a global leader in memory, logic semiconductors, and hard drive storage systems. In addition to our long-standing market leadership in DRAM, we are the industry's top supplier of flash memory, SRAM, display driver ICs, and MP3 player system-on-chip devices. We are also on the leading edge of development in emerging high-tech market segments such as solid-state drive (SSD) storage and "fusion" or hybrid semiconductor solutions.

Despite rapidly declining DRAM and flash memory prices in 2008, our continued investment in product development and manufacturing technology, combined with unrivaled economies of scale, kept us solidly at the forefront of the memory industry. In addition to gaining significant market share in key logic and microprocessor segments, we also expanded our storage systems lineup with external hard drives.

We are a global leader in LCD panels for the TV, monitor, notebook, and digital information display markets. Backed by timely investment in new panel and module production capacity, we have now led the industry in sales revenue for seven consecutive years since 2002. Today, we're targeting growing demand for 40-inch-and-larger LCD panels, LED-backlit LCD TVs, digital information displays, and netbooks as we continue to work on flexible displays and other next-generation display technologies.

The successful launch of our first 8th generation LCD line in 2007 and growing demand for 40-inch-and-up LCD TV panels and other high-margin products kept us at the top of the global industry in 2008 for a seventh consecutive year as the industry's most profitable panel maker. In addition to launching new panels for LED-backlit TVs, digital information displays, and ultra-high-definition TVs, we continued to drive the industry forward with work on flexible displays and other next-generation technologies.