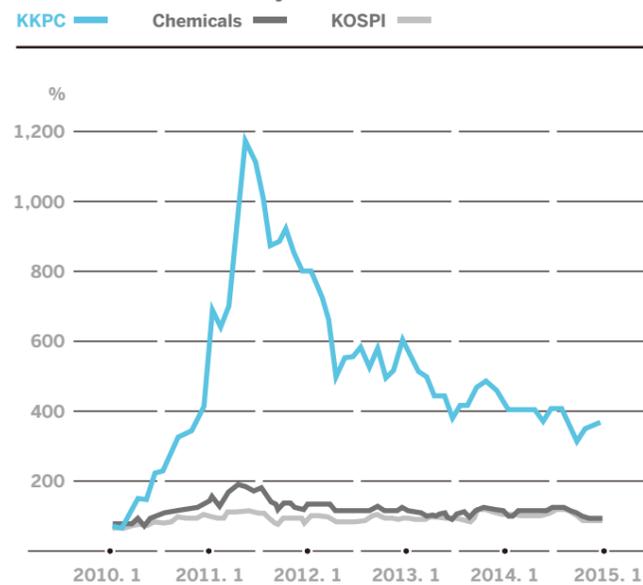


## Shareholder Value

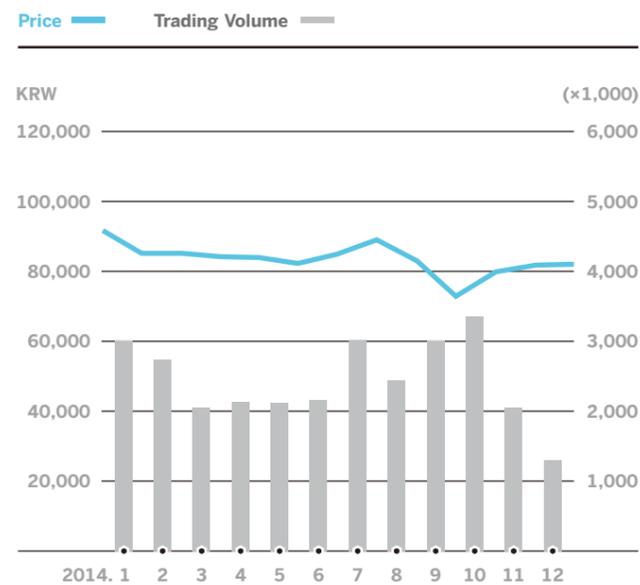
At KKPC, we focus on creating greater value for our shareholders. Despite challenging circumstances in our core synthetic rubbers business due to the sluggish global economy, our synthetic resins and phenol derivatives business saw improved profitability in 2014, enabling operating profit to rise by 38%. We will continue to build on this success as we work to generate greater growth and value in the coming years.



KKPC Stock Price vs. Key Indexes



KKPC Stock Performance in 2014



**Capital Market Overview** // While both Europe and the US expected their economies to improve in 2014, their recoveries fell short of market expectations. Although improving economic indicators in the US led to the end of quantitative easing and Japan pushed growth under the “Abenomics” banner, there were limits to how far signals and policies from advanced markets could influence the global economy. These positive developments were overtaken by serious concerns about the situation in the Ukraine and the possible exit of Greece from the Eurozone, dampening investor sentiment.

The Korean financial market was also impacted by these factors. The previously mentioned global issues combined with a sluggish local economy took their toll on corporate results, leading to falling profits and investor confidence, with numerous funds exiting the stock market. The KOSPI Index closed the year at 1,916 points, down from above 2,000 points at the start of the year.

**Share Performance** // The same global weakness that hobbled capital markets in 2014 also contributed to the challenging marketing environment for petrochemical products. Although our overall performance for the year improved, the poor performance by our core synthetic rubbers business did not meet market expectations. This led our share price to fall from KRW 95,200 at the start of the year to KRW 80,600 at the close. While the KOSPI Index declined about 5% in 2014, the chemicals sector as a whole dropped more than 10%, with some shares falling more than 30%. This greater drop versus the index clearly reflects the industry’s greater sensitivity to economic conditions.

**IR Initiatives** // Despite the challenging business environment, we have continued to strive to provide timely and accurate disclosure of key business issues and financial updates to our investors via our website. These efforts have earned us credibility in the market and a fair market valuation as we focus on our strategic goal of attracting quality, long-term investors.

In 2014, we communicated the results, outlook, and major issues faced by both KKPC and our affiliates at each quarterly earnings release to help market participants better understand our businesses. We continued to hold meetings to create opportunities to communicate with both domestic and international institutional investors. We participated in one-on-one meetings on a weekly basis as well as conference calls with investors. We courted new investors through non-deal roadshows. We also worked to build credibility with market participants by attending a variety of domestic and overseas conferences and corporate days to reach a wider, more diverse pool of investors.

In the interest of providing fair, transparent, and timely disclosure to all investors, we continued to expand the scope of information available on our IR website, making it as easy as possible for all interested parties and individual investors in particular to access and understand our overall business situation. We also updated our website to make it easier for investors to find the information they are looking for as we continued to burnish our image in the marketplace.

**Share Dividend** // It is our policy to consistently return a fair and reasonable portion of our profits to our investors. Although the market situation for our core synthetic rubbers business continued to worsen, our increasingly diversified business portfolio enabled us to improve our year-on-year performance and match our 2013 dividend. We declared a cash dividend of KRW 1,500 per common share and KRW 1,550 per preferred share for 2014, representing 30% and 31% of the KRW 5,000 par value, respectively.

While the 2015 outlook for the global economy and petrochemical market is not looking so positive, we expect to achieve our business targets and maintain the current dividend payout ratio to enhance both our credibility and shareholder value.