



Pan + Technology

Technologies for All

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Introduction of the Company

Pantech will make a leap forward as a genuine global player of the Intelligent Mobile Device (IMD).

Since its establishment in 1991, Pantech has been managing the production of more than 150 million mobile phones and their sales, exceeding USD 13 billion export earnings in total and enjoying their status as one of the world's major mobile phone producers through constantly facing up to challenges and providing ongoing investment in technology. Its 4,800 domestic and international patents and 18,700 intellectual properties have proven the rapid growth of Pantech. Such progress is based on Pantech's capabilities and aggressive investment in technology R&D. From now on, Pantech will not spare its efforts to invest in research and development and come up with more elaborate and differentiated strategies in order to become the world's leader in the mobile communications industry.

Business Status in Korea

Pantech solidified its presence as an IMD company by launching premium smartphones with cutting-edge technologies and innovativeness through the VEGA brand in the domestic market. Since its first launch of Android smartphone in Korea in 2010, Pantech has continuously launched innovative products including the world's first dual-core processor, motion sensing function, full HD smartphones equipped with Korea's first rear touch function, and smartphones with endless metal (i.e., a single metal frame).

Introduction of the Company

As of December 31, 2012

Company Name	Pantech Co. Ltd.	
Business Type	IMD(Intelligent Mobile Device) production/supply	
CEOs	Byeong Yeop Park, Joon Woo Lee ¹⁾	
Date of Foundation	March 29, 1991	
Address	HQ in Sangam	179 Seongam-ro Mapo-gu, Seoul (Pantech R&D Center, Sangam-dong)
	Plant	110-1 Ongjeon-ri Tongjin-eop Gimpo City Gyeonggi Province
No. of Employees	2,588	
Brands Owned	Korea	VEGA
	Overseas	Pantech
Affiliates	Pantech C&I Co. Ltd. - Mobile phone components, IT system	
	LOTS Co. Ltd.- Distribution	
	PNS Network Co. Ltd. - Logistics	

1) CEO Joon Woo Lee appointed in March 2013

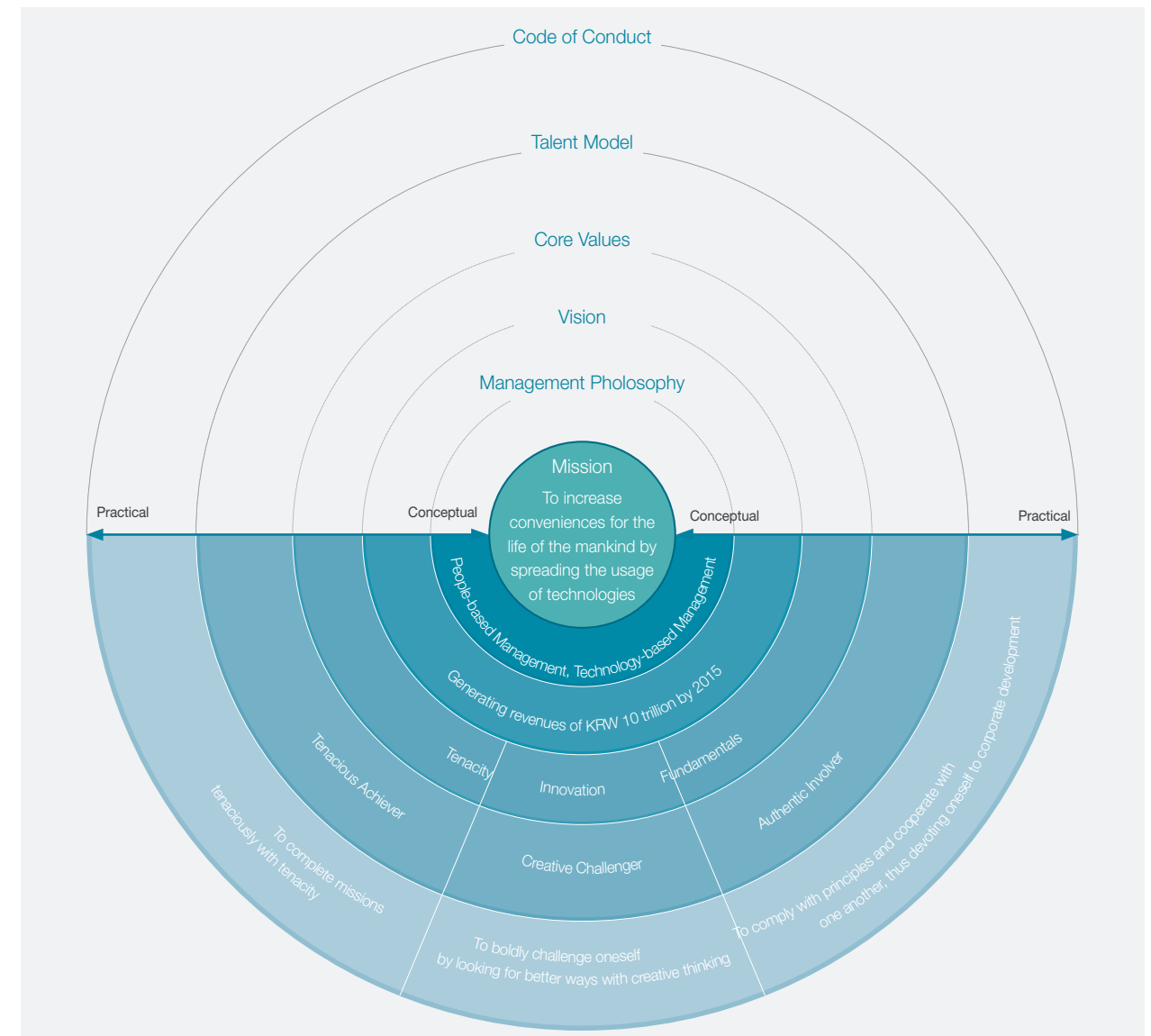
Business Status Abroad

Pantech has a stable business structure through global major operators in overseas markets. In particular, its quality of excellence ranked first for five times in a row in the comprehensive evaluation on corporate customers of AT&T, the largest telecom operator in the U.S. Pantech also advanced into new categories including a water-proof phone launched in Japan and a messaging phone in the U.S. Its localized products were major hits as million sellers many times. Moreover, its technological prowess has been fully recognized as Pantech exerted fast responsiveness to next-generation mobile communications technologies.

Management Principles

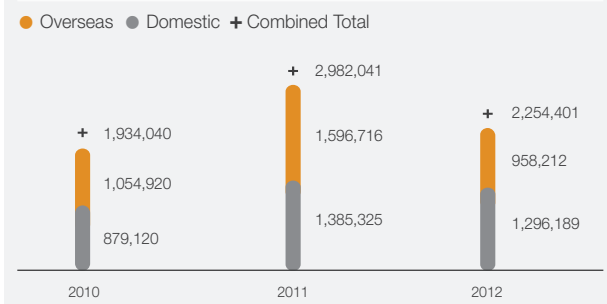
Pantech established 'Pantech Way 3.0', Pantech's third entrepreneurship scheme in December 2011 in order to become 'a respected enterprise' that leads changes in the global market. The scheme is a corporate management system which all employees understand and share as it creates corporate values and suggests directions of growth.

PANTECH WAY 3.0 SYSTEM



Revenues at Home and Abroad

(Unit: KRW Million)



Global Sales

(Unit: 10,000 Unit)





Global Networks

Global Top Player

Pantech has three overseas subsidiaries to dominate strategic markets including Korea, North America and Japan along with production footholds in Korea. While having close partnerships with major telecom operators in the U.S. and Japan as the world's largest markets, Pantech will pave the way for sustainable growth by launching subsidiaries to advance into Europe and China.



Domestic Business

HQ R&D | 179 Seongam-ro Mapo-gu, Seoul
 Gimpo Plant | 110-1 Ongjeong-ri Tongjin-eop Gimpo City, Gyeonggi Province, Korea
 Affiliates | Pantech C&I Co. Ltd. - Mobile phone components, IT system
 LOTS Co. Ltd.- Distribution
 PNS Network Co. Ltd. - Logistics

Overseas Business I

North America Pantech Wireless Inc
 Atlanta | 5607 Glenridge Drive, Suite 500, Atlanta, GA 30342, USA
 New Jersey | 4001 Hadley Road Suite B, South Planfield, NJ 07800, USA
 Dallas | 5201 Alliance Gateway Suite#150 Fort Worth, Texas 76177, USA
 | 959 E. Collins Blvd Suite#120 Richardson, Texas 75081, USA

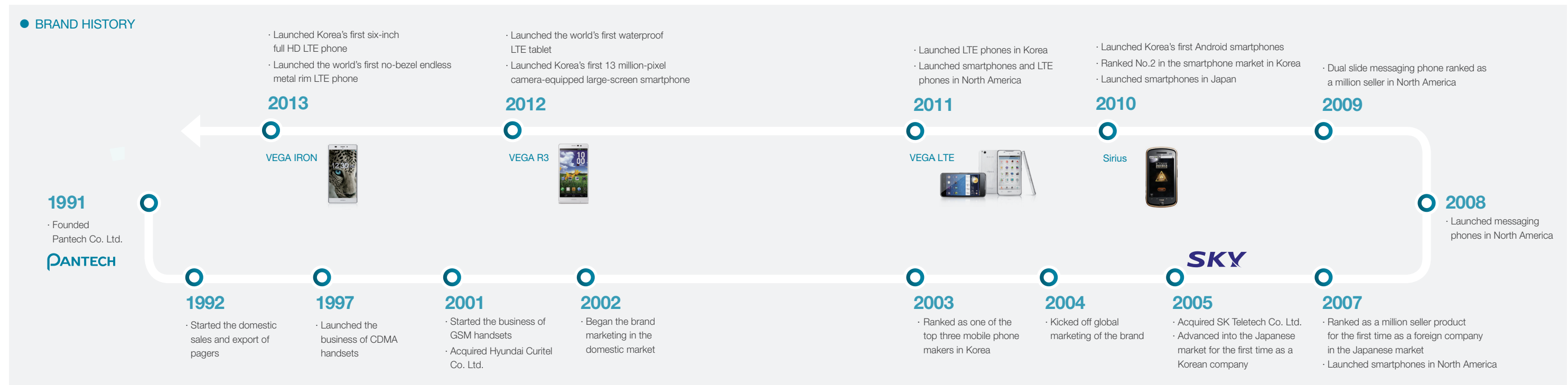
Overseas Business II

Japan Pantech Wireless Japan
 Tokyo | Yuraku-cho Denki Bldg. South Wing 7F 1-7-1Yuraku-cho, Chiyoda-Ku, Tokyo, Japan





Milestones of Pantech



1991 ————— 1997

A New Challenge Driven by the Foundation

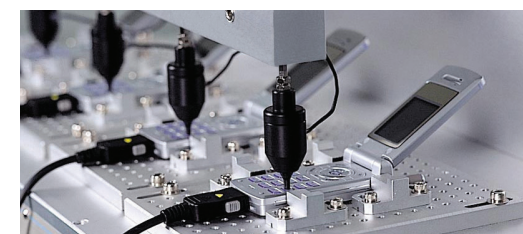
Pantech started business operations in the name of 'Pantech Korea' in 1991. Starting with CDMA handsets in 1997, the business operation has focused on the category of mobile phones.



2001 ————— 2004

Achieving Continuous and Robust Growth

Starting with the GSM handset business in 2011, its export business kicked off in full swing. Pantech started to launch its exclusive brand products in Korea by acquiring Hyundai Curitel whose sales amounted to KRW 1 trillion.



2005 ————— 2009

Jumping Higher into the Global Market

For the first time as a domestic mobile phone maker, Pantech tapped into the Japanese market, while its 'messaging phone' as a new product category became a million seller continuously in North America. Pantech firmed its presence in the premium market by acquiring the premium brand of SKY in Korea.



2010 ————— 2013

Front Runner of Smartphones

Carrying on the momentum of ranking second as Korea's smartphone maker by introducing Korea's first Android smartphones in Korea, Pantech launched the world's first motion-sensing-induced LTE smartphones, 5.3-inch large-screen quad-core smartphones, first-of-its-kind metal-used smartphones and the world's first waterproof LTE tablet PCs in North America. Moreover, its world-class quality has been proven by ranking first for five times in a row at the comprehensive evaluation of client companies by AT&T of the U.S.





Major Businesses and Products

Pantech develops and applies wide-ranging eco-friendly technologies to provide eco-friendly products to customers. Examples include low power-usage voice calls using the APT CAL technology, CABC power-saving technology that reduces power consumption of the display and development and application of the 'super battery pack' solution to the VEGA R3 product as well as supporting power consumption and a fast charging speed. As a result, product eco-friendliness scaled up



VEGA No.6

A smartphone for a wide view

- Korea's first 5.9" Full HD phablet (i.e., phone + tablet) phone
- Strengths of phablet phones
 - Width UI, V note, mini window
- Ergonomic design
 - Human Curve & Unibody
- Rear V touch considering a single hand usage
- New super battery pack
 - 3,140mAh large-capacity battery & super speed 2-port charger



VEGA R3

The Best Performance

- 5.3" large-screen phone that can be gripped in a hand
- Natural IPS pro LCD
- DSLR-level 13m camera endorsed by Kim Jung-man, one of the most renowned photographers in Korea
- Top-notch H/W performance
 - Snap dragon S4 Pro, 2G Ram
- Innovative functions
 - Text Action, Best Face, etc



VEGA IRON

Enjoy the Endless Metal Ring
 LTE Smartphone

- Robust and chic metal case
 - Real metal with fits no disconnected sides
- 5" HD In-Cell
 - A sense of touch on fingertips and an excellent picture quality with strong vibrancy
- The world's first zero-bezel
 - Full screen rate of 75.5%
- Crystal 7 Color LED indicator
- Refined slim unibody design

Products at Home

Pantech launches cutting-edge products with the world's first and Korea's first title with 'VEGA', a premium smartphone brand. 'Sirius' (2010) as Korea's first Android smartphone and 'VEGA Racer' (2011) as the world's first dual-core smartphone were drivers for Pantech to lead the smartphone market. 'VEGA LTE' (2011) is equipped with the world's first motion-sensing function as the era of LTE emerged, while 'VEGA Racer 2' (2012) is embedded with Korea's first LTE one chip. Other state-of-the-art technologies of Pantech can be found in other major products including 'VEGA R3' (2012), a 5.3-inch phone that can be gripped within a hand, 'VEGA No.6 Full HD' (2013), Korea's first full HD smartphone and 'VEGA IRON' (2013) embedded with the world's first endless metal. Accordingly, Pantech has firmed its presence in Korea's LTE smartphone market.

Pantech develops and applies various eco-friendly technologies to provide eco-friendly products to customers.



Renue

Battle Tested,
 Mother Nature Approved

- Acquiring the environmental certification from the Underwriter's Laboratories, an international certifier, with 'Green UI' with upgraded power efficiency as well as usage of recyclable components
- Receiving the Environmental Ministerial Prize (Grand Prize) at the Green Packaging Contest



Element

Built for Real Life

- Pantech's first tablet product
- First water-proof function embedded among Android tablets
 - No breakdown in operation even one meter below the water surface
- Vibration effects made more sophisticated with the piezo motor, the next-generation vibration motor for the first time as a mobile device



UML290

The power of portable Internet
 for your laptop

- Extending CDMA and GSM services with the world's first LTE USB modem
- 180 degrees rotating Swivel design applied for better user conveniences
 - Maximizing the data transmission speed through optimized antenna location
- Increasing convenience due to the interoperability with various PC O/S including Window 7, Vista, XP and Mac

Products Abroad

Diverse smart devices of Pantech including smartphone, tablet PC and data card have knocked the doors of overseas markets. Along with LTE smartphones equipped Pantech's exclusive innovative functions including market-specific functions and motion and voice recognition functions, Pantech has supplied in North America and Europe 'Element' (2012), Pantech's tablet PC with a new waterproof technology exclusively developed, and the global data card in the USB format that supports LTE for the first time in the world. As such, its presence as a global IMD company has been fully showcased.

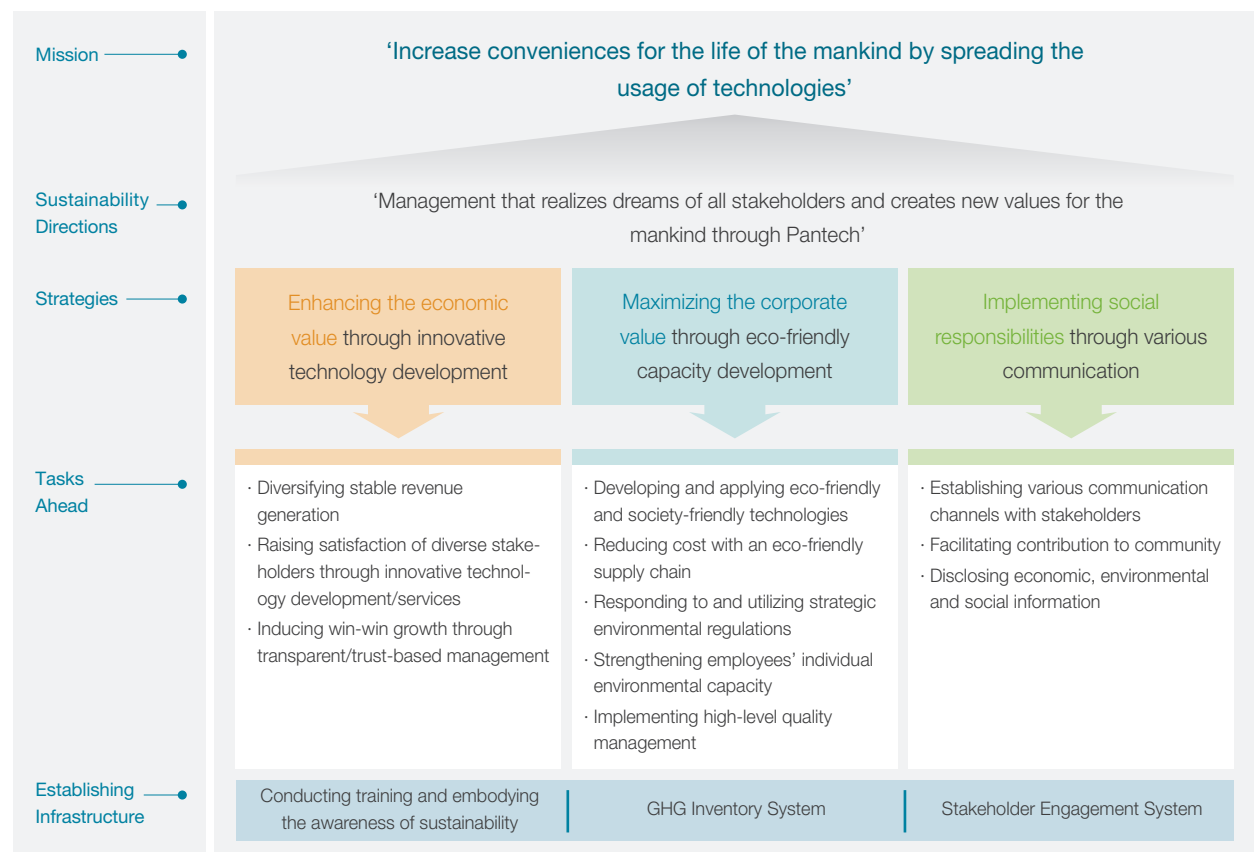


Sustainability System

Pantech is committed to achieving a corporate mission to 'increase conveniences for the life of the mankind by spreading the usage of technologies' by practicing sustainable management. Its driving force for sustainability, or sustainable management was strengthened by establishing a sustainability system in 2012. By doing so, Pantech plans to suggest directions for sustainable management company-wide and expand the correlation between management strategies and businesses on a gradual basis, thus establishing an integrated sustainability system.

Pantech's sustainability system is driven by the triple bottom line, that is, economic, environmental and social values. Accordingly, sustainability strategies were in place for each category along with specific tasks: 'enhancing the economic value through innovative technology development'; 'maximizing the corporate value through eco-friendly capacity development'; and 'implementation of social responsibilities through various communication.' Moreover, Pantech enhanced not only the company-wide sustainability system but also execution capabilities for sustainability in each site and in the context of collaboration by devising infrastructure required to implement given tasks and improving and complementing each element.

● Sustainability Directions and Strategy Scheme



Participation of Stakeholders

Pantech strives to listen to stakeholders in practicing sustainability and initiates management activities which reflect such voices. Pantech seeks to establish sustainability more firmly by identifying stakeholders' needs and wants through stakeholder communication.

Pantech has classified stakeholders into five groups: customers, employees, community, suppliers, and shareholders/investors. Various communication channels are in operation for each stakeholder group, including web site, SNS and questionnaire. As such, Pantech does the utmost to listen to and reflect their voices.

● Stakeholder Communication

● Stakeholder-specific communication channel and issues of interest
 ○ Definition and significance of stakeholders

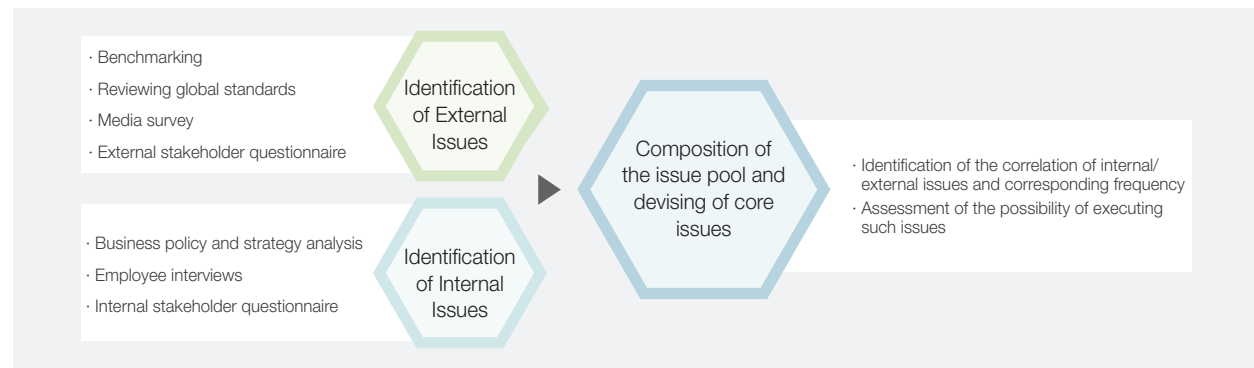




Materiality Assessment

Pantech conducted materiality assessment to include major issues of interest to stakeholders in the 2012 Sustainability Report as well as to identify their areas of interest. The assessment was carried out by identifying external and internal issues, forming issue pools and devising core issues. Based on the materiality assessment results, Pantech decided on the priority of issues and whether or not to report on each, considering the materiality of issues devised and the possibility of implementation. The results were utilized to identify the status of sustainability and devise measures for improvement for the future.

Materiality Assessment Process



Benchmarking and reviewing global standards

Pantech benchmarked relevant companies in the same industry and companies advanced in sustainability, and evaluated on issues each company confronts, and priority of each topic reported. At the same time, global standards including GRI G3.1, ISO 26000 and DJSI were reviewed to figure out top issues on global sustainability.

Media survey

Referring to articles on Pantech and sustainability (January 1, 2012 ~ December 31, 2012), Pantech analyzed major management activities of Pantech covered in the media and sustainability issues.

Stakeholder questionnaire

Pantech distributed a questionnaire on Pantech's level of implementation of sustainability to external stakeholders including customers, suppliers, community and shareholders/investors, and internal stakeholders, especially employees. Key issues devised from the results included brand management and betterment of corporate image, eco-friendly products and services and stable employment.

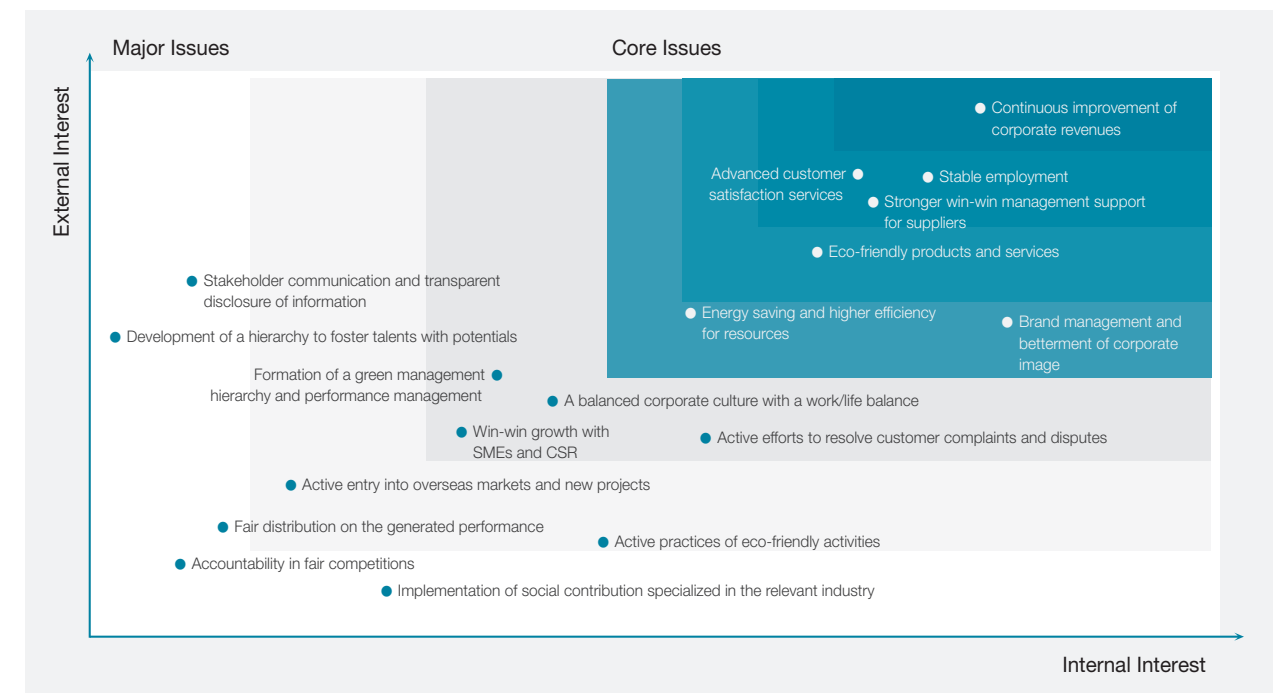
Business strategy analysis and employee interviews

Analyses of Pantech's businesses and strategies were used to devise core issues for sustainable management and selection of issues to be reported. By conducting interviews with executives and managers in charge of relevant departments, consensus of employees on sustainable management was formed and ideas were exchanged.

Results of Materiality Assessment

As a result of materiality evaluation, a total of seven core issues were selected: two from the economic sector, two from the environmental sector and three from social sector.

Pantech Sustainability Issue Map



Title of reporting core issues

● Economy ● Environment ● Society

Issues	Title/Sub-title	
● Continuous improvement of economic profits	Future, Pantech	p.29-31
● Advanced customer satisfaction services	Customer Satisfaction	p.60-65
● Stable employment	Employment and Trust	p.51-54
● Stronger win-win management support for suppliers	Win-Win Management for Suppliers	p.58-59
● Eco-friendly products and services	Development of Eco-friendly Products	p.40-43
● Energy saving and higher efficiency for resources	Response to Climate Change	p.37-39
	Development of Eco-friendly Products	p.40-43
● Brand management and improvement of corporate image	Brand VEGA & Pantech	p.32-33



Corporate Governance

Status of Shareholders

As of December 31, 2012, the total of number of issuable stocks is 2.5 million common stocks. As of 2012-end, 1,764 million stocks have been issued, and the majority shareholder is Korea Development Bank holding 249,427,000 stocks. Every year, CEOs report the major management status at the shareholders' meeting, and for agenda requiring decision-making, decisions are made based on thorough explanation on the agenda, shareholders' feedback and consensus. Shareholders' opinions are reflected onto corporate policies after a thorough review at the top management and BOD.

● Shareholder Status

(As of the end of December 2012)

Name of Shareholders	No. of Stocks Owned (1,000 Units)	Ownership Rate(%)
Korea Development Bank	249,427	14.14
Korean Federation of Community Credit Cooperatives	253,081	14.35
Qualcom	202,095	11.46
National Agricultural Cooperative Federation	110,001	6.24
Woori Bank	109,484	6.21
National Credit Union Federation of Korea	98,791	5.60
InterDigital, Inc.	91,334	5.18
Korea Credit Guarantee Fund	87,005	4.93
Minority Shareholders	562,557	31.90

* The amount worth 50,537,131 stocks of capital increase with consideration of Qualcom completed on February 8, 2013 has not been reflected. =As for the Korean Federation of Community Credit Cooperatives and the National Credit Union Federation of Korea, the total amount of equity held by individual cooperative and the union are indicated.

Composition of Roles of BOD

The BOD as the top decision-making body at Pantech consists of seven members, that is, five executive directors and two outside directors. CEOs serve as chairmen of the BOD to implement accountability-based management. The BOD decides on critical matters on execution of operations as well as matters prescribed by laws and the Articles of Association, those requested at the shareholders' meeting and basic principles in corporate management. The BOD also oversees the execution of operations by the BOD.

Operation of the BOD

The regular BOD meetings are organized every quarter and ad-hoc meetings are held if needed. In 2012, seven BOD meetings were held to decide on major agenda. The average attendance rate for outside directors is 95.2%, implying a high rate of participation. Major agenda and results on the agenda are disclosed at the disclosure website of the Financial Supervisory Service easily accessible by stakeholders and Pantech's website(<http://www.pantech.co.kr/pantech/pantechfinancial.do>).

Professionalism and Independence of the BOD

Candidates for outside directors are those with abundant experiences on management, economy, law or corporate projects to strengthen professionalism of the BOD. Their appointment is finalized at the shareholders' meeting according to laws or the Articles of Association. Mutual ideas are exchanged and improvements are discussed throughout management activities through meetings of outside directors alone that are organized in

an unofficial manner as well as quarterly regular/ad-hoc BOD meetings. All executive directors shall not conduct business operations that overlap with Pantech without the consent of the BOD to prevent possible collision between the BOD and Pantech. In the decision-making process, executive directors involved in any of the related activities thereof, they shall not exercise their decision-making right.

● Status of BOD

Position Title	Name	Job Title	Career/Background	Gender
Chairman of BOD of Executive director	Byeong Yeop Park	CEO	Department of Business Administration and Management, Hoseo University / Worked for Maxon Electronics / Adjunct Professor of the Department of Business Administration and Management, Korea University	Male
Executive director	Joon Woo Lee	CEO	Ph.D. in Electronics Engineering, Pohang University of Science and Technology / Hynix Semiconductor Inc.	Male
Executive director	Ji Uk Moon	COO	Department of Electronics Engineering, Seoul National University / LG Electronics / SK Telecom	Male
Executive director (*)	Doo Hyun Yoon	CFO	Department of Business Administration and Management, Sungkyunkwan University / CFO of the Germany Subsidiary of Hynix Semiconductor Inc.	Male
Outside director	Kwang Sup Yoo	Outside director	Executive Director of Kum Ryong Educational Foundation / Currently President of Dong Seoul College	Male
Outside director	Ju Hwal Kim	Outside director	Worked for Maxon Electronics / Former Managing Director at Pantech	Male
Outside director (*)	Geun Woo Park	Outside director	Department of Economics, Konkuk University / Vice president of Securities Supervisory Board	Male

* The tenure is matured as of the date of the 22nd shareholders' meeting. At the shareholders' meeting held on March 28, 2013, appointment of new executive director Cho Jun-ho and re-appointment of outside director Park Geun-Woo were approved.

BOD Performance Evaluation and Compensation

Pantech sets the ceiling for salaries for executive directors based on the decisions made at the shareholders' meetings depending on their contribution to management performance, and adjusts the ceiling by conducting evaluation on the level of achievement vis-à-vis the goals set at the end of a fiscal year. Execution of salaries for standing executive directors and outside executive directors is pursuant to the regulations on salaries and compensation within the ceiling for executive directors approved by the shareholders' meeting. Goals consisting of quantitative and non-quantitative elements are established for fair performance evaluation. Operational capacity and goal achievement are comprehensively decided and evaluated, based on which the level of compensation is determined. As such, Pantech does the utmost to align evaluation results with compensation.

Internal Audit

Pantech does not have an exclusive audit committee, but according to the Articles of Association, two auditors are available as non-standing auditors. They may request for reporting on business operations to audit execution of given tasks, shall be bestowed with the right to investigate the status of business operations and assets of Pantech. They shall also conduct evaluation on the reporting status of operation of the internal accounting management system through regular or non-regular audits. In 2012, they were briefed on major matters on the company by attending the BOD meetings seven times, and reviewed the operation of the internal accounting management system. Pantech takes measures and conducts ex-post management in accordance with laws and the Articles of Association depending on the audit results.

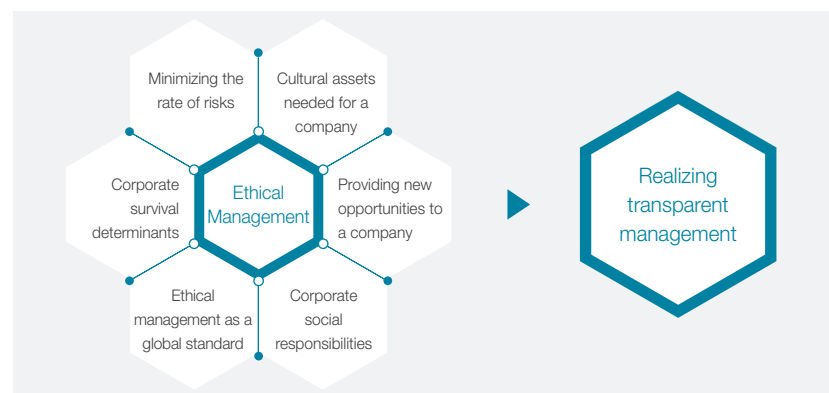


Ethical Management

Vision for Ethical Management

Corporate vision and goals of Pantech are to become a respected enterprise beyond maximizing profits, for which Pantech seeks for transparent management. Starting with the declaration of ethical management in and outside the company as well as stipulating the code of ethics, various action programs for ethical management are in operation. Ethical management has rooted down as a critical value in the corporate culture of Pantech beyond mere responsibilities for employees to take on.

Pantech's Ethical Management Vision Hierarchy



Cases of Non-ethical Behaviors and Legal Constraints

(Unit: No. of Cases)

Type	Sub-type	2010	2011	2012
Reporting of Irrationalities	Reporting of Irrationalities	3	4	1
	No. of Cases Reported	0	0	0
Follow-up Measures	Dismissal	1	2	0
	Salary Cut	1	0	0
	Others ¹⁾	1	2	1

¹⁾Others: Recommended layoff, reprimand, warning

Ethical Management Operation Hierarchy

Since April 2013, the Internal Audit Team as an independent unit under the CEO, has been promoted as the Ethics Management Division. The division establishes and operates ethical regulations on ethical management and runs cyber audit systems, while establishing and training on the action guideline for employees for anti-irregularities and criteria to determine any irregularities and conducting internal audits. Along with such ethical management activities, Pantech has expanded the scope of operations up to fair transactions with suppliers such as win-win growth and economic democratization which are topping the societal agenda these days. This implies how its ethical management activities are robustly carried out. Upon the occurrence of corruption cases, they are reported to the CEO according to an official procedure, and according to the procedure of the HR Committee, actions to be taken are finalized after deliberation.

Stipulating the Code of Ethics

Pantech's code of ethics serves as a pledge and guideline for employees at Pantech to practice and comply with along with the Employee Action Guideline. In addition, its commitment to ethical management was publicly declared by holding the ethical management declaration ceremony. 'Our Pledge' as Pantech's corporate ethics decrees contains customer satisfaction, responsibilities for colleagues and the organization and code of conduct against competing practices. Moreover, the entrepreneurship handbook was produced in a pocket size that can be carried on the move and referred to at any time, thus enhancing execution capabilities of employees.

Cyber Ombudsman



Strengthening the Execution Capability for Ethical Management

Operating the Cyber Audit Team

Pantech operates the Cyber Audit Team, an online audit unit, at the Ethics Management Division to raise the accessibility of all stakeholders. Not only employees but also customers and suppliers can now practice ethical management via the Cyber Audit website that started to be operated from 2003. Therefore, all stakeholders at Pantech can access various ideas in real time through the Cyber Ombudsman operated on the website. Specifically, they can report on unfair business operations in and outside the company, propose ideas on systems and operations to be improved, and recommend employees of excellence. All of these are actively reflected in improving corporate management.

A total of 155 reported cases in 2012 were promptly handled, and most of the cases included unethical employee behaviors, ideas to improve mobile phones and inconveniences in using the Service Center. All reported ideas are directly forwarded to the Ethics Management Division, and whistleblowers' identity is protected, while results handled are told back through thorough assurance.

Training on Ethical Management

Type	Title	No. Of Training Hours	Training Format	Trainees (No. of People)	No. of Training Participants (No. of People)			Description
					2010	2011	2012	
Ethical Training	Corporate ethics and security	1H	Group training	New/Seasoned employee that newly joined the company	458	376	175	Ethics and security
	Understanding and significance of protecting personal information							Personal information protection
Anti-sexual Harassment Training	Embarking on a happy journey together	1H	Online	All employees	2,321	2,372	2,092	Prevention of sexual harassment

Signing the Ethical Pledge

Employees must sign the pledge for actions of ethical management online in joining the company according to the corporate management guideline and submit it to the company. The pledge is threefold: a general pledge, an ethics pledge and a confidentiality pledge. In particular, the ethics pledge allows employees to recognize the importance of ethics as it focuses on Pantech's code of ethics and employee code of conduct. Moreover, Pantech expands the culture of ethical management through periodic notification on the bulletin board during national holidays every year and the end and beginning of each year.

Acquittal of Voluntary Surrender for Violations

Pantech operates a system titled the 'Acquittal of Voluntary Surrender for Violations' so that employees can report on their own irregularities or mistakes and have their past wrongdoings acquitted. For such irregularities or mistakes reported during the voluntary surrender period, the benefit of acquittal is provided to ensure that they are not accountable for such wrongdoings or get demerits in HR. Moreover, what is self-reported is handled at the expense of the corporate expenditure for thorough management.



Risk Management Hierarchy

In a bid to respond proactively and efficiently to the rapidly changing environment at home and abroad and promptly and passionately resolve emergencies, Pantech operates the risk management hierarchy. The hierarchy is not limited to financial risks but encompasses all sectors that might occur in business operations such as environmental pollution, information leakage and fire. Pantech will continue to make improvement for the system to promptly respond to emergencies.

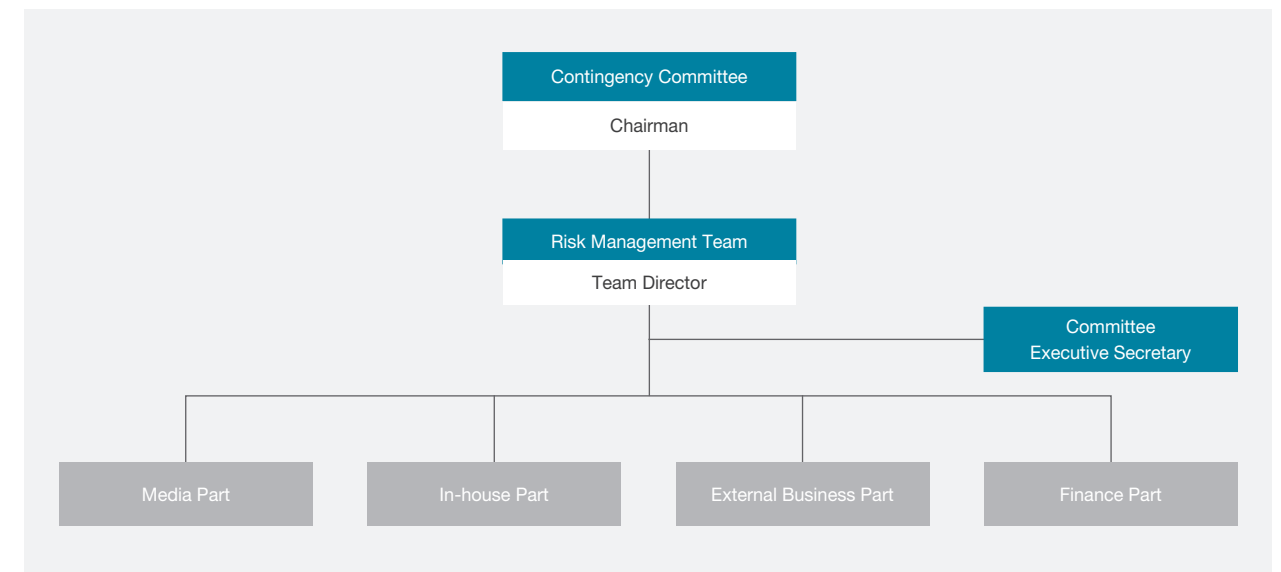
Scheme of the Risk Management Hierarchy



Risk Management Contingency Committee

Pantech's affiliate CEO of the Contingency Committee serves as the chairman of the Contingency Committee as the top decision-maker. Prompt responses are made by forming function-specific units such as the Finance Team and Consumer Team besides the committee. The head also forms and operates the Risk Management Team as a functional unit besides the Contingency Committee

Organization Chart of the Contingency Committee



Risk Management Manual by Situation

Pantech's risk management manual has been made and shared which defines the sharing of responsibilities and roles of the relevant managers as well as such managers for each risk in order to make efficient responses upon the occurrence of crises. Moreover, Pantech ensures that understanding of risk situations is enhanced followed by prompt and efficient responses as Pantech explores potential cases and share them company-wide.

Financial Risk Management

Pantech's market risk management focuses on minimizing the potentially adverse market impact on financial performance, leveraging on derivatives for management of particular risks. Due to a high dependence on ex/imports, Pantech is exposed to financial risks in association with F/X risks, USD and JPY. F/X risks are managed through matching strategies to align revenues and expenditures of F/X by period and currency. Through close cooperation with the department in charge, Pantech intensively manages financial risks through risk identification, evaluation and avoidance.