

LG Electronics replaces CEO over profit slump

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In this undated photo made available Friday, Sept. 17, 2010, Koo Bon-joon, newly-appointed chief executive of LG Electronics, poses in Seoul, South Korea. South Korea's LG Electronics, the world's third-biggest maker of mobile phones, said its chief executive will be replaced by the brother of the LG Group's chairman after record losses at its handset business. (AP Photo/ Yonhap)

(AP) -- South Korea's LG Electronics, the world's third-biggest maker of mobile phones, said its chief executive will be replaced by the brother of the LG Group's chairman after record losses at its handset business.

Koo Bon-joon, the younger brother of LG Group chairman Koo Bon-

moo, will replace Nam Yong, who offered to resign from the top job at a board of director's meeting on Friday to take responsibility for poor management, LG Group said in a statement.

[LG Electronics](#) is the LG Group's flagship business and its chief is considered no. 2 in rank after the group chairman. Nam, 62, who has held the CEO post for four years, will remain in the job until a March stockholders meeting, where Koo will be officially appointed.

"Nam Yong offered to resign as CEO to take responsibility for the flagging performance and pave the way for a new CEO to prepare for the coming year and beyond," the statement said.

In July, the Seoul-based LG Electronics said second-quarter [operating profit](#) - seen as a direct indicator of business performance - plunged 90 percent to 126 billion won from a record high of 1.24 trillion won the year before. The handset business suffered an operating loss of 120 billion won compared with a profit of 620 billion won the year before.

Koo, 59, has served as executive officer in various subsidiaries of LG Group, most recently as vice chairman of LG International.

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