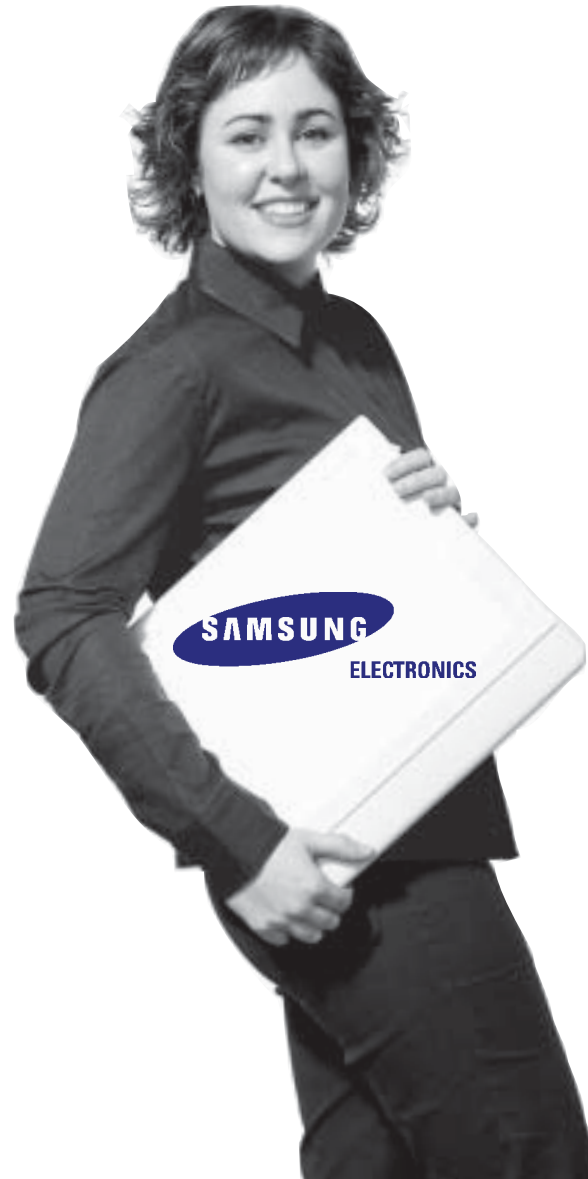


# Digital - E Company

SAMSUNG ELECTRONICS 2001 ANNUAL REPORT ...▶



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# CONVERGING CONVERGING ON SUCCESS

Welcome to the *Samsung Electronics 2001 Annual Report*. In the pages ahead, we'll be sharing how we continued to lead and innovate our way to profitability in one of the most challenging years of our 32-year history. What concepts we've been dreaming up for your digital future. How we're converging on success by focusing on value innovation in both our products and processes. And how we're actively contributing through sports, community service, and a strong environmental commitment to make the world a better place to live. In short, this report is a chronicle of year-one in our mission to become what we call a "Digital- $\Sigma$  Company"—a company where continuous innovation in both products and processes empowers us to deliver superior value to both our customers and investors as we lead the digital convergence revolution.

Global economic stagnation and the terrorist attacks on the U.S. combined to create an extremely challenging business environment for multinationals in 2001. Samsung Electronics rose to meet this challenge with sales of 32.4 trillion won and net income of 2.9 trillion won for the year. While many of our global peers saw their stock prices fall sharply, ours rose 77% during the year, propelling our market capitalization upward to 18% of the total Korea Stock Exchange market value, up from 14% in 2000. This solid performance is a tribute to our focused, ongoing commitment to restructuring that has enabled us to achieve financial stability ahead of our industry peers as well as our equally focused commitment to investment in R&D and continuous product and solution innovation.

## FINANCIAL HIGHLIGHTS

	In millions of Korean won		In millions of U.S. dollars	
	2001	2000	2001	2000
Sales	32,380,375	34,283,752	24,419.6	25,855.0
Operating Profit	2,295,334	7,435,155	1,731.0	5,607.2
Net Income	2,946,935	6,014,530	2,222.4	4,535.8
Assets	27,919,406	26,895,046	21,055.4	20,282.8
Total Liabilities	8,445,657	10,702.2	6,369.3	8,071.0
Capital Stock	882,117	881,675	665.2	664.9

## KEY FINANCIAL STATISTICS

	2001	2000
Capital Ratio	69.7%	60.2%
Debt to Equity Ratio	14%	25%
Return on Equity Ratio	17%	41%
Net Debt to Equity Ratio	-0.6%	9%
EBITDA Margin	17%	29%
Earnings Per Share	₩17,461 US\$13.17	₩35,006 US\$26.40

- U.S. dollar amounts are converted at a rate of US\$1=1,326 won, the closing rate on December 31, 2001.
- The financial results in the above tables are for Samsung Electronics only and do not reflect the results of its subsidiaries or affiliates.

### Sales

While many of our international competitors faced double-digit declines in sales during the year, our sales dropped a comparatively low 6% to 32.4 trillion won. Of this total, 21.9 trillion won or 67.6% was generated outside of our home market, accounting for 11% of total Korean exports for the year.

### Operating Profit

As the info-tech sector downturn dragged semiconductor makers and other high-tech industries into the red in 2001, we recorded a 2.3 trillion won operating profit. Strong sales and an equally strong operating profit by our Telecommunication Network unit played a key role in this outcome.

### Net Debt to Equity Ratio

Continuing a focus on financial soundness begun in the wake of the 1997 Asian financial crisis, we reduced outstanding debt by 1.4 trillion won to 2.7 trillion won during the year. This pushed our net debt to equity ratio to -0.6%, underscoring the success our ongoing efforts have had in building a world-class financial structure.

PEOPLE

TECHNOLOGY      SAMSUNG IS      SOLUTIONS  
**CONTINUING**  
TO LEAD & INNOVATE

IDEAS



## “WE BELIEVE GLOBAL LEADERSHIP BEGINS WITH CORPORATE TRANSPARENCY...”

At Samsung Electronics, we recognize it takes both world-class products and world-class management to be a global leader. And as our four business networks continued to deliver innovative products for customers around the globe in 2001, our Board of Directors and management team were hard at work doing the same for investors. These efforts and the results they produced didn't go unnoticed by industry watchers.

In February, we became the first Korean multinational and one of only five companies to receive the “Excellence in Corporate Governance Award” from Institutional Shareholder Service. The recognition kept coming in April when *FinanceAsia* announced the results of its annual “Best Company” survey, ranking us No. 1 in Korea in management, e-commerce strategy, and commitment to shareholder value.





Then in May, *Investor Relations* magazine honored us with its prestigious “Best IR by a Korean Company” award.

The year also saw us continue to climb the ranks of the world’s leading corporations in annual surveys by *Fortune* and *Forbes*. We were No. 7 on the *Fortune* Global 500 in electronics and electrical equipment as well as No. 24 in Asia and No. 92 overall. The *Forbes* International 500 ranked us No. 1 in semiconductor equipment and No. 70 overall.

While the above recognition is very satisfying, the most memorable development of the year was the upgrade of our credit rating to the highest levels since the 1997 Asian financial crisis, tracking Korea’s sovereign rating. On May 16, Moody’s raised our rating from Baa3 to Baa2, one step below our top pre-crisis rating. Standard & Poor’s upgraded our rating twice in 2001, raising it from BBB- to BBB on June 18 and once again to BBB+ on November 14, also one step below our previous highest rating.





“Digital convergence is

**Jong-Yong Yun**  
Vice Chairman and CEO

*In billions of won*

Sales ₩32,380.4 -5.6% Operating Profit ₩2,295.3

Korea 32.4% Sales Outside Korea 67.4% Sales



a revolution.

And we're right in the middle of it..”

**Dear Customers, Partners, and Shareholders,**

After delivering such an impressive performance in 2000 that included a 31% growth in sales, a 66% growth in operating profit, and a 90% growth in net income despite a host of negative external factors, we were cautiously optimistic about repeating the performance in 2001. Nothing could have prepared us for the challenges that the year would bring, including a devastating crash in memory prices, a stagnant IT sector, and a global economic chill that turned even colder in the wake of the terrorist attacks in the U.S.

At the end of Q1, operating profit was up 10% from Q4 2000 despite a 5% decline in sales as all business units performing roughly at the same level as the previous year. In retrospect, these Q1 results would provide about two-thirds of the 2001 operating income for the Digital Media System and Home Appliances units as well as the large cushion that would prevent an operating loss for the Semiconductor unit.

-69%	Net Income	W2,946.9	-51%	Sales in Korea
by Unit >>	Digital Media Network	W9,438.4	+0.9	

In Q2, operating profit plummeted 63% as sales slipped 7% from Q1. Buoyed by strong domestic demand, sales for the Information & Communications and Home Appliances units rose 22% and 14%, while declining DRAM and LCD prices pushed Digital Media and Semiconductor sales down 12% and 27%. Operating income fell sharply for all units except Information & Communications, which posted a 28% gain.

The low point of the year came in Q3 when operating profit crashed 97% as sales slid another 10%. Only the Digital Media unit was able to deliver a modest 4% sales growth. Information & Communications sales fell a slight 5%, while Home Appliances and Semiconductor sales dropped another 26% and 25%. Despite the decline in sales, the Information & Communications unit saw operating income jump 21% as new mobile phones hit the market and major equipment orders shipped for overseas projects. The Digital Media and Home Appliances units saw sharp 33% and 87% declines in operating income as the Semiconductor unit recorded its first quarterly operating loss of the current industry downturn.

The year ended with a slight rebound in Q4 as operating profit skyrocketed 279% over Q3 and sales jumped 17% to nearly reach Q1 levels. The Digital Media, Home Appliances, Information & Communications, and Semiconductor units enjoyed quarter-on-quarter growth of 10.6%, 11%, 20.6%, and 25%. While the Home Appliances and Semiconductor units recorded operating losses for the quarter, the Digital Media and Information & Communications units delivered encouraging 70% and 35% increases in operating income as new digital TVs and mobile phones shipped.

In summary, our 2001 performance, while disappointing, did demonstrate that our ongoing efforts to diversify our product portfolio since the 1997 Asian financial crisis have been very effective. Sales were remarkably evenly distributed across three of our four units thanks to strong 18.6% year-on-year growth by the Information &

+33.4	+0.94%	TELECOMMUNICATION NETWORK	US, 033.5
		DIGITAL SOLUTION NETWORK	US, 883.6
		Other	-31.41%

Communications unit that pushed its portion of overall sales to 28%, right between the Digital Media unit's 29% and the Semiconductor unit's 27%. The latter figure was down from 38% of overall sales in 2000 as unit sales plunged 32% year-on-year along with the collapsing memory market. The Home Appliances unit also enjoyed solid 12% year-on-year growth, providing nearly 10% of total sales revenue.

So where do we stand today on our key 2005 goals of 80 trillion won in sales and a brand equity of US\$31 billion? While sales slipped nearly 5.6% to 32.4 trillion won in 2001, our debt-to-equity ratio fell from 66% to just over 43% as we continued to pay off loans in a timely manner. Virtually unheard of in our industry, this extremely low ratio indicates we now have a solid foundation for long-term profitability. Another important fact to remember is that as our competitors in the memory business were facing huge losses or bankruptcy in 2001, we were cutting costs, shifting production to higher-margin products, and expanding R&D to system-on-chip devices and other non-memory areas. At year-end, our staying power had boosted our global market share in DRAM another 4% to 27%, solidifying our leadership in a field that is poised to significantly rebound in 2002 and beyond as well as providing a powerful boost to both sales and income going forward.

Financial facts and figures provide important insights into our business performance, but I'd like to take a few moments to step back and share with you the "big picture" of where Samsung is headed and how we intend to get there.

In November 2000, we embarked on the mission of transforming our organization into a "Digital- $\epsilon$ Company" capable of achieving our vision of leading the digital convergence revolution. I talked about Digital- $\epsilon$ Company in a strategy context last year, but it is more than just something we are doing. It is something we are becoming.



Digital-ΕCompany embodies the fundamental changes that have taken and continue to take place within our organization. Our first task in this mission is to create an internal climate for innovation that encourages convergence and collaboration on the technical, product, and business levels. We started by initiating a transition from a *division-centric* development model that focuses on delivering *stand-alone products* to a *portfolio-centric* model that brings together multiple divisions and units to create *integrated solutions* for our home network, mobile network, office network, and core components business portfolios. Anchored by a world-class product lineup that leads the globe in seven categories—CDMA mobile phones, microwave ovens, DRAM, SRAM, TFT-LCD panels, computer monitors, and VCRs—these four strategic portfolios are a catalyst for convergence and collaboration both within and between our four business units as well as with strategic partners like Dell, AOL Time Warner, Sony, and Microsoft, setting the stage for the next generation of breakthrough digital products and solutions. This is the essence of the “Digital” in Digital-ΕCompany.

Let me elaborate a little more on this concept. As you may have heard, our business units assumed new names in January 2002. The Digital Media System unit is now the Digital Media Network. The Information & Communications unit is simply the Telecommunication Network. The Home Appliances unit is the Digital Appliance Network. And the Semiconductor unit is now the Device Solution Network. These changes are not the result of a major structural reorganization. Rather, they emphasize the increasingly important role convergence and collaboration are playing in all our activities. For instance, the merger of the Digital Media and Telecommunication Network R&D centers at our Suwon plant complex has set the stage for seamless collaboration in all areas of research. The new names also underscore the new direction each unit is taking. The Telecommunication Network name reflects the reality that mobile phone sales alone generated a net income of 1 trillion won for the unit in 2001. An even more

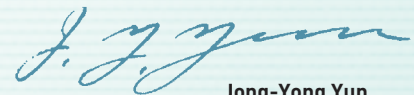




relevant and fundamental change is highlighted in the Device Solution Network name. With the unit's fast-growing portfolio of TFT-LCD technologies and system-on-chip devices, memory chips accounted for just 53% of sales in 2001—down from 64.7% in 2000—further proof that our ongoing efforts to grow beyond our memory maker image are well on their way to success.

Of course, convergence and collaboration don't just happen on their own. They are either helped or hindered by the way a company operates. The second task in our Digital- $\epsilon$  Company mission is to optimize processes for maximum business efficiency. Focusing on the supply chain, we continue to explore ways to enhance value at every step of the chain—from the research lab to the marketing department—applying best practices and information technology to streamline, accelerate, and create opportunities for synergy within each process. In 2001, we marked the completion of a global ERP system that provides the core IT infrastructure for the implementation of our “ $\epsilon$ -process”—a global e-business process that connects and integrates our internal processes and provides a framework for both internal and external collaboration—that will enable quantum leaps forward in our work efficiency, decision-making speed and quality, and cost competitiveness as it revolutionizes the way we work with our partners, suppliers, and customers. This is the essence of the “ $\epsilon$ ” in Digital- $\epsilon$  Company.

We hope this year's report will give you a clearer picture of what our Digital- $\epsilon$  Company mission is about and how it will broaden and deepen our fundamental capacity for innovation as it transforms us into a truly market-driven global organization in the years ahead. And as you join us for a look back at 2001, we are certain you will—as we have—come to one simple, unmistakable conclusion: Samsung Electronics is converging on success.



**Jong-Yong Yun**  
Vice Chairman and CEO

NETWORK 22.2%      Digital APPLIANCE NETWORK 8%  
 BUSINESSES 4.7%      SALES US\$2,350.4      -5.6%      OPERA

FORM

SAMSUNG IS

MOBILITY

COMMUNICATING

USABILITY

ON A HIGHER LEVEL

FUNCTION

**CONVERGENCE SHOWCASE** IF YOU WANT TO LEAD THE DIGITAL CONVERGENCE REVOLUTION, YOU HAVE TO KNOW WHERE IT'S HEADED. THE CREATING NEW BUSINESS GROUP AT OUR CORPORATE DESIGN CENTER STUDIES SOCIAL, CULTURAL, AND TECHNOLOGY TRENDS AS WELL AS CONSUMER LIFESTYLES TO DO JUST THAT, CREATING INNOVATIVE CONCEPTS AND USAGE SCENARIOS THAT ILLUSTRATE WHERE DIGITAL CONVERGENCE IS GOING. HERE'S A PEEK AT WHAT THEY'VE BEEN WORKING ON...



CONCEPT NAME: MY SOLE FAMILY

DESIGNER: SUNG-JIN ANN, CREATING NEW BUSINESS GROUP, CORPORATE DESIGN CENTER

KEY FEATURES: DIGITAL CAMCORDER WITH MOTORIZED TRIPOD AND FULL REMOTE CONTROL. CONTROLLER SUPPORTS VIDEO EDITING AND E-MAILING



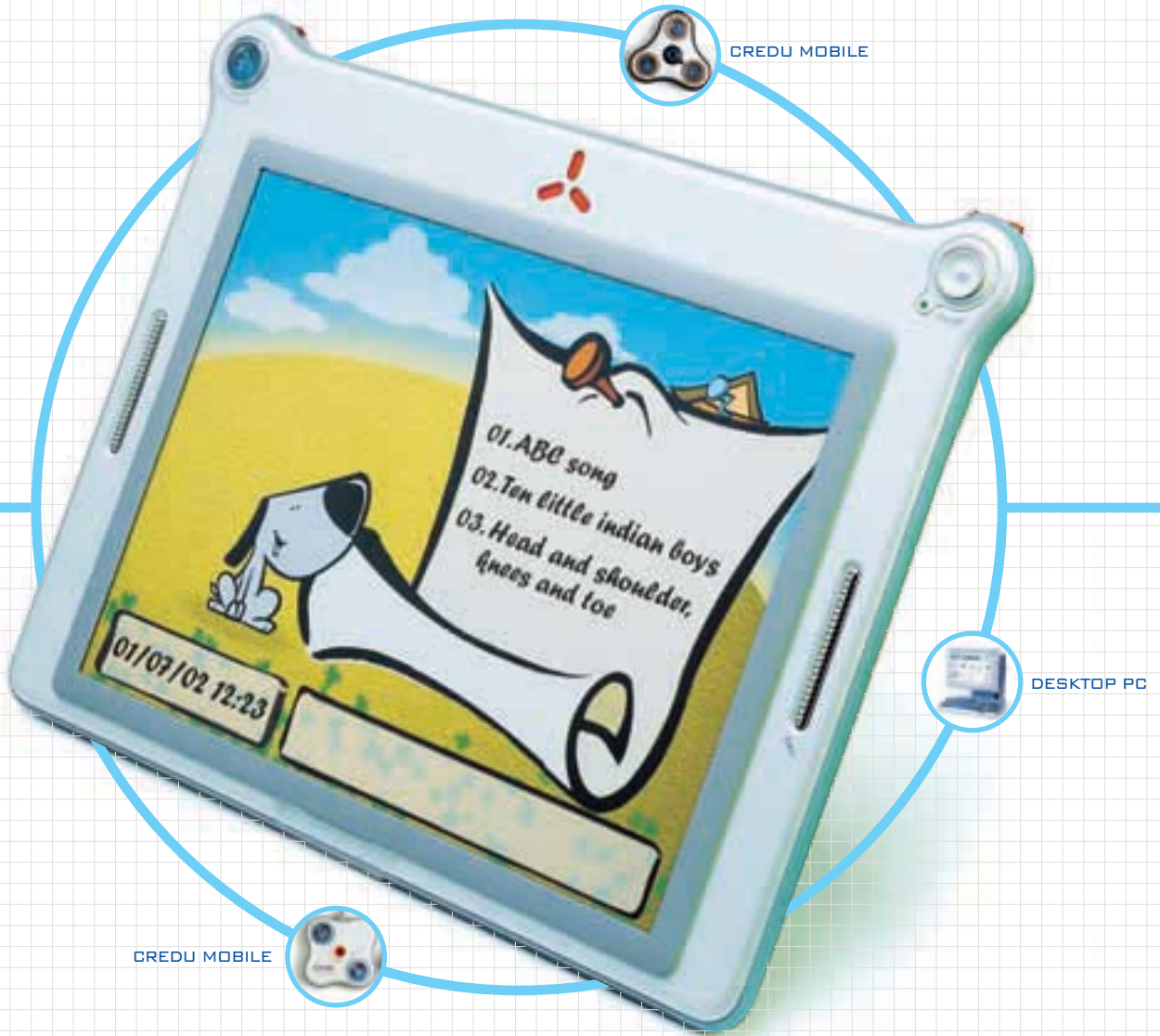
SERGEY KHROSHEV/DIGITAL VIDEO SYSTEM DIVISION

"EVER NOTICED THAT THERE'S ALWAYS SOMEONE LEFT OUT OF THE PICTURE BECAUSE THEY'RE BEHIND THE VIEWFINDER? OUR MY SOLE FAMILY CONCEPT PUTS THAT MISSING FRIEND OR FAMILY MEMBER BACK IN THE PICTURE WITH AN ULTRACOMPACT REMOTELY CONTROLLED CAMCORDER. THE CONTROLLER DISPLAYS VIDEO STREAMED FROM THE CAMCORDER, ALLOWING THE ACTION TO BE PERFECTLY FRAMED WITH PRECISION CONTROL OVER THE ZOOM LENS AND MOTORIZED TRIPOD HEAD. AND AFTER THE VIDEO'S BEEN SHOT, THE CONTROLLER ALLOWS BASIC EDITING AND UPLOADING TO THE INTERNET FOR SHARING WITH FRIENDS AND FAMILY."

CONCEPT NAME: CREDU

DESIGNER: YOUNGJU YEO, CREATING NEW BUSINESS GROUP, CORPORATE DESIGN CENTER

KEY FEATURES: CHILD-FRIENDLY TABLET COMPUTER, DETACHABLE DIGITAL CAMERA  
WITH GPS TRANSPONDER



KUMAR BRATA DAS / COMPUTER SYSTEMS DIVISION

"KIDS ARE AN ACTIVE, IMPETUOUS BUNCH. OUR CREDU CONCEPT GIVES THEM AN ENTERTAINING WAY TO EXPLORE THEIR CREATIVITY AS IT GIVES PARENTS THE PEACE OF MIND OF KNOWING WHERE THEIR KIDS ARE. CREDU'S TABLET COMPUTER COMPONENT MAKES LEARNING A FUN, HANDS-ON EXPERIENCE THAT CONVENTIONAL PCs CAN'T TOUCH. CREDU'S MOBILE COMPONENT HAS A DIGITAL CAMERA THAT HELPS KIDS CAPTURE THEIR WORLD AS WELL AS A GPS TRANSPONDER TO HELP THEIR PARENTS TRACK THEM DOWN FOR DINNER."

**CONCEPT NAME:** HOMMANAGER

**DESIGNER:** YOUNGJU YEO, CREATING NEW BUSINESS GROUP, CORPORATE DESIGN CENTER

**KEY FEATURES:** SCHEDULING AND SHOPPING LISTS, SECURE ELECTRONIC PAYMENT,  
HOME NETWORK CONTROLLER, GPS-POWERED FAMILY LOCATOR



**KUMAR BRATA DAS / COMPUTER SYSTEMS DIVISION**

“RUNNING A HOME IS A FULL-TIME JOB. OUR HOMMANAGER CONCEPT GIVES HOMEMAKERS THE TOOLS THEY NEED TO SIMPLIFY THEIR HECTIC LIVES. IN ADDITION TO PDA FEATURES LIKE SCHEDULING, HOMMANAGER INTERFACES WITH STORE “SHOPPER INFORMATION SYSTEMS” TO DISPLAY SPECIALS ON SHOPPING LIST ITEMS AND HANDLE ELECTRONIC PAYMENT AT THE CHECKOUT. HOMMANAGER ALSO ALLOWS REMOTE CONTROL OF DIGITAL HOME NETWORKS, INCLUDING LIGHTING, AIR-CONDITIONING, AND APPLIANCES. AND WITH ITS GPS-POWERED FAMILY LOCATOR FEATURE, HOMMANAGER MAKES FINDING CREDU-TOTING KIDS A BREEZE.”

CONCEPT NAME: SELFTEL

DESIGNER: JUNSANG PARK, MOBILE COMMUNICATION DIVISION, TELECOMMUNICATION NETWORK

KEY FEATURES: CONFIGURABLE AS A MOBILE PHONE, DIGITAL TV, OR E-BOOK READER.

MODULAR DESIGN FOR EASY UPGRADES

RECOGNITION: 2002 IDEA SILVER AWARD, IDSA AND BUSINESSWEEK

MOBILE PRINTER



DIGITAL TV



FUNCTIONAL SKINS



KATIE McMAHON / MOBILE COMMUNICATION DIVISION

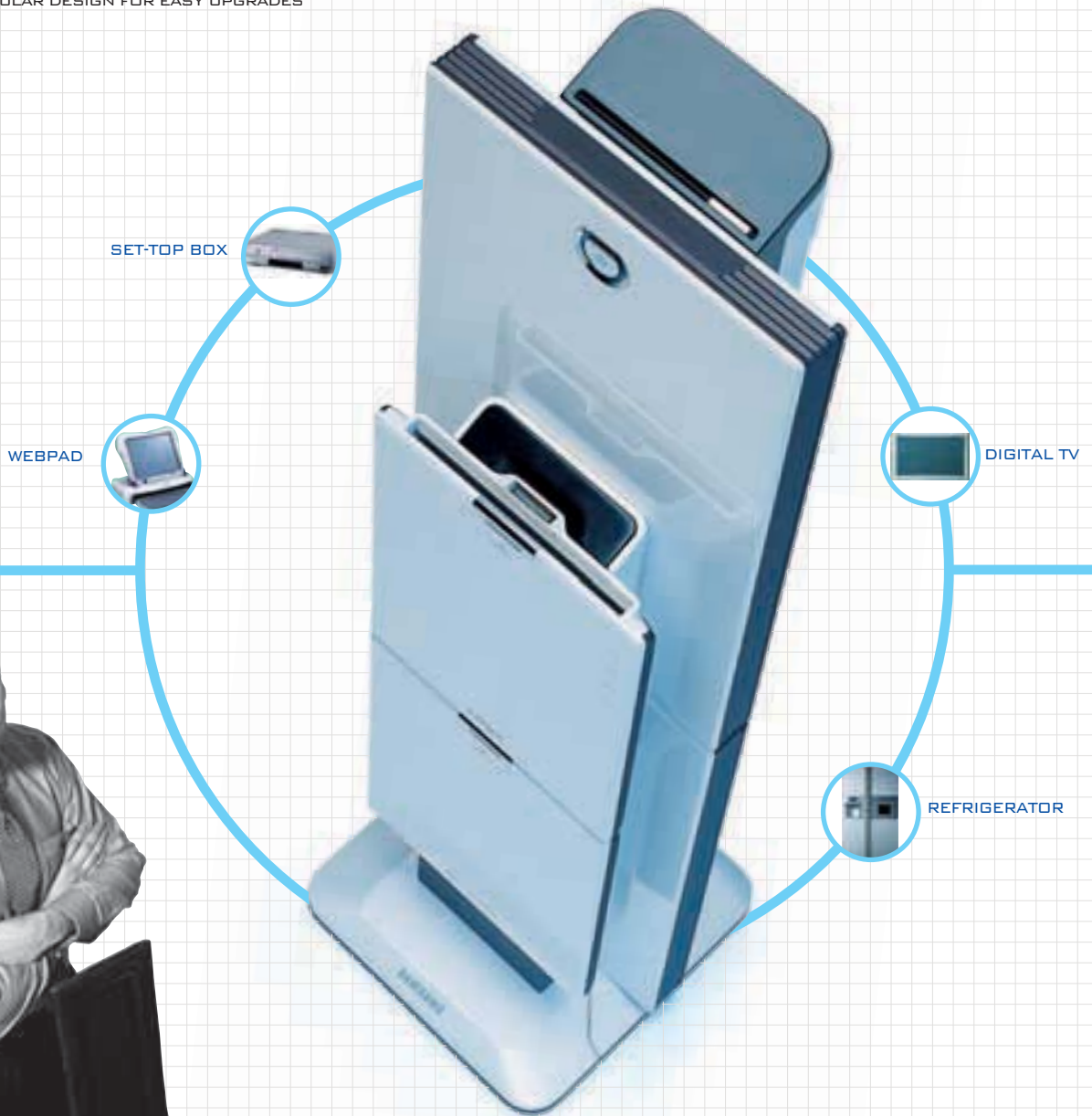
"WE'RE USED TO UPGRADING COMPUTER HARDWARE AND SOFTWARE. BUT JUST ABOUT EVERY OTHER ELECTRONIC GADGET WE OWN IS LIMITED TO THE CAPABILITIES IT HAD WHEN IT LEFT THE FACTORY. NOT SO WITH SELFTEL. THIS MODULAR CONCEPT CAN BE TRANSFORMED INTO A MOBILE PHONE, A DIGITAL TV, OR AN E-BOOK READER BY JUST SWAPPING ITS FUNCTIONAL "SKIN". SELFTEL SKINS CONTAIN THE SOFTWARE AND HARDWARE USER INTERFACE FOR EACH FUNCTION, ENABLING NEW CAPABILITIES TO BE COST-EFFECTIVELY ADDED AT ANY TIME."



**CONCEPT NAME:** DIGITAL HOME HUB

**DESIGNER:** KYUNG-HOON LEE, TELECOMMUNICATION SYSTEMS DIVISION, TELECOMMUNICATION NETWORK

**KEY FEATURES:** SEAMLESS ACCESS TO LOCAL AND INTERNET CONTENT,  
INTERFACES WITH ANY NETWORK-SAVVY DEVICE,  
MODULAR DESIGN FOR EASY UPGRADES



**MARK WILLIAMS/TELECOMMUNICATION SYSTEMS DIVISION**

"MUCH MORE THAN JUST A HOME GATEWAY THAT CONNECTS MULTIPLE PCs TO THE INTERNET, OUR **DIGITAL HOME HUB** CONCEPT PROVIDES EACH FAMILY MEMBER WITH SEAMLESS CONNECTIVITY TO ALL NETWORK-ENABLED DEVICES IN THE HOME AS WELL AS FREE AND FEE-BASED INTERNET SERVICES FOR WORK, LEARNING, AND ENTERTAINMENT. A MODULAR DESIGN MEANS BOTH STORAGE AND NEW CAPABILITIES CAN BE ADDED AT ANY TIME, ALLOWING THE DIGITAL HOME HUB TO BE EASILY UPGRADED TO MEET THE NEEDS OF GROWING FAMILIES."

CUSTOMER  
VALUE

DIGITAL  
PRODUCTS &  
SOLUTIONS

SAMSUNG IS  
**CONVERGING**  
ON SUCCESS

OPTIMIZED  
E-PROCESS

INVESTOR  
VALUE



# DIGITAL-ΕCOMPANY

## TASK 1: DELIVER INNOVATIVE PRODUCTS AND SOLUTIONS THROUGH CONVERGENCE AND COLLABORATION ON THE TECHNICAL, PRODUCT, AND BUSINESS LEVELS

Value innovation is by definition product and solution centered. At Samsung, it's about synergistically leveraging our core capabilities and resources and those of our partners to deliver cutting-edge products and solutions that create new categories and set new standards in existing ones.

The "Digital" aspect of our Digital-ΕCompany mission focuses on ensuring we're creating an optimal environment for product and solution innovation through our home network, mobile network, office network, and core components business portfolios. In 2001, we completed the structural realignment of our divisions into four "business networks"—the Digital Media Network, Telecommunication Network, Digital Appliance Network, and Device Solution Network. The word *network* in each name underscores the synergistic collaboration and resource sharing that's now happening within each network, between networks, and with strategic partners like Dell, AOL Time Warner, Sony, and Microsoft. These dynamic, value-creating relationships are quickly proving to be fertile ground for innovations that will dramatically impact how the world lives, works, and plays in the not-so-distant future.



“Together with Microsoft,  
we’re going to turn average households into  
next-generation digital homes...”



We know hardware. Microsoft knows software. Put the two together, and you have the makings of some serious synergy focused on pioneering a new breed of products for the digital home. In short, we're now working on a networked digital ecosystem of PCs, digital devices, intelligent home appliances, and services that'll literally bring all the convenience and benefits of the digital convergence revolution *home*.



**Televisions** In 2001, we shipped over 10 million TVs, rising from No. 5 into the top-three of the global market. We also introduced the world's first 63-inch plasma and 40-inch TFT-LCD TVs, reaffirming our leadership in next-generation plasma, TFT-LCD, and LCoS display technologies. In 2002, we'll be filling out our flat-panel product line with widescreen 15-, 17-, 22-, 24-, 29-, and 40-inch TFT-LCD TV models as we take aim at No. 1 in the market.

**1. 63-inch plasma TV**

The world's largest plasma screen makes a big impression in any setting.

**2. NEXiO S150 handheld PC**

The post-PC era arrives with style, power, and a built-in CDMA2000 1X phone

**3. DVD-V2000 combo DVD/VCR**

The sequel is just as good as the original category-pioneering home entertainer.

2



3



**VCRs & Set-Top Boxes** Cost leadership and a solid lineup enabled us to capture a major portion of the global VCR market in 2001, putting us in the No. 1 position for the first time since we entered the business in 1979. As illustrated by our strategic alliance with AOL Time Warner to develop Internet-capable cable TV set-top boxes with hard-drive recording capabilities, digital video recording technology is quickly coming into the mainstream. While we'll be making analog VCRs for the foreseeable future, we'll be accelerating the digital transition in 2002 with new SDTV and HDTV set-top boxes that'll tune-in and record terrestrial, satellite, and cable broadcasts in their full digital glory.

**DVD Players** Our DVD player lineup moved us up another position to No. 2 in the global market in 2001. Our space-saving combination DVD/VCR family pioneered a new category during the year as it sold a remarkable 1 million units worldwide. In 2002, we'll be aiming for No. 1 with innovative players like the world's first portable with a 10-inch TFT-LCD screen as well as combination DVD/PVR and high-end HD-DVD models.

**Camcorders** During the year, we added over five new Mini DV models to our camcorder lineup as we accelerated our transition to the popular 6 mm digital format that's easily edited on today's PC systems. In 2002, we'll be expanding our digital family even more as we set our sights on entering the global top-three in the market.

**MP3 Players** Our popular Yepp MP3 player family continued to mature in 2001 with increasingly smaller and lighter designs, support for Windows Media Audio, FM radio reception, faster USB 1.1 transfer speeds, and our first MP3 CD models. In 2002, we'll keep the portable digital music revolution rolling with features like 2x MP3 for twice the music capacity and extended battery life that'll keep the tunes going all day long.

**4. Q10 notebook PC**

This 19.8 mm thin, 1.29 kg light portable boasts Wi-Fi wireless LAN and 5.1 surround sound..

**5. VM-A990 Mini DV camcorder**

Captures life's special moments in vivid digital quality for easy editing on a PC.

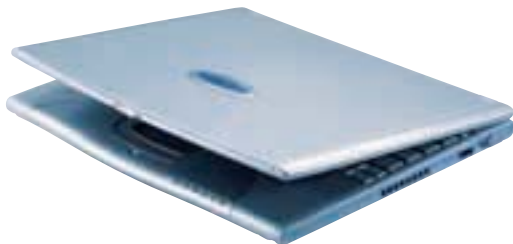
**6. SyncMaster 171P TFT-LCD monitor**

Sleek, powerful styling by F.A. Porsche Design sets the standard for visual form and function.

4

5

6





**Computers** Our MagicStation PCs continued to dominate the competition at home in 2001, capturing nearly 50% of the market as we introduced Pentium 4 models running at up to 1.7-GHz with a choice of 72 options in a new build-to-order program. Our notebook PC family also continued to win recognition and customers worldwide with sleek Pentium III models running at up to 1.2-GHz and boasting features like extended battery life and no-boot MP3 playback. In 2002, we plan to add Wi-Fi wireless LAN connectivity and thumbprint recognition security to our product lineup as we continue work on sub-20 mm thick, sub-1.3 kg ultraportable notebook models. We also intend to ship our first home media center PCs featuring Microsoft's Freestyle software platform, freeing consumers to enjoy their music, videos, photos, and even watch TV from anywhere in the room.

**Monitors** In 2001, we marked our 14th year at the top of the monitor category as we shipped over 22 million SyncMaster monitors. Overall, we captured over 20% of the global market as sales of our award-winning CDT and TFT-LCD displays soared 170% and 200%, respectively, outselling the competition in 39 countries worldwide. With TFT-LCD sales moving solidly into first place for the first time as we shipped 2.6 million units in 2001 and demand now more than doubling annually, we'll be boosting production capacity from 500,000 to 700,000 units per month in 2002 as we aim to ship 5 million flat-panel displays during the year.

**Post-PC Devices** During the year, we unveiled the world's most advanced post-PC device to date:

**7. SpinPoint V40 series 80 GB hard drive**  
Plenty of storage space for growing digital photo, video, and MP3 collections.

**8. SW-224B 24x CD-RW drive**  
Just three short minutes is all this speedster needs to burn a backup CD.

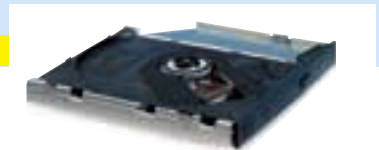
**9. SN-308B combo CD-RW/DVD-ROM drive**  
Now notebooks can burn CDs and play DVDs anytime, anywhere.



7

8

9





the NEXiO S150 handheld PC. Powered by a 206-MHz StrongARM processor running Windows CE 3.0, the S150 features a 5.1-inch 800 x 480 pixel LCD display, CDMA2000 1X mobile phone functionality with up to 144 Kbps data bandwidth for fast Internet surfing, a VGA port for on-the-go presentations, and a growing family of add-on modules for GPS navigation, digital photography, and Wi-Fi wireless LAN connectivity. In 2002, we'll be shipping NEXiO in volume as we continue to add new modules and software that'll make the platform a powerful showcase of what digital convergence can achieve.

**Printers** International printer sales rose to over 3 million units in 2001 as we added over 20 new laser, inkjet, and multifunction products featuring enhanced printing and faxing performance to our lineup. In 2002, we'll be targeting businesses with a growing network printer lineup as we continue to enable even more powerful multifunction printers through the convergence of scanner, printer, and fax technology. We aim to parlay our current 50% domestic market share and fast-track development in this field to become a top-five player in the U.S. market by 2005.

**Storage** In 2001, we were once again a leading player in optical storage, capturing the top spot in the combination CD-RW/DVD-ROM drive category as our SpinPoint hard drive capacities continued to double, reaching 80 GB. In 2002, speeds and capacities will continue to scale rapidly upward as we deliver 40x combo CD-RW/DVD-ROM and 48x CD-RW drives. We'll also be boosting performance across our SpinPoint hard drive lineup with 7,200 rpm versions and drive capacities of 100 GB and beyond.

**10. MR-A02B DVD-RAM/DVD-R drive**

Archiving data and authoring DVDs is easy with this versatile 4.7 GB burner.

**11. SCX-5312F multifunction laser printer**

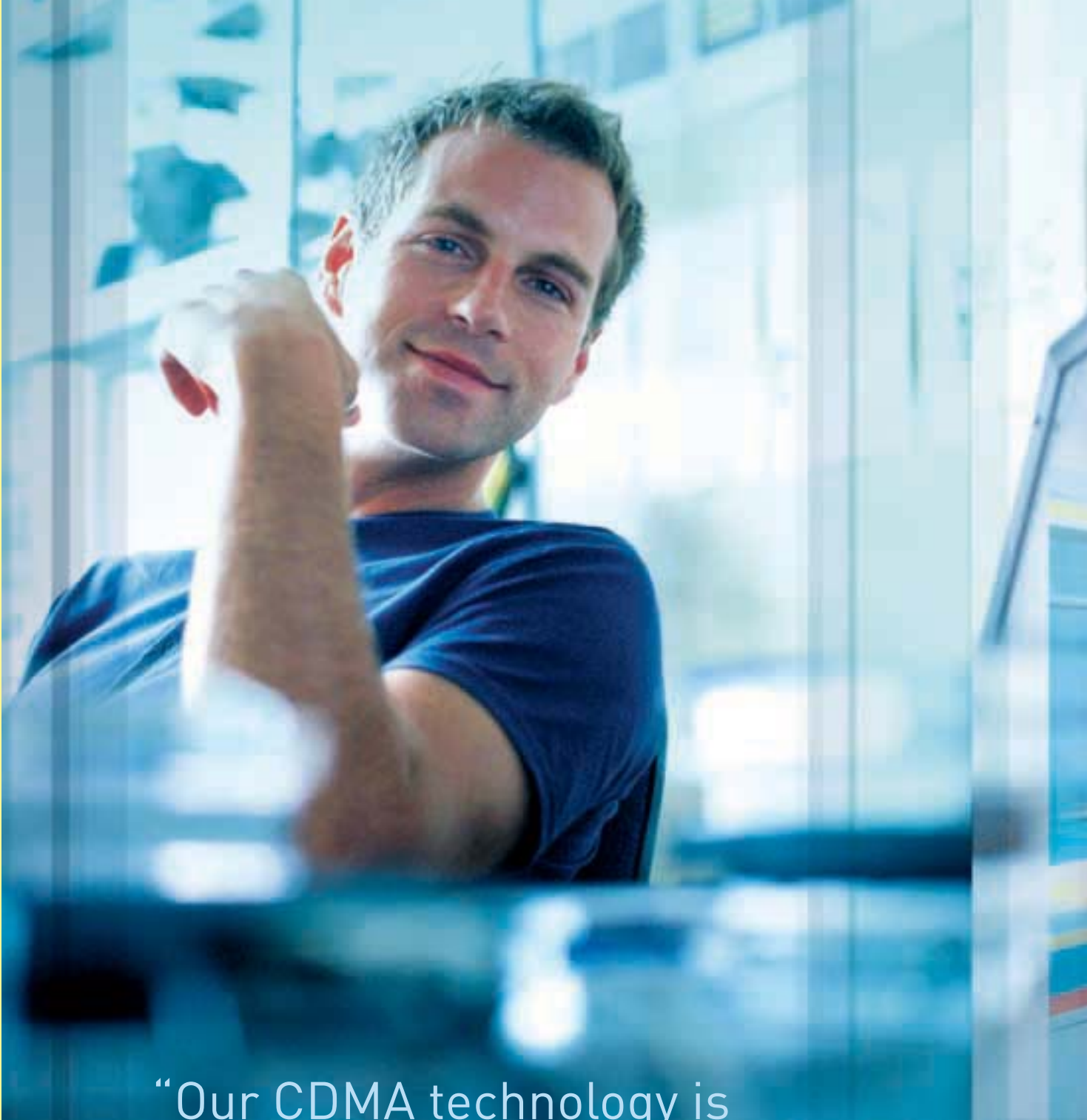
Quick 12 ppm output, duplex printing, and auto-feed copying boost office productivity.



10



11



“Our CDMA technology is  
putting China in the fast lane  
on the wireless information highway...”



We're on the cutting edge of the 3G global mobile communications revolution. Our leadership in CDMA—the core technology behind the CDMA2000 and WCDMA air interface standards that will ultimately replace today's CDMA and GSM networks—will ensure we're ready to deliver the phones and equipment mobile operators in China and around the world need to put their subscribers in the fast lane on the wireless information highway.



**Mobile Phones** The year 2001 got off to a memorable start as we shipped our 50-millionth mobile phone to date in January. We added 28 million more CDMA, CDMA2000, GSM, GPRS, and TDMA phones to that total during the year as we rose from No. 6 to No. 4 in global market share, putting us right on track to pass the 100 million milestone in 2002.

As we marked our fifth year as the world's leading maker of CDMA phones in 2001, we also continued to make rapid inroads into major markets worldwide with phones for competing technologies like GSM, GPRS, and TDMA. During the year, we entered the US GSM and Latin American TDMA markets, shipped our first GPRS phones, won the GSM industry's first TL 9000 hardware certification for our plant in Spain, and established GSM and joint venture CDMA phone plants in China. We also won type approval accreditation for all current GSM and GPRS standards, a capability that will help us substantially shorten our time-to-market for those product lines.

Among the feature innovations that appeared in our 2001 phone lineup were motorized opening for folder phones, motorized antenna extension and retraction, an exterior LCD screen on folder models for caller ID and message display, 40-note polyphony for ultrarealistic musi-

**1. SCH-X590 CDMA2000 1X phone**  
An integrated digital camera and user-sampled ring tones make this a customizer's dream.

**2. SCH-V300 CDMA2000 1xEV-DO phone**  
An industry first with support for peak data rates of 2.4 Mbps means mobile broadband has finally arrived.

**3. SGH-A300 GSM phone**  
A second, external LCD screen makes it easy to check incoming calls and messages.

**4. SPH-I300 CDMA PDA phone**  
Award-winning Palm-powered portable is a seamless convergence of PDA and phone.





cal ring tones, and GPS navigation functionality. In 2002, we'll continue to innovate with a focus on features that leverage the high-speed data capabilities of 2.5G and 3G networks, delivering broadband Internet access as well as CD-quality audio-on-demand, full-motion video-on-demand, and videoconferencing capabilities that will usher in the mobile multimedia communications era.

**Network Equipment** Reprising our role in the launch of the world's first commercial CDMA service in 1996 and CDMA2000 1X service in 2000, we're ready to help roll out CDMA2000 1xEV-DO service in early 2002 and WCDMA in the latter half of the year, ushering in the world's first true 3G commercial mobile services in Korea. This leadership in CDMA technology has earned us a place in 3rd Generation Partnership Projects for both CDMA2000 and WCDMA as well as industry groups that are just now beginning to discuss 4G standards.

In addition to follow-up CDMA equipment orders from Hutchison Telecom Australia and Sprint PCS during the year, we won contracts for equipment to serve 1.38 million subscribers in four major regional markets in China. We also joined forces with Shanghai Bell to develop, produce, and market equipment, a partnership we expect to deliver a substantial percentage of the 70-million subscriber lines forecast to be added across China through 2006.

Stepping up our offerings in the broadband network category, we introduced our AceMAP™ and softswitch equipment lines to give carriers the tools they need to make the transition to next-generation networks capable of handling multimedia and data as effectively and reliably as voice traffic. We also signed ADSL and cable modem deals with major carriers in Korea, Japan, Taiwan, and China as we moved into the No. 4 position in 2001. We expect to vault into the No. 2 position in 2002 as we continue expand our broadband subscriber equipment customer base worldwide.

**5. SGH-T100 GSM**

The TFT-LCD displays over 4,000 colors with image quality superior to STN LCD screens.



**6. AceMAP™ access gateway**

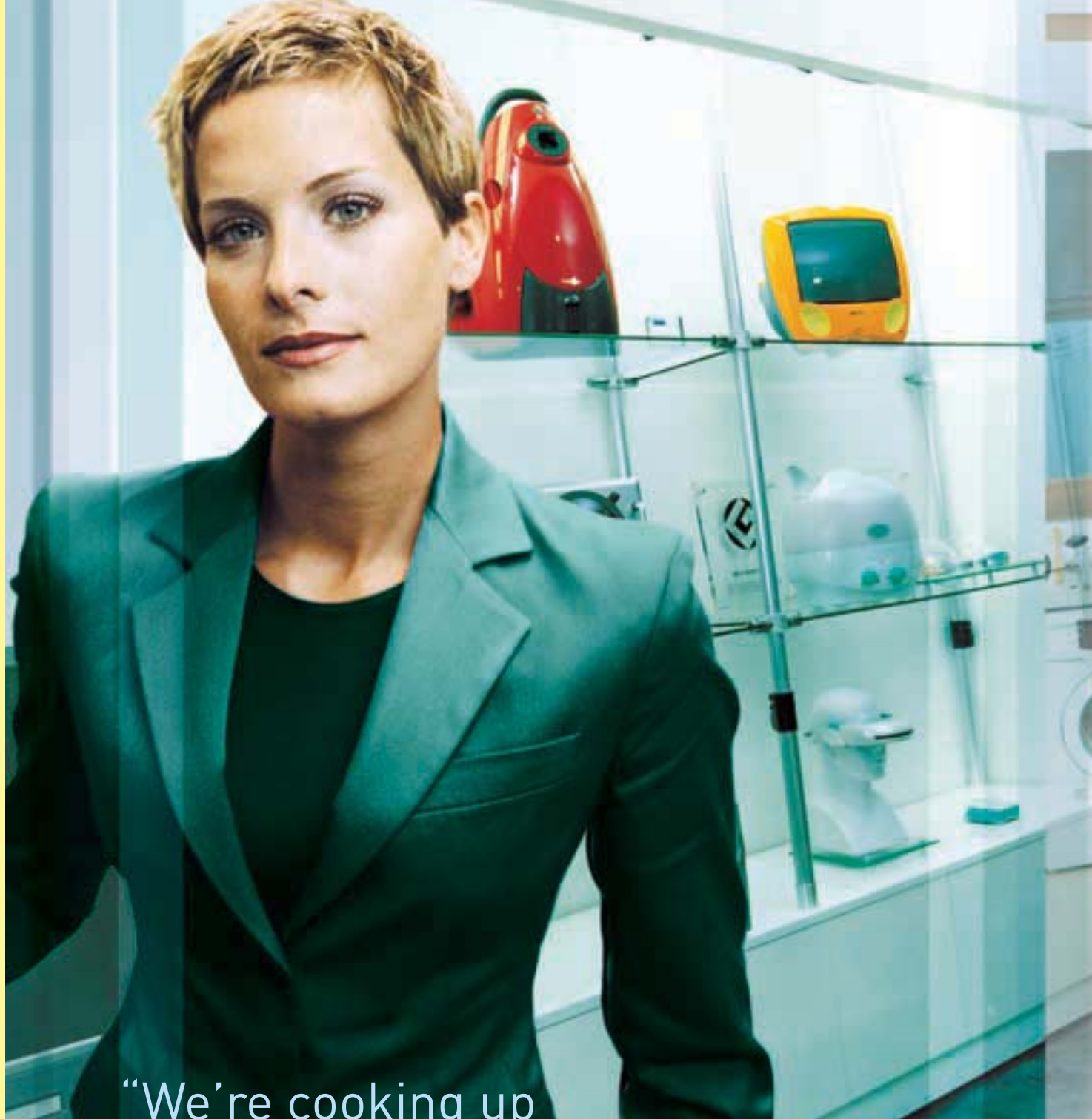
An integrated access platform that does it all, handling voice, data, and broadband traffic.



**7. PicoBTS CDMA2000 1xEV-DO base station**

This compact unit installs virtually anywhere, dramatically reducing build-out time and costs.





“We’re cooking up  
a lot of good things for the homes  
of the future...”





We have a very clear vision of what home should be like. It should be comfortable. Convenient. Efficient. Secure. And as each of our appliance divisions works to set the standard for innovation, performance, and value in their individual industries, they're also coming together as one in our Home Vita home networking solutions to create living environments that will be all those things—and much more.

1



#### 1. SR-N759CSC refrigerator

A detachable wireless Webpad makes this multimedia-savvy fridge a perfect home network controller.

**Home Networking** The year 2001 got off to a networked start with the debut of our TCP/IP-based digital home network concept at the Winter Consumer Electronics Show in Las Vegas, U.S.A. Marketed under the Home Vita name, this family of solutions is at the heart of the world's first large-scale home networking test bed project involving 100 apartments in Korea. Now being showcased in model apartments in Seoul and Hong Kong, Home Vita promises enhanced comfort, convenience, efficiency, and security by taking the home automation paradigm to the next level with intelligent, integrated control over the entire home via a wireless Webpad, WAP-enabled mobile phone, or any PC with an Internet connection.

**Air Conditioners** In 2001, we began a strategic shift in focus to commercial air conditioning systems, a market that's over 30-times more profitable than residential systems. Our DVM variable refrigerant flow systems deliver all the benefits of residential mini-split ductless systems for up to 16 rooms with substantial energy savings over conventional variable air flow systems. They also have the revolutionary ability of full room-by-room control over operation via Internet or intranet. By 2003, we expect these modular ductless systems to provide more than 50% of sales.

**Refrigerators** The year quietly brought more ener-

#### 2. RE-21C microwave oven

T.D.S.(Triple Distribution System) cooking system and ceramic interior coating ensure every dish is nutritiously "well done" and easy cleaning.



2

#### 3. VC-J900 vacuum cleaner

UV technology neutralizes germs and odors to get homes a healthy clean.



3

gy efficiency to our entire refrigerator lineup. These innovations were the result of a five-year R&D program that has helped us cut noise by 5 dB and power consumption by up to 40%, producing 40 international patents in the process. While our specialty refrigerators continued to gain market share with 36% of the Korean market, our side-by-side models were capturing 8% of the global market, outselling the competition in 12 countries in 2001. We plan to nearly double that figure to 20 in 2002 as we integrate style, functionality, and powerline networking features that will make our refrigerators central players in our Home Vita networking solutions.

**Microwave Ovens** Our microwave ovens were the world's best-selling brand for the second straight year in 2001. Our industry leading 24% global market share was a result of our No. 1 performance in 25 countries, up from 20 in 2000. Some of the advances we cooked up during the year included a new wave-distribution system featuring three antennas rather than one for more even cooking, a scratch-resistant ceramic enamel interior coating, and zero power consumption when not in use. In 2002, we'll continue to add models with convenience features like convection cooking and enhanced integration with our Home Vita networking solutions as we keep innovating to stay at the top of the industry.

**Washing Machines** In 2001, our full-scale entry into the drum washer category helped boost overall sales by 15%. Our advance into the high-end CIS market with slim-profile models featuring designs, colors, and washing programs specifically geared to local tastes was one of the year's notable successes. Our continued adoption of this local market customization strategy as well as the completion of production facilities in Mexico and India will both play key roles in enhancing our global competitiveness in 2002 and beyond.

**4. AS-S660 air conditioner**

Three-stage filtration and a sleek 12.5 cm profile bring refreshing style to any room.



4

**5. SEW-S803J washing machine**

Multiple colors and a slim 34-cm profile make this machine a perfect fit with CIS consumers and homes.



5



Industry leaders are finding  
a global competitive edge with our advanced  
memory and TFT-LCD panel technologies...





We've built a reputation for innovation and quality in the memory and TFT-LCD fields that's made us the global leader in both. And industry leaders like Dell Computer are noticing, joining us in strategic alliances that provide priority access to our advanced products as well as the technologies and R&D resources that have enabled us to bring them to market first. In short, they're finding a global competitive edge that's helping them meet and exceed the expectations of their customers.

1



**Memory Chips** The industry faced an intensely difficult year in 2001 as stagnant markets and overcapacity triggered a sharp decline in memory prices that prompted many makers to sell below cost to maintain market share. Our response was to reaffirm our performance leadership with higher capacities and speeds as we refocused on cost leadership, initiating a timely migration to 0.13-micron processing and the commissioning of a next-generation 300-mm wafer fab. These efforts helped boost our share of the global DRAM market from 23% to 27% as we continued to enhance our position as the industry leader.

Despite the challenges, 2001 was a year of many notable achievements. We signed a US\$16 billion strategic technology and R&D alliance in March with Dell Computer covering memory, TFT-LCD panels, monitors, and optical disc drives. In May, we unveiled the industry's first modules totally free of lead and halogen compounds. In September, we announced the industry's first 576Mb Rambus DRAM fabricated with a 0.12-micron process, bringing RDRAM virtually even with DDR SDRAM in terms of size and cost. We wrapped up 2001 with a prestigious JEDEC Technical Recognition Award for our role in DDR SDRAM standardization in December. We also took aim at the next major growth market by setting up Shanghai Samsung Semiconductor to sell semiconductors and TFT-LCD panels in China.

**1. 40-inch TFT-LCD panel for TVs**

Sharper and more energy efficient than plasma panels, ours is the industry's first to break the 30-inch barrier.

**2. 1.8-inch TFT-LCD panel**

High contrast, fast pixel response, and 12-bit color are ideal for video-savvy mobile phones.

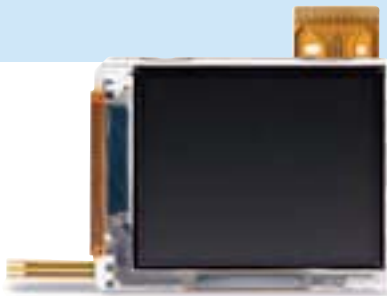
**3. LCD driver IC chips**

The industry's first 40-micron-pitch chips handle more channels in less space.

**4. Smart card IC chips**

Advanced 16-bit chips support major operating systems with ultrafast data encryption.

2



3



4





Looking ahead to 2002, we intend to extend our industry leadership by delivering higher capacities, faster speeds, and lower power consumption across our memory lineup as we continue a strategic portfolio transition from commodity DRAM to specialty memory and system-on-chip products. Our US\$3.1 billion capital investment budget for the year will include the ramp-up of our 300-mm wafer fab, completion of migration to 0.13-micron processing at our four Korean fabs and the start of migration to 0.12-micron, commissioning of our fifth-generation TFT-LCD fab, entrance into the silicon-germanium chip field, and expansion of our network memory lineup.

**System LSI Products** Ongoing diversification into profitable fields kept us in the black when our rivals were losing money. Our system LSI business accounted for 23% of total unit sales, led by strong LCD driver IC and smart card chip sales as well as brisk orders for system-on-chip products with applications in network equipment, digital TV chipsets, and next-generation mobile phones and portable devices. We expect growth in the SOC field to accelerate in 2002 as we complete our shift to 0.13-micron processing to shrink size, boost speed, and reduce power consumption across the board.

**TFT-LCD Panels** Dragged down by the ongoing IT industry slump, our TFT-LCD business began to pick up in the latter part of the year as lower pricing spurred demand, keeping us at the top of the industry for a fourth straight year. Our R&D center continued work on a new 19-inch monitor standard as it delivered the industry's first 40-inch panel for digital TVs. We aim to ship 15.3-, 17-, 22-, and 40-inch high-resolution TV panels in 2002 as we tap into this emerging growth field. We also shipped over 1 million color TFT-LCD panels for mobile phones and other portable devices in 2001, a number we expect to quadruple in 2002 as mobile carriers worldwide roll out next-generation video and data services. On a final note, our fifth-generation motherglass fab is scheduled to come online in the second half of 2002, giving us a powerful cost advantage we can leverage across our panel lineup going forward.

**5. 1Gb NAND flash memory**

The industry's first to use 0.12-micron technology, improving performance by 70%.



5

**6. 512Mb DDR DRAM**

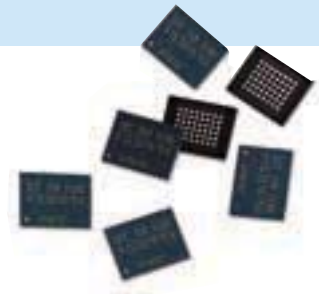
Available in DDR333 and DDR400 speeds, this chip is our high-capacity, high-performance leader.



6

**7. 32Mb UtrAM**

The industry's first uni-transistor RAM combines DRAM and SRAM for mobile phone applications.



7

# DIGITAL-ΞCOMPANY

## TASK 2: MAXIMIZE BUSINESS EFFICIENCY THROUGH OPTIMIZED SUPPLY CHAIN AND SIMPLE, SPEEDY DECISION PROCESSES

Value innovation is about much more than delivering cutting-edge products and solutions. At Samsung, it's about systematically and holistically adopting best practices and information technology to streamline, accelerate, and create new opportunities for synergy and value creation at each stage of the supply chain.

The "Ξ" aspect of our Digital-ΞCompany mission focuses on ensuring each business process is optimized for efficiency. In 2001, we completed a global ERP system spanning 25 production facilities and 31 sales subsidiaries in 47 countries. This global IT infrastructure provides a solid, extensible platform for business process solutions spanning the entire supply chain, revolutionizing the way we relate to and work with partners, suppliers, and customers. The rewards will be better products and solutions in less time, win-win global sourcing relationships that help us sharpen cost competitiveness, and a market-driven focus that enhances our bottom line as it builds customer value and loyalty.



## Laying the foundation for e-business



**Information Infrastructure** →→ Information is the lifeblood of business. This fundamental premise underscores the critical importance of getting timely, meaningful information into the hands of management so sound decisions can be made. In August 2001, we took a major step forward in this area as we wrapped up a six-year, 700 billion won project to implement a global ERP system as the backbone of our e-business infrastructure. Connecting us with our 56 production and sales subsidiaries outside of Korea, our global SAP R/3 system gives us access to real-time information on production, sales, logistics, and inventory, enabling us to manage our resources on a truly worldwide basis, a capability that few other firms have. It is also a solid, extensible platform for essential add-on solutions addressing advanced planning and scheduling, partner collaboration, and supplier and customer relationship management that we will implement in 2001-2002 as we continue to build and optimize a global e-business platform that will maximize value created at every stage of the supply chain.



## Integrating for maximum performance

**Supply Chain Management** →→ Delivering the right product to the right place at the right time and right price is the essence of supply chain management. It is a strategy that requires system-level integration with partners, suppliers, and customers to achieve maximum performance. And in 2001, we implemented solutions to address each of these aspects in our SCM strategy as we cut overall lead time from manufacturing to sales.

We started by upgrading our global ERP system with an APS solution to support a weekly planning cycle for demand forecasting, resource management, and production planning functions for our entire global network of 32 production facilities and 49 sales subsidiaries. This upgrade is enabling us to better synchronize production and sales, a capability we expect to boost on-time delivery performance by more than 10% in 2002. We also added a number of advanced tools to facilitate integration with our partners, suppliers, and customers. For our partners, we implemented a collaborative product commerce solution that is providing a synergistic collaborative framework to lower costs, foster innovative design, and dramatically shorten time to market. For our suppliers, we began implementation of a supplier relationship management solution that will enable us to create, execute, and sustain global sourcing strategies as we build win-win relationships. And for our customers, we implemented a customer relationship management solution that is empowering us to build loyalty as well as enhance value.



### Sharpening competitiveness for profitability



**Cost Reduction** →→In good economic times, the ability to consistently sharpen cost competitiveness is the difference between being an industry leader and being a distant follower. In tough times, it is the difference between staying in the black and bleeding red. Our 2001 financial performance illustrates this perfectly in that our systematic cost-reduction strategy was essential to our posting of a 2,295.3 billion won operating profit for the year.

We used open bidding, vendor negotiations, and global sourcing to cut materials costs by 3,600 billion won, a remarkable 50% reduction over 2000. Process optimizations and a 23% rise in employee productivity at our Korean production facilities helped us save another 1,344.3 billion won in manufacturing and assembly costs, a 55% year-on-year improvement. And since there are limits on how low materials prices can go, our cost-reduction strategy continues to become increasingly sophisticated and holistic, using methodologies like total cost management and value engineering in product development and materials cost management in production to keep our competitive edge as sharp as possible.





Reengineering processes  
for quality results



**Six Sigma** →→ In 2000, we embarked on a Six Sigma initiative in our quest to deliver the highest level of product quality and customer satisfaction. During our second year, we added 680 new black belts—including our first 75 executives—and 15 master black belts as we saw the number of development and manufacturing projects grow over fivefold from 650 to 3,300, generating 770 billion won in savings.

In 2002, we will continue to expand Six Sigma across all functional areas, adding some 750 black belts—approximately one-third at the executive level—as we more than double our master black belt ranks to 80. The adoption of the Design for Six Sigma methodology in our development process will also continue as we lay the foundation for top-tier quality at all levels of our organization.



## Tapping into the power of branding

**Marketing** →→ Among the myriad ways of ranking companies, the highly visible but intangible asset of brand is perhaps the most difficult to put a number on. In its August 6, 2001 edition, *BusinessWeek* teamed up with pioneering brand consultancy Interbrand to do just that in its first ranking of the world's 100 top brands. According to the survey, our brand value was US\$6.37 billion, putting us at No. 42 on the list. This figure was up a strong 22% from our 2000 brand value of US\$5.22 billion, making us the second fastest growing brand on the survey as well as the world's second most recognizable consumer electronics brand behind Sony.

We believe this growth in brand value is a direct result of our continued move upmarket with cutting-edge digital products and a strong commitment to brand building, namely through our Olympic sponsorship and first ever global marketing and advertising campaign. Recognizing that our desired premium product image and existing distribution channels were in conflict, we parted ways with U.S. discount giant Wal-Mart in 2001 and began linking up with specialty chains like Best Buy and CompUSA. At the same time, we consolidated our advertising accounts scattered among 54 agencies worldwide to just one—Foote, Cone & Belding—in our quest to speak with a single voice. This set the stage for the launch of our first global marketing and advertising campaign in 2001 that summed up the essence of our products and brand in three words: “wow” for innovative and fun, “simple” for ease of use, and “inclusive” for value and affordability.



## Innovating to lead the digital convergence revolution



**Research & Development** →→ Nearly a quarter of our 64,000-member global family works at one of 14 R&D centers around the world to bring our vision of leading the digital convergence revolution closer to reality every day. In 2001, we backed them in their efforts with a financial investment equivalent to about 7.5% of total sales. And in return, they earned 1,450 U.S. patents—No. 5 overall—as they delivered another remarkable year of world-class products, technologies, and designs.

They thought big with the world's first 63-inch plasma and 40-inch TFT-LCD TVs. They thought small with the world's first 0.10-micron 4Gb DRAM. They thought product convergence with combo DVD/VCRs, the SPH-I300 PDA phone, and the breakthrough NEXiO S150 wireless handheld PC. They thought service convergence with CDMA2000 1X and WCDMA 3G network equipment and system development. They thought creatively with modular TV, compact mobile phone, and digital camera concepts that won bronze at the Industrial Design Excellence Awards in the U.S. They thought practically with real-world products that won 11 iF Product Design Awards in Germany, 12 Good Design Marks in Japan, and tens of dozens of other awards and citations around the globe. And they are committed to doing it all even better in 2002.



**VOLUNTEERISM**

**SPORTS**

**SAMSUNG IS**

**CONTRIBUTING**

**CITIZENSHIP**

**TO A BETTER WORLD**

**ENVIRONMENT**



**Olympic Games** Completing our first four-year term as the Worldwide Wireless Telecommunications Equipment Partner of the Olympic Games at the Sydney 2000 Olympics, we began planning during 2001 for the Salt Lake 2002 Olympic Winter Games. In addition to our popular Olympic Rendezvous@Samsung pavilion and free Share the Moment Calls, we will be actively supporting the athlete-driven Olympic Aid humanitarian organization through a number of programs at the Games that will help bring the Olympic spirit to refugee children and disadvantaged youth around the world.

**2002 Asian Games** We will be reprising our successful multi-category sponsorship of the 1998 Asian Games held in Bangkok as we provide audio and video products, home appliances, and telecommunications equipment for the 14th Asiad slated for September 2002 in Busan, Korea.



“Sharing the thrill of victory and the agony of defeat brings everyone closer”

At Samsung Electronics, our love for sports has brought us a global audience. From elite-level Olympic athletes to literally dozens of professional and hundreds of amateur teams worldwide, we are helping tens of thousands participate in the spirit of healthy competition. And millions more share in the thrill of their victories and the agony of their defeats.





**Samsung Nations Cup Series** In April 2001, we extended our title sponsorship of the Samsung Nations Cup Series—one of the world's oldest and most prestigious equestrian events—for a third three-year period running from 2003 through 2005. While the final league standings after Round 26 showed Germany in first followed by Ireland and France, the 2000/2001 World Final held in September in Madrid was won in a thrilling finish by Holland, its first win of the year.

**Samsung Running Festival** Started in Hungary back in 1995 as part of a 5th anniversary celebration for Samsung Electronics Magyar Rt., the Samsung Running Festival has become one of Central Europe's largest sporting events. In 2001, the 5-km fun run in Moscow attracted over 50,000 participants of all ages.

**World Cyber Games** Our sponsorship of the World Cyber Games reflects the global impact e-sports are having on the digital entertainment culture of the 21st century. In 2001, preliminary national competitions for the 1st WCG in six of the world's most popular computer games narrowed the field from over 1 million to about 400 gamers. Representing 37 countries, the finalists converged on Seoul in early December to compete for US\$300,000 in prize money at the first Grand Final where Korea, China, and Germany topped the medal standings.





**Computer Training** In 1995, we launched an unprecedented free program aimed at helping two million Koreans gain a solid foundation in basic computer skills. In 2001, we added an online component to the popular program that teaches everything from Windows and word processing to spreadsheets and website building, bringing the graduate total to 2.3 million by year-end.

**Creativity Challenge** Expanding a program we launched back in 1997, we joined forces with Korea's Patent Administration in 2001 to establish the National Students' Creativity Olympiad. Aimed at primary, middle, and high school youth, the competition encourages teams of five to "think outside the box" to find creative approaches to problems and challenges. The finalists are expected to participate in the Destination ImagiNation Global Finals in the U.S. in 2002.



“Serving always inspires  
the greatest reward of all: smiles”

At Samsung Electronics, corporate citizenship is not an afterthought. It is an integral part of our culture that involves tasks as diverse as teaching word processing, supporting computer training and scholarships for the disabled, and developing programs for our more than 15,000 volunteers. And the smiles we get in return make it all worthwhile.



**University Scholarships** In 1998, our headquarters staff founded the Stepping Stone University Scholarship program to support needy disabled students who demonstrate exceptional scholastic ability as well as a strong determination to overcome their disability. Funded by monthly contributions from some 400 staffers, the program awarded a total of 10 scholarships for the 2001/2002 school year.

**Audio Computing** Since 1997, we have offered special computer courses for guide dog recipients training at the Samsung Guide Dog School for the Blind. In 2001, we joined the Korea Welfare Foundation for the Visually Handicapped to hold the 1st Annual Internet Search Competition for the Visually Handicapped in December, an event that challenged the 130 participants to surf the Internet for information using only their voices.

**Volunteer Spirit** There is a strong tradition of grassroots volunteerism at Samsung. Organized at the team level, there are more than 260 volunteer groups that share their time on either a weekly or monthly basis to help the disabled and disadvantaged in their local communities. All in all, more than 15,000 members of our global family are involved in making a difference in their part of the world.







**Greening of Management** Championed at the highest levels of management, our strong environmental commitment has enabled us to build a comprehensive, enterprise-wide environmental safety management system over the years that measures up to ISO 14001 and OHSAS 18001 standards. The effectiveness of this systematic, top-down approach has been further enhanced by high disclosure standards, earning us the trust of local communities around the world.

**Greening of Products** Eco-friendliness joins design, functionality, quality, and cost as one of our five core product development criterion. Armed with comprehensive life-cycle analysis data for each product line, we continue to develop and refine tools that integrate with our 3D CAD systems to empower our designers to create products that consume less energy, contain fewer toxic materials, require fewer parts, and recycle easier.



“Protecting and preserving today ensures a cleaner, greener tomorrow”

At Samsung Electronics, the environment, health, and safety always come first. Guided by a holistic approach to these critical issues that encompasses top leadership, product design, manufacturing processes, workplace factors, and public awareness, we work hand-in-hand with local communities to ensure today's growth never compromises tomorrow's.



**Greening of Processes** Minimizing resource consumption and pollution are ongoing issues for every responsible manufacturer. Along with reducing and recycling the energy and water used in manufacturing, we aggressively capture and neutralize hazardous waste and emissions as we work on viable substitutes to systematically eliminate the use of toxic materials in every process.

**Greening of Workplaces** The health and safety of our employees is our paramount concern. This commitment starts with internal environmental standards that are far more stringent than local laws require and is backed by around-the-clock monitoring to identify and address risks before they become accidents. Ergonomic issues are also continuously analyzed and addressed to enhance efficiency, prevent injuries, and reduce fatigue.

**Greening of Communities** Building public awareness of environmental issues is the first step toward solving them. Whether it involves adopting and cleaning up a local mountain or river, participation in U.N. environmental days, conducting awareness programs at schools, or providing technical assistance to suppliers, we take a proactive role in making local communities cleaner and greener places to live.





## IT'S A DIGITALL FUTURE...

The increasingly seamless integration of devices and networks that digital convergence is driving presents the consumer electronics industry with a mind-boggling array of new challenges and opportunities. At Samsung, our vision of leading the digital convergence revolution is now coming clearly into focus as we pursue the ultimate expression of this convergence: digital freedom. It's a future full of amazing products that deliver a compelling user experience, content and services that are accessible anytime, anywhere, and affordable prices that make the experience available to as many as possible. We call this future Samsung *Digitall*. And everyone's invited.

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# FINANCIAL REPORT 2001

The financial results in the following report are for Samsung Electronics only and do not reflect the results of its subsidiaries or affiliates.

## REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Board of Directors, Samsung Electronics Co., Ltd.

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We have audited the accompanying balance sheets of Samsung Electronics Co., Ltd. as of December 31, 2001 and 2000, and the related statements of income, appropriations of retained earnings and cash flows for the years then ended, expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2001 and 2000, and the results of its operations, the changes in its retained earnings and its cash flows for the years then ended in conformity with accounting principles generally accepted in the Republic of Korea.

The operations of the Company have been affected, and may continue to be affected for the foreseeable future, by the general unstable economic conditions in the Republic of Korea and in the Asia Pacific region. The ultimate effect of these uncertainties on the financial position of the Company as of the balance sheet date cannot presently be determined.

In June 1999, Samsung Motors Inc. ("SMI"), an affiliate of the Company, filed a petition for court receivership. In connection with this petition, the Company and 30 other Samsung Group affiliates (the "Affiliates") entered into an agreement with the institutional creditors (the "Creditors") of SMI in September 1999. In accordance with this agreement, the Company and the Affiliates agreed to sell 3,500,000 shares of Samsung Life Insurance Co., Ltd., transferred to the Creditors in connection with the petition for court receivership of SMI by December 31, 2000. In the event that the sale proceeds fall short of ₩2,450,000 million, the Company and the Affiliates have agreed to compensate the Creditors for the shortfall by other means, including participation in any equity offering or subordinated debentures issued by the Creditors. Any excess proceeds over ₩2,450,000 million are to be distributed to the Company and the Affiliates. As of December 31, 2001, the shares in Samsung Life Insurance Co., Ltd. had not been sold. The ultimate effect of these matters on the financial position of the Company as of the balance sheet date cannot presently be determined.

The Company had sales of ₩1,402,703 million and US\$12,910,292,000 to subsidiaries and affiliated companies within the Samsung Group during the year ended December 31, 2001. Related accounts receivable as of December 31, 2001 amounted to ₩370,680 million and US\$65,050,000.

The amounts expressed in U.S. dollars, provided solely for the convenience of the reader, have been translated at the rate of US\$1 = 1,326 won, the closing exchange rate on December 31, 2001.

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of Korea. The procedures and practices utilized in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries and jurisdictions. Accordingly, this report and the accompanying financial statements are not intended for use by those who are not informed about Korean accounting principles or auditing standards and their application in practice.

Samil Accounting Corporation  
Seoul, Korea  
February 5, 2002

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## BALANCE SHEETS

As of December 31, 2001 and 2000

ASSETS	In millions of Korean won		In thousands of U.S. dollars	
	2001	2000	2001	2000
<b>Current assets:</b>				
Cash and cash equivalents	₩990,371	₩1,159,022	\$746,886	\$874,074
Short-term financial instruments	1,832,504	1,442,290	1,381,979	1,087,699
Trade accounts and notes receivable, net of provisions for doubtful accounts	887,743	1,162,484	669,490	876,685
Other accounts and notes receivable, net of provisions for doubtful accounts	419,051	659,700	316,026	497,511
Inventories	1,964,905	2,802,764	1,481,829	2,113,698
Prepaid expenses and other current assets	661,029	530,181	498,513	399,836
<b>Total current assets</b>	<b>₩6,755,603</b>	<b>₩7,756,441</b>	<b>\$5,094,723</b>	<b>\$5,849,503</b>
Property, plant and equipment, including revalued portion, net of accumulated depreciation	₩13,232,499	₩12,324,429	\$9,979,260	\$9,294,441
Investments	6,499,613	5,409,741	4,901,669	4,079,744
Deferred income tax assets	376,331	178,206	283,810	134,394
Intangible assets, net of accumulated amortization	237,398	265,416	179,033	200,163
Long-term deposits and other assets	817,962	960,813	616,864	724,595
<b>Total assets</b>	<b>₩27,919,406</b>	<b>₩26,895,046</b>	<b>\$21,055,359</b>	<b>\$20,282,840</b>

Continued;

## BALANCE SHEETS

As of December 31, 2001 and 2000

LIABILITIES AND SHAREHOLDERS' EQUITY	In millions of Korean won		In thousands of U.S. dollars	
	2001	2000	2001	2000
<b>Current liabilities:</b>				
Trade accounts and notes payable	₩1,527,056	₩1,492,046	\$1,151,626	\$1,125,223
Current maturities of long-term debt	965,044	2,357,174	727,786	1,777,657
Other accounts and notes payable	1,468,351	1,697,547	1,107,354	1,280,202
Accrued expenses	1,404,387	1,162,008	1,059,115	876,326
Dividends payable	254,187	422,741	191,695	318,810
Income taxes payable	48,693	896,958	36,722	676,439
Other current liabilities	646,524	579,975	487,574	437,386
<b>Total current liabilities</b>	<b>₩6,314,242</b>	<b>₩8,608,449</b>	<b>\$4,761,872</b>	<b>\$6,492,043</b>
Long-term debt, less current maturities	₩1,044,518	₩493,103	\$787,721	\$371,871
Foreign currency notes and bonds	695,057	1,210,765	524,176	913,096
Accrued severance benefits	187,763	144,736	141,601	109,153
Other long-term liabilities	204,077	245,146	153,904	184,877
<b>Total liabilities</b>	<b>₩8,445,657</b>	<b>₩10,702,199</b>	<b>\$6,369,274</b>	<b>\$8,071,040</b>

Continued;



## BALANCE SHEETS

As of December 31, 2001 and 2000

LIABILITIES AND SHAREHOLDERS' EQUITY	In millions of Korean won		In thousands of U.S. dollars	
	2001	2000	2001	2000
<b>Shareholders' equity:</b>				
Capital stock:				
Common stock	₩762,650	₩762,208	\$575,151	\$574,817
Preferred stock	119,467	119,467	90,096	90,096
Capital surplus:				
Paid-in capital in excess of par value	3,848,792	3,843,443	2,902,558	2,898,524
Other capital surplus	1,843,458	1,843,211	1,390,240	1,390,053
Retained earnings:	13,352,987	10,754,427	10,070,126	8,110,429
(Net income ₩2,946,935 million in 2001 and ₩6,014,530 million in 2000)				
Capital adjustments:				
Treasury stock	(962,248)	(962,248)	(725,677)	(725,677)
Other	508,643	(167,661)	383,591	(126,442)
<b>Total shareholders' equity</b>	<b>₩19,473,749</b>	<b>₩16,192,847</b>	<b>\$14,686,085</b>	<b>\$12,211,800</b>
<b>Total liabilities and shareholders' equity</b>	<b>₩27,919,406</b>	<b>₩26,895,046</b>	<b>\$21,055,359</b>	<b>\$20,282,840</b>

## INCOME STATEMENTS

For the years ended December 31, 2001 and 2000

	In millions of Korean won		In thousands of U.S. dollars	
	2001	2000	2001	2000
<b>Sales:</b>				
Domestic	₩10,509,895	₩10,903,384	\$7,926,014	\$8,222,763
Export	21,870,480	23,380,368	16,493,575	17,632,254
<b>Total sales</b>	<b>₩32,380,375</b>	<b>₩34,283,752</b>	<b>\$24,419,589</b>	<b>\$25,855,017</b>
Cost of sales	24,514,733	21,993,377	18,487,732	16,586,258
<b>Gross profit</b>	<b>₩7,865,642</b>	<b>₩12,290,375</b>	<b>\$5,931,857</b>	<b>\$9,268,759</b>
Selling, general and administrative expenses	5,570,308	4,855,220	4,200,836	3,661,553
<b>Operating profit</b>	<b>₩2,295,334</b>	<b>₩7,435,155</b>	<b>\$1,731,021</b>	<b>\$5,607,206</b>
<b>Non-operating income:</b>				
Interest and dividend income	₩126,455	₩156,427	\$95,365	\$117,969
Foreign exchange gain	239,249	299,070	180,429	225,543
Gain on foreign currency translation	47,386	34,122	35,736	25,733
Earnings from equity-method investments	784,790	871,327	591,848	657,109
Other	622,624	649,446	469,551	489,779
<b>Total non-operating income</b>	<b>₩1,820,504</b>	<b>₩2,010,392</b>	<b>\$1,372,929</b>	<b>\$1,516,133</b>
<b>Non-operating expenses:</b>				
Interest expense	₩205,145	₩343,367	\$154,709	\$258,949
Foreign exchange loss	242,918	279,049	183,196	210,444
Loss on foreign currency translation	91,493	237,838	68,999	179,365
Loss on valuation of inventories	54,129	-	40,821	-
Other	439,546	638,479	331,484	481,508
<b>Total non-operating expenses</b>	<b>₩1,033,231</b>	<b>₩1,498,733</b>	<b>\$779,209</b>	<b>\$1,130,266</b>
<b>Ordinary profit</b>	<b>₩3,082,607</b>	<b>₩7,946,814</b>	<b>\$2,324,741</b>	<b>\$5,993,073</b>
Extraordinary income	-	153,634	-	115,863
Extraordinary loss	-	-	-	-
<b>Net income before income taxes</b>	<b>3,082,607</b>	<b>8,100,448</b>	<b>2,324,741</b>	<b>6,108,936</b>
Income tax expense	135,672	2,085,918	102,316	1,573,091
<b>Net income</b>	<b>₩2,946,935</b>	<b>₩6,014,530</b>	<b>\$2,222,425</b>	<b>\$4,535,845</b>
<b>Basic earnings per share</b> (in Korean won and U.S. dollars)	<b>₩17,461</b>	<b>₩35,006</b>	<b>\$13.17</b>	<b>\$26.40</b>
<b>Diluted earnings per share</b> (In Korean won and U.S. dollars)	<b>₩17,230</b>	<b>₩34,393</b>	<b>\$12.99</b>	<b>\$25.94</b>

## STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS

For the years ended December 31, 2001 and 2000				
Date of appropriations: February 28, 2002 and March 9, 2001				
	In millions of Korean won		In thousands of U.S. dollars	
	2001	2000	2001	2000
<b>Retained earnings before appropriations:</b>				
Unappropriated retained earnings carried over from prior year	₩31	₩32	\$24	\$24
Cumulative effects of accounting changes	-	6,761	-	5,098
Changes in retained earnings of equity-method investees	(9,875)	-	(7,447)	-
Interim dividends:				
(Dividend rate: 10% of par value)	(84,312)	(85,886)	(63,584)	(64,770)
Net income	2,946,935	6,014,530	2,222,425	4,535,845
<b>Total retained earnings before approp.</b>	<b>₩2,852,779</b>	<b>₩5,935,437</b>	<b>\$2,151,418</b>	<b>\$4,476,197</b>
<b>Transfers from voluntary reserves:</b>				
Reserve for overseas market development	-	₩37,991	-	\$28,651
Reserve for overseas investment loss	-	48,400	-	36,501
Reserve for research and human resource development	-	184,700	-	139,292
Reserve for export loss	-	49,369	-	37,232
<b>Total transfers from voluntary reserves</b>	<b>-</b>	<b>₩320,460</b>	<b>-</b>	<b>\$241,676</b>
<b>Appropriations:</b>				
Legal reserve	₩500	₩53,000	\$377	\$39,970
Reserve for business rationalization	1,000,000	1,000,000	754,148	754,148
Reserve for research and human resource development	1,598,060	2,000,000	1,205,174	1,508,296
Cash dividends:	254,187	422,670	191,695	318,756
(Common stock: 30% in 2001 and 50% in 2000)				
(Preferred stock: 31% in 2001 and 51% in 2000)				
Reserve for loss on disposal of treasury stock	-	200,000	-	150,830
Reserve for capital expenditures	-	2,580,196	-	1,945,849
<b>Total appropriations</b>	<b>₩2,852,747</b>	<b>₩6,255,866</b>	<b>\$2,151,394</b>	<b>\$4,717,849</b>
<b>Unappropriated retained earnings carried over to subsequent year</b>	<b>₩32</b>	<b>₩31</b>	<b>\$24</b>	<b>\$24</b>

## STATEMENTS OF CASH FLOWS

For the years ended December 31, 2001 and 2000

	In millions of Korean won		In thousands of U.S. dollars	
	2001	2000	2001	2000
<b>Cash flows from operating activities:</b>				
Net income	₩2,946,935	₩6,014,530	\$2,222,425	\$4,535,845
Items not involving operating cash flows:				
Depreciation and amortization	₩3,186,245	₩2,666,229	\$2,402,900	\$2,010,731
Provision for severance benefits	217,213	160,523	163,811	121,059
Loss on foreign currency translation	91,493	237,838	68,999	179,365
Gain on foreign currency translation	(47,386)	(27,643)	(35,736)	(20,847)
Earnings from equity-method investments	(784,790)	(871,327)	(591,848)	(657,109)
Loss on valuation on inventories	54,129	-	40,821	-
Deferred income taxes	(196,127)	899,311	(147,909)	678,213
Other	608,638	313,313	459,003	236,283
<b>Total items not involving cash flows</b>	<b>₩6,076,350</b>	<b>₩9,392,774</b>	<b>\$4,582,466</b>	<b>\$7,083,540</b>
Changes in operating assets and liabilities:				
Trade accounts and notes receivable	₩173,029	(₩698)	\$130,489	(\$526)
Inventories	876,729	(488,362)	661,184	(368,297)
Trade accounts and notes payable	28,591	68,396	21,562	51,581
Accrued expenses	239,493	409,340	180,612	308,703
Income taxes payable	(848,264)	290,015	(639,717)	218,714
Payment of severance benefits	(110,557)	(68,873)	(83,377)	(51,940)
Other	(144,589)	(146,774)	(109,040)	(110,690)
<b>Net cash provided by operating activities</b>	<b>₩6,290,782</b>	<b>₩9,455,818</b>	<b>\$4,744,179</b>	<b>\$7,131,085</b>

Continued;



## STATEMENTS OF CASH FLOWS

For the years ended December 31, 2001 and 2000				
	In millions of Korean won		In thousands of U.S. dollars	
	2001	2000	2001	2000
<b>Cash flows from investing activities:</b>				
Increase in short-term financial instruments	(₩388,759)	(₩793,946)	(\$293,182)	(\$598,753)
Increase in other accounts and notes receivable	(4,177,750)	(5,495,534)	(3,150,641)	(4,144,445)
Decrease in other accounts and notes receivable	4,426,060	5,522,883	3,337,904	4,165,070
Proceeds from disposal of property, plant and equipment	113,043	52,860	85,251	39,864
Acquisition of property, plant and equipment	(4,428,933)	(5,036,924)	(3,340,070)	(3,798,585)
Proceeds from sale of investments	134,031	142,964	101,081	107,816
Acquisition of investments	(43,694)	(954,453)	(32,952)	(719,798)
Increase in long-term deposits and other assets	(187,924)	(275,444)	(141,723)	(207,725)
Decrease in long-term deposits and other assets	326,014	550,782	245,863	415,371
Other	(490)	100,000	(371)	75,414
<b>Net cash used in investing activities</b>	<b>(₩4,228,402)</b>	<b>(₩6,186,812)</b>	<b>(\$3,188,840)</b>	<b>(\$4,665,771)</b>
<b>Cash flows from financing activities:</b>				
Increase in other accounts and notes payable	₩23,822,738	₩15,205,056	\$17,965,866	\$11,466,860
Decrease in other accounts and notes payable	(24,073,383)	(15,227,754)	(18,154,889)	(11,483,977)
Repayment of long-term debt	-	(391,627)	-	(295,345)
Repayment of foreign currency notes and bonds	(247)	-	(187)	-
Proceeds from long-term debt	978,564	-	737,982	-
Repayment of current maturities of long-term debt	(2,372,802)	(1,398,996)	(1,789,444)	(1,055,050)
Increase in other long-term liabilities	46,970	217,285	35,422	163,865
Decrease in other long-term liabilities	(118,170)	(69,779)	(89,118)	(52,623)
Payment of dividends	(507,054)	(428,544)	(382,394)	(323,185)
Acquisition of treasury stock	-	(534,409)	-	(403,024)
Other	(7,647)	(8,046)	(5,765)	(6,068)
<b>Net cash used in financing activities</b>	<b>(₩2,231,031)</b>	<b>(₩2,636,814)</b>	<b>(\$1,682,527)</b>	<b>(\$1,988,547)</b>
Net increase (decrease) in cash and cash equivalents	(₩168,651)	₩632,192	(\$127,188)	\$476,767
Cash and cash equivalents at beginning of year	1,159,022	526,830	874,074	397,307
<b>Cash and cash equivalents at end of year</b>	<b>₩990,371</b>	<b>₩1,159,022</b>	<b>\$746,886</b>	<b>\$874,074</b>

## FIVE-YEAR FINANCIAL SUMMARY

For the years ended December 31, 1997-2001

In thousands of U.S. dollars

	2001	2000	1999	1998	1997
<b>Sales:</b>					
Domestic	\$7,926,014	\$8,222,763	\$7,029,885	\$5,380,693	\$5,663,406
Export	16,493,575	17,632,254	13,714,980	11,259,056	7,386,318
	\$24,419,589	\$25,855,017	\$20,744,865	\$16,639,749	\$13,049,724
Cost of sales	18,487,732	16,586,258	14,027,936	11,578,914	8,976,018
Gross profit	\$5,931,857	\$9,268,759	\$6,716,929	\$5,060,835	\$4,073,706
Selling, general and administrative expenses	4,200,836	3,661,553	3,157,358	2,492,518	2,055,176
Operating profit	\$1,731,021	\$5,607,206	\$3,559,571	\$2,568,317	\$2,018,530
<b>Non-operating income:</b>					
Interest and dividend income	\$95,365	\$117,969	\$180,890	\$279,383	\$120,977
Gain on foreign currency transactions	180,429	225,543	212,448	863,231	1,321,352
Gain on foreign currency translation	35,736	25,733	207,638	-	-
Gain on valuation of investments using the equity method	591,848	657,109	236,888	-	-
Other	469,551	489,779	470,591	371,563	290,965
	\$1,372,929	\$1,516,133	\$1,308,455	\$1,514,177	\$1,733,294
<b>Non-operating expenses:</b>					
Interest expense	\$154,709	\$258,949	\$572,835	\$924,894	\$536,428
Amortization of deferred charges	-	-	-	1,559,267	1,117,517
Loss on foreign currency transactions	183,196	210,444	222,788	857,732	1,478,708
Loss on foreign currency translation	68,999	179,365	84,666	-	-
Loss on valuation of inventories	40,821	-	-	-	-
Other	331,484	481,508	576,914	375,354	508,878
	\$779,209	\$1,130,266	\$1,457,203	\$3,727,247	\$3,641,531
Ordinary profit	\$2,324,741	\$5,993,073	\$3,410,823	\$365,247	\$110,293
Extraordinary income	-	115,863	-	235,068	46
Extraordinary loss	-	-	211,484	259,920	1,773
Net income before income taxes	\$2,324,741	\$6,108,936	\$3,199,339	\$340,395	\$108,566
Income tax expense	102,316	1,573,091	681,148	80,895	21,283
Net income	\$2,222,425	\$4,535,845	\$2,518,191	\$259,500	\$87,283
Earnings per share (in Korean won and U.S. dollars)	\$13.17	\$26.40	\$14.49	\$2.14	\$0.93

In millions of Korean won

	2001	2000	1999	1998	1997
	₩10,509,895	₩10,903,384	₩8,850,625	₩6,494,497	₩8,013,719
	21,870,480	23,380,368	17,267,161	13,589,680	10,451,641
	₩32,380,375	₩34,283,752	₩26,117,786	₩20,084,177	₩18,465,359
	24,514,733	21,993,377	17,661,172	13,975,749	12,701,065
	₩7,865,642	₩12,290,375	₩8,456,614	₩6,108,428	₩5,764,294
	5,570,308	4,855,220	3,975,114	3,008,469	2,908,074
	₩2,295,334	₩7,435,155	₩4,481,501	₩3,099,959	₩2,856,220
	₩126,455	₩156,427	₩227,741	₩337,215	₩171,182
	239,249	299,070	267,472	1,041,919	1,869,713
	47,386	34,122	261,416	-	-
	784,790	871,327	298,242	-	-
	622,624	649,446	592,473	448,477	411,715
	₩1,820,504	₩2,010,392	₩1,647,345	₩1,827,612	₩2,452,610
	₩205,145	₩343,367	₩721,199	₩1,116,347	₩759,045
	-	-	-	1,882,035	1,581,287
	242,918	279,049	280,491	1,035,283	2,092,372
	91,493	237,838	106,595	-	-
	54,129	-	-	-	-
	439,546	638,479	726,334	453,053	720,062
	₩1,033,231	₩1,498,733	₩1,834,618	₩4,486,718	₩5,152,766
	₩3,082,607	₩7,946,814	₩4,294,227	₩440,853	₩156,064
	-	153,634	-	283,727	66
	-	-	266,258	313,723	2,509
	₩3,082,607	₩8,100,448	₩4,027,968	₩410,856	₩153,620
	135,672	2,085,918	857,566	97,640	30,116
	₩2,946,935	₩6,014,530	₩3,170,403	₩313,216	₩123,505
	₩17,461	₩35,006	₩19,214	₩2,832	₩1,232

## BOARD OF DIRECTORS

The Board of Directors underwent a fundamental change in composition as of March 9, 2001, dropping from a 20-member team with six outside directors to a 14-member team with seven outside directors. The Board took up a total of 28 agenda items over the course of 8 meetings in 2001, including the approval of the year 2001 business and management plan and the declaration of a 10% interim cash dividend of 500 won per share in July.

The Board is currently composed of three standing committees. The Management Committee held 30 meetings in 2001, handling management issues delegated by the Board to accelerate decision-making and improve administrative efficiency. Composed of three outside directors, the Audit Committee met seven times to supervise and support the management team in maximizing corporate value. The Outside Director Recommendation Committee held two meetings, nominating two candidates—Mr. Kap-Hyun Lee and Mr. Goran Sture Malm—who began their three-year terms on March 9, 2001. The outside directors also met three times outside of the normal board and committee meeting schedule to discuss and formulate recommendations on issues related to improving corporate governance and transparency.

### COMMITTEES

#### Management Committee

Jong-Yong Yun [chair]  
Yoon-Woo Lee  
Dae-Je Chin  
Doh-Seok Choi

#### Audit Committee

Sung-Lark Rim [chair]  
Jae-Sung Hwang  
Kap-Hyun Lee

#### Outside Director Recommendation Committee

Franz-Hermann Hirtlinger [chair]  
Suk-Soo Kim  
Jong-Yong Yun  
Doh-Seok Choi

### 2001/2002 BOARD MEMBERS



#### Kun-Hee Lee

- Chairman & CEO, Samsung Electronics [1998-present]
- Chairman, Korea Welfare Promotion Association for the Disabled [1998-present]
- Member, International Olympic Committee [1996-present]
- Vice chairman, Federation of Korean Industries [1987-present]
- Chairman, Samsung Group [1987-1998]



#### Jong-Yong Yun

- Vice chairman & CEO, Samsung Electronics [1999-present]
- President & CEO, Samsung Electronics [1996-1999]
- President & CEO, Samsung Japan Headquarters [1995-1996]
- President & CEO, Samsung Display Devices [1993-1995]
- President & CEO, Samsung Electro-Mechanics [1992-1993]



#### Hak-Soo Lee

- President & CEO, Group Reformation Headquarters Samsung Electronics [1998-present]
- Chief of staff, Chairman's Office, Samsung Group [1996-1998]
- President & CEO, Samsung Fire & Marine Insurance [1995-1996]
- Vice president, Samsung Fire & Marine Insurance [1993-1995]



#### Yoon-Woo Lee

- President & CEO, Device Solution Network Samsung Electronics [1995-present]
- Executive VP & CEO, Semiconductor business Samsung Electronics [1993-1995]
- Executive VP, Semiconductor business Samsung Electronics [1992-1993]
- Managing director, Giheung Plant, Samsung Semiconductor & Telecommunication [1987-1992]



**Dae-Je Chin**

- President & CEO, Digital Media Network Samsung Electronics [2000-present]
- Executive VP & CTO, Samsung Electronics [1998-2000]
- Executive VP, System LSI business Samsung Electronics [1997-1998]
- General manager, Memory business Samsung Electronics [1987-1997]

**Doh-Seok Choi**

- President & CFO, Samsung Electronics [1999-present]
- Vice president & corporate controller Samsung Electronics [1997-1999]
- Managing director & corporate controller Samsung Electronics [1994-1997]
- Executive director & corporate controller, Samsung Electronics [1991-1994]

**In-Joo Kim**

- Executive VP, Group Reformation Headquarters Samsung Electronics [2001-present]
- Senior managing director & group CFO, Financial Management Division, Group Reformation Headquarters, Samsung Electronics [1999-2000]
- Managing director, Financial Control Task Force Group Reformation Headquarters Samsung Electronics [1998]

**Franz-Hermann Hirlinger**

- Outside director, Samsung Electronics [1998-present]
- Representative, State of Barvaria Korea Office [2001-present]
- Chief representative, Bayerische Landesbank, Seoul office [1997-present]
- Chief representative and first vice president Bayerische Landesbank, Tokyo office [1995-2001]
- Senior investment manager and head of international marketing, Credit Suisse [1991-1995]

**Suk-Soo Kim**

- Outside director, Samsung Electronics [1999-present]
- President, Law Office of Suk-Soo Kim [1997-present]
- Chairman, Supreme Court Ethics Committee [1997-present]
- Chairman, Central Election Management Commission [1993-1997]
- Justice, Supreme Court [1991-1997]

**Sung-Lark Rim**

- Outside director, Samsung Electronics [2000-present]
- Outside auditor, Samsung Electronics [1998-2000]
- Executive director/director/chief consultant, Korea Financial Planner Association [2000-present]
- President & CEO, Kook-Min Investment Trust Management [1998-2000]
- Managing director/director/general manager, Korea Long Term Credit Bank [1988-1998]

**Jae-Sung Hwang**

- Outside director, Samsung Electronics [2000-present]
- Non-permanent judge, National Tax Tribunal [2000-present]
- Consultant, Kim & Chang Law Firm [1999-present]
- President, Kyung-In/Seoul Regional Tax Offices [1996-1999]
- Head of Investigation Bureau, National Tax Service [1995-1996]

**Tetsuo Iwasaki**

- Outside director, Samsung Electronics [2000-present]
- Chairman/CEO/president, Applied Komatsu Technology [1993-present]
- Senior advisor/senior VP/corporate VP Applied Materials [1983-present]
- Chairman/CEO/co-founder, Applied Materials Japan [1979-present]

**Kap-Hyun Lee**

- Outside director, Samsung Electronics [2001-present]
- Advisor, Boston Consulting Group [2001-present]
- President, Korea Exchange Bank [1999-2000]
- Executive director, Korea Exchange Bank [1997-1999]
- Managing director, Korea Exchange Bank [1996-1997]
- Senior manager, Korea Exchange Bank [1991-1996]
- Manager, London office, Korea Exchange Bank [1980-1991]

**Goran Sture Malm**

- Outside director, Samsung Electronics [2001-present]
- Chairman & CEO, Icon Medialab Asia [2000-present]
- President/Senior vice president, Dell Computer Asia Pacific/Dell Computer [1999-2000]
- President/Senior vice president, GE Asia-Pacific/GE [1997-1999]
- President & CEO, GE Medical Systems Asia [1992-1997]

## GLOBAL HEADQUARTERS

**Samsung Main Building**  
250, Taeyeongno 2-ga, Jung-gu  
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Tel: 82-2-727-7114  
Fax: 82-2-727-7985  
www.samsungelectronics.com

## KOREAN PRODUCTION BASES

**Cheonan Plant**  
San 33-11, Seongseong-dong  
Cheonan, Chungcheongnam-do  
Korea  
Tel: 82-41-529-7114  
Fax: 82-41-529-6049

**Giheung Plant**  
San-24, Nongseo-ri, Giheung-eup  
Yongin, Gyeonggi-do, Korea  
Tel: 82-2-760-7114  
Fax: 82-2-760-7049

**Gumi Plant**  
259, Gongdan-dong, Gumi  
Gyeongsangbuk-do, Korea  
Tel: 82-54-460-2114  
Fax: 82-54-460-2111

**Gwangju Plant**  
217, Osan-dong, Gwangsan-gu  
Gwangju, Korea  
Tel: 82-62-950-6114  
Fax: 82-62-950-6019

**Onyang Plant**  
San-74, Buksu-ri, Baebang-myeon  
Asan, Chungcheongnam-do  
Korea  
Tel: 82-41-540-7114  
Fax: 82-41-548-7049

**Suwon Complex**  
416, Maetan 3-dong, Paldal-gu  
Suwon, Gyeonggi-do, Korea  
Tel: 82-31-200-1114  
Fax: 82-31-200-1530

## OVERSEAS NETWORK

### THE AMERICAS

#### Sales Subsidiaries

**Samsung Electronics America, Inc. (SEA)**  
Ridgefield Park, New Jersey, U.S.A.  
Tel: 1-201-229-4000

**Samsung Telecommunications America, Inc. (STA)**  
Richardson, Texas, U.S.A.  
Tel: 1-972-761-7005

**Samsung Electronics Canada Inc. (SECA)**  
Mississauga, Ontario, Canada  
Tel: 1-905-819-5060

**Samsung Electronics Latinoamerica (Zona Libre), S.A. (SELAPA)**  
Panama City, Panama  
Tel: 507-210-1122

**Samsung Electronics Latinoamerica Miami, Inc. (SELAMI)**  
Miami, Florida, U.S.A.  
Tel: 1-305-594-1090

**Samsung Electronics Latinoamerica Colombia, S.A. (SELACOL)**  
Santa Fe de Bogota, Colombia  
Tel: 571-633-4470

**Samsung Electronics Argentina S.A. (SEASA)**  
Buenos Aires, Argentina  
Tel: 54-11-4308-4777

**Samsung Semiconductor Inc. (SSI)**  
San Jose, California, U.S.A.  
1-408-544-4000

#### Production Facilities

**Samsung Mexicana S.A. de C.V. (SAMEX)**  
Tijuana, Mexico  
Tel: 1-619-671-6000

**Samsung Electronics Mexico S.A.S. de C.V. (SEM)**  
Mexico City, Mexico  
Tel: 525-686-0800

**Samsung Electronica da Amazonia Ltda. (SEDA)**  
Sao Paulo, Brazil  
Tel: 55-11-5641-8500

**Samsung Austin Semiconductor, L.L.C (SAS)**  
Austin, Texas, U.S.A.  
Tel: 1-512-672-1000

**American Distribution Center (ADC)**  
San Diego, California, U.S.A.  
Tel: 1-858-642-5199

**Samsung Information Systems America, Inc. (SISA)**  
San Jose, California, U.S.A.  
Tel: 1-408-544-5400

### EUROPE

#### Sales Subsidiaries

**Samsung Electronics U.K. Ltd. (SEUK)**  
Surbiton, Surrey, U.K.  
Tel: 44-181-391-0168

**Samsung Electronics GmbH (SEG)**  
Schwalbach/TS., Germany  
Tel: 49-6196-661000

**Samsung Electronics France S.A.S. (SEF)**  
Cedex, France  
Tel: 33-1-4938-6525

**Samsung Electronics Italia S.p.A. (SEI)**  
Milan, Italy  
Tel: 39-02-921891

**Samsung Electronics Nordic AB (SENA)**  
Upplands Väsby, Sweden  
Tel: 46-8-590-966-00

**Samsung Electronics Poland, Sp.Zo.O (SEPOL)**  
Warsaw, Poland  
Tel: 48-22-608-4400

**Samsung Electronica Portuguesa S.A. (SEP)**  
Queijas, Portugal  
Tel: 351-21-425-1000

**Samsung Electronics Benelux B.V. (SEBN)**  
Rijswijk, The Netherlands  
Tel: 31-70-307-2910

**Samsung Semiconductor Europe GmbH (SSEG)**  
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**Samsung Semiconductor Europe Limited (SSEL)**  
Brentford, Middlesex, U.K.  
Tel: 44-181-380-7200

### Production Facilities

**Samsung Electronics Manufacturing (U.K.) Ltd. (SEMUK)**  
Billingham, Cleveland, U.K  
Tel: 44-1740-660000

**Samsung Electronics Iberia, S.A. (SESA)**  
Barcelona, Spain  
Tel: 34-93-862-9600

**Samsung Electronics Hungarian Co., Ltd. (SEH)**  
Budapest, Hungary  
Tel: 36-1-250-2311

**Europe Customer Satisfaction (ECS)**  
Tel: 44-1-95-220-7126

**European Logistics Service (ELS)**  
Rijswijk, The Netherlands

### CIS

#### Sales Subsidiaries

**Samsung Electronics Overseas B.V. (SEO)**  
Amsterdam, The Netherlands  
Tel: 31-20-575-3012

**Samsung Electronics Russia Co., Ltd. (SER)**  
Moscow, Russia  
Tel: 7-095-797-2344

**Samsung Electronics Kiev Office (SEKO)**  
Kiev, Ukraine  
Tel: 380-44-490-6878

**Samsung Russia Service Center (SRSC)**  
Tel: 7502-564-8210

### MIDDLE EAST & AFRICA

#### Sales Subsidiaries

**Samsung Electronics South Africa (Pty.) Ltd. (SSA)**  
Johannesburg, South Africa  
Tel: 27-11-254-3600

**Samsung Gulf Electronics FZE (SGE)**  
Dubai, U.A.E.  
Tel: 971-4-225747

**Gulf Customer Satisfaction (GCS)**  
Tel: 9714-883-8416

### ASIA

#### Sales Subsidiaries

**Samsung Asia Pte. Ltd. (SAPL)**  
UE Square, Singapore  
Tel: 65-8333-200

**Samsung Electronics Australia Pty. Ltd. (SEAU)**  
New South Wales, Australia  
Tel: 61-2-9638-5200

**Samsung Electronics Philippines Co. (SEPCO)**  
Manila, The Philippines  
Tel: 63-2-526-3796

**Samsung Japan Corporation (SJC)**  
Tokyo, Japan  
Tel: 81-3-5641-9800

### Production Facilities

**P.T. Samsung Electronics Indonesia (SEIN)**  
West Java, Indonesia  
Tel: 62-21-893-4005

**Thai Samsung Electronics Co., Ltd. (TSE)**  
Bangkok, Thailand  
Tel: 66-2-681-0501

**Samsung Electronics (M) Sdn. Bhd. (SEMA)**  
Port Klang, Selangor, Malaysia  
Tel: 60-3-376-1068

**Samsung Electronics Display Malaysia Sdn. Bhd. (SDMA)**  
Seremban, Malaysia  
Tel: 60-6-678-7914

**Samsung India Electronics Ltd. (SIEL)**  
Noida, India  
Tel: 91-1191-568251~2

**Samsung Electronics India Information & Telecommunication Ltd. (SEIIT)**  
New Delhi, India  
Tel: 91-11-693-2517

**Samsung Vina Electronics Co., Ltd. (SAVINA)**  
Ho Chi Minh City, Vietnam  
Tel: 84-8-896-5500

**Samsung Electronics Philippines Manufacturing Corporation (SEPHIL)**  
Calamba, Laguna, The Philippines  
Tel: 63-49-545-9153

**Asia Customer Satisfaction (ACS)**  
Tel: 65-568-7500

### CHINA

#### Sales Subsidiaries

**Samsung Electronics Hong Kong Co., Ltd. (SEHK)**  
Hong Kong, China  
Tel: 85-2-2862-6900

**Samsung Electronics Taiwan Co., Ltd. (SET)**  
Taipei, Taiwan  
Tel: 886-2-2758-9588

### Production Facilities

**Tianjin Tongguang Samsung Electronics Co., Ltd. (TTSEC)**  
Tianjin, China  
Tel: 86-22-2628-0629

**Tianjin Samsung Electronics Display Co., Ltd. (TSED)**  
Tianjin, China  
Tel: 86-22-2455-6242

**Tianjin Samsung Telecommunications Company (TSTC)**  
Tianjin, China  
Tel: 86-22-2396-1234

**Tianjin Samsung Electronics Co., Ltd. (TSEC)**  
Tianjin, China  
Tel: 86-22-2532-3715

**Huizhou Samsung Electronics Co., Ltd. (SEHZ)**  
Huizhou, China  
Tel: 86-752-332-1401

**Shandong Samsung Telecommunications Co., Ltd. (SST)**  
Weihai, China  
Tel: 86-631-562-6868

**Shenzhen Samsung Kejian Mobile Telecommunication Technology Co., Ltd. (SSKMT)**  
Shenzhen, China  
Tel: 86-755-668-0200

**Shanghai Bell Samsung Mobile Communications Co., Ltd. (SSM)**  
Shanghai, China  
Tel: 86-21-5055-1620

**Suzhou Samsung Electronics Co., Ltd. (SSEC)**  
Suzhou, China  
Tel: 86-512-532-1234

**Samsung Electronics Suzhou Semiconductor Co., Ltd. (SESS)**  
Suzhou, China  
Tel: 86-512-761-2297

**China Customer Satisfaction (CCS)**  
Tel: 8610-6497-3366

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