



ANNUAL REPORT 1996

THE SPIRIT of COMPETITION

SAMSUNG

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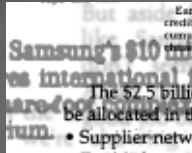
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Samsung is one of the largest and fastest-growing companies in the world.



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The rewards of our activities are not ours to keep; they must be reinvested continuously in the people and the communities we serve.



The rules of the world are changing.

**Bigger is not better.
Only better is better.**

**Quality over quantity.
Innovation over imitation.
Passion over pride.**

**The goal is not to beat one's opponent.
But to win customers' hearts.
And to contribute to a better global society.**

**This is the true spirit of competition.
This is the true spirit of Samsung.**

Electronics

Samsung Electronics Subgroup produces video and audio products, appliances, information systems, computers, semiconductors and entertainment products. Fully integrated, the Electronics Subgroup is capable of turning raw materials into highly sophisticated products.

Samsung Electronics Company introduced the world's first 1G DRAM, the VisionPLUS TV, new CDMA communications systems, DVD players and other digital products.

Samsung Display Devices is the world's largest maker of color picture tubes. The company manufactured 44 million picture tubes in 1996, or 17% of the world's production.

Samsung SDS launched Unitel, a user-friendly on-line service which provides news, entertainment, education, home shopping and other electronic services.

Sales: \$26.8 billion (28.9%)



TOTAL ASSETS: \$98.4 BILLION NET SALES: \$92.7 BILLION NET INCOME: \$164 MILLION



Machinery

Samsung Machinery is a vertically and horizontally integrated group of companies involved in the design and construction of power plants, waste-treatment facilities, infrastructure and materials handling systems. It is also a leader in "mechatronics"—the interface of mechanics and electronics.

Samsung Machinery Subgroup sales increased nearly 13% to \$6.1 billion.

Samsung Heavy Industries received orders for a liquid-natural-gas (LNG) carrier and a 103,000DWT drillship, which will be the largest drillship ever built.

Samsung Aerospace is the prime contractor for a project to develop commercial airliners in Korea.

Sales: \$6.1 billion (6.6%)

Finance

The Finance Subgroup includes life, property and casualty insurance as well as credit card and securities businesses. The subgroup aims to become a leading player in 21st century global markets and one of the world's 100 largest financial institutions. After the year 2000, the companies plan to unite as a single holding company called Samsung Financial Services Co.

Samsung Life Insurance became the first Korean company to enter the real estate market in China.

Samsung Fire & Marine Insurance continues to introduce new customer services, such as its computerized, on-the-spot Auto Claims Adjustment System.

Samsung Securities became one of Korea's top 10 securities firms, and ranks number one in institutional investor accounts and corporate bond underwriting.

Sales: \$22.9 billion (24.7%)

Automotive

Samsung's Automotive Subgroup designs and manufactures distinctive, high-quality vehicles for individuals and commercial use. Its products range from a midsized sedan automobile, to be introduced in 1998, to heavy-duty cargo, tanker and dump trucks.

Samsung Motors completed its new state-of-the-art manufacturing plant in Pusan, Korea three months ahead of schedule. The company will introduce its first vehicle in early 1998.

Samsung Commercial Vehicles is expanding its product line to include light and medium trucks to complement its successful heavy truck models.

* Samsung Automotive Subgroup was formed in 1997. Samsung Commercial Vehicles was previously part of Samsung Heavy Industries, and its 1996 sales are included in our Machinery Subgroup.

EXPORTS: \$36.1 BILLION LOCATIONS: 68 COUNTRIES EMPLOYEES: 260,000

Chemicals

Samsung Chemicals' operations are built around petrochemical production. From this established base of business, subgroup affiliates are expanding into many new, highly sophisticated products, including high-polymer composites, engineering plastics and specialty chemicals.

Samsung General Chemicals is expanding into production of new base materials for electronics and automobile components, pharmaceuticals and agrochemicals.

The Korean government recognized Samsung Fine Chemicals' efforts to expand Korea's chemical industry by awarding it the Export Tower Trophy and Bronze Tower Industrial Decoration.

Samsung-BP Chemicals completed a new vinyl acetate monomer plant.

Sales: \$2.0 billion (2.2%)

Other Samsung Companies

Our Independent Affiliates Subgroup includes Korea's highest-rated hotel, largest trading company and leading newspaper publisher, state-of-the-art medical and research institutes, and cultural and welfare foundations.

Samsung Corporation exported \$14.2 billion worth of goods to 150 different countries, affirming its position as the largest general trading company in Korea.

Samsung Engineering completed construction of ethylene and ethylene oxide/ethylene glycol plants for China's Jilin Chemical Co., and received an order for a 700,000-ton/year ethylene plant from the Thai Petrochemical Industry.

Cheil Industries opened the Golden Fashion Center in Kumi, Korea, integrating the company's textile production capabilities into a single, high-tech operation.

Sales: \$34.9 billion (37.6%)



The St

5 An Essay by
Kun-Hee Lee,
Chairman
of Samsung

strategy

a

young child wins a schoolyard race and dreams of becoming a champion. She works hard and advances from local and regional contests to national competitions, challenging athletes who share the same dream.

At each level, the competition gets tougher, requiring new skills and greater discipline. Until one day, after years of sacrifice, she lines up against the world's best, and awaits the sound of the starter's pistol to fulfill her destiny.

The same can be said for Samsung. For many years, we have dominated the Korean market, winning the hearts and minds of consumers. In our home country, we have built a legend for never failing, a tradition of always being the best in every endeavor.

But in the world arena, it is a different story. Although nearly 39% of our \$92.7 billion of revenues in 1996 were generated outside Korea, we are still a relatively new player in many parts of the world. And we need to push far beyond our established skills to become a leader in the global marketplace.

Recognizing this fact, we embarked on a rigorous "New Management" program in 1993 to transform Samsung into a true world-class company. New Management is not a simple fine-tuning of our past performance. It is a total change in the way we think, the way we work and the way we serve our customers.

Through the efforts of Samsung employees worldwide, we are beginning to reap the rewards of New Management, many of which are illustrated throughout this annual report. But, like an athlete in training, we have also fought hard to overcome disappointments and failures.

In 1996, for example, sharp declines in the semiconductor, petrochemical and other industries seriously weakened Korea's economy and our business, decreasing our profitability. But, by leveraging the strengths of our organization, we have acted swiftly to address this challenge, and we are confident that a turnaround is in sight.

These short-term difficulties have only strengthened our resolve. The world is changing and competition is intensifying as we approach the new millennium. While our goal of global leadership is clearly in reach, we must work harder and smarter to achieve it. I believe that our team and strategy are on track to succeed. Among the key points of our game plan:

Focus on quality. Putting quality first isn't a slogan. At Samsung, it is a core personal principle that drives each and every one of our employees. The future lies only in people and quality, not quantity. As businesses pay more attention to the quality of their products and services, they show greater respect for their customers. Those companies that do not recognize this are doomed to failure.

Listen to the world. We are delivering more products and services to more places in the world than ever before. This is good, but not nearly good enough. We must continue to localize

our global operations, listening to the needs of individual markets and consumers, and designing products to meet their needs.

Create a distinct advantage. Creativity and innovation will be the intellectual capital of the 21st century. We must invest in technology, product quality and design to create a new generation of “World’s Best” products. We also must distinguish our company and its culture, making the Samsung name a symbol of quality and innovation throughout the world.

Anticipate the future. In a world of continuous change, past performance can no longer predict the future. We are restructuring our operations—shedding old practices and second-rate operations—to focus on “next generation” businesses with the greatest opportunities for growth. And we are changing our business style to anticipate the future needs of customers, so we can be first to market with inspiring new ideas and product concepts.

Create an environment for growth. We are developing more creative and productive corporate culture by eliminating rules that stifle innovation and hamper efficiency. We are giving managers the autonomy they need to demonstrate their full leadership. And we are building structures to integrate the many talents and resources of our organization that are often separated by artificial barriers.

Contribute to a better global society. We must be genuine and sincere in our desire to improve the quality of life for all mankind. This is the only way for Samsung to become a true world-class company and to be welcomed everywhere in the global community.

One cannot approach these goals with a clipboard mentality—merely checking off assignments from an arduous to-do list—and expect to join the world’s business elite. They must become a fundamental part of our nature, the same as the blood which courses through our veins. They must be pursued with passion and unwavering dedication.

This “spirit of competition” often separates a champion from an also-ran—whether it is in business, sports or everyday life. To demonstrate our support for this spirit, Samsung has become the worldwide wireless communications equipment partner of the 1998 Winter Olympic Games in Nagano, Japan, and the 2000 Summer Olympic Games in Sydney, Australia. In addition to providing telecommunications technology for the Games, our partnership provides us with an invaluable opportunity to communicate Samsung’s message to people all over the world. Samsung is also an official partner of the 1998 Bangkok Asian Games in Thailand.

I have long believed that sports embody many of the essential disciplines vital to social harmony: cooperation, attention to duty, and sacrifice. By adopting these disciplines throughout our company, and blending the wisdom of our past with a bold vision for the future, we will create a new Samsung, a respected global leader. As we approach the starting line of a new century, our time to prepare is growing shorter. I am confident we will respond to the challenge.

An aerial photograph of a vast, flat landscape, likely a prairie or agricultural region, characterized by a patchwork of green fields and brown soil. The horizon is low, and the sky above is a deep blue, filled with large, fluffy white cumulus clouds. The text 'The A' is superimposed in the center of the image.

The A

9 As Samsung expands worldwide, we must respond creatively to both global challenges and the needs of the local communities we serve.

rena

from Seoul to...

Less than 60 years ago, the Samsung Group was a small Korean trading company, supplying rice and agricultural commodities to neighboring countries. Today, Samsung is composed of 35 businesses including electronics, chemicals, machinery, construction, textiles, entertainment, financial services, and insurance, with 423 offices and facilities in 68 countries.

The term “global marketplace” is a misnomer. In fact, the world is composed of hundreds of local and regional markets, each with its own distinct demographics, infrastructure, culture, politics and customs.

Anyone who has traveled outside his or her own borders understands this truism. There are many differences between a family or business in Paris, France and another in Paris, Texas.

To “globalize” in this dynamic arena, companies must “localize” the way they do business. They must clearly understand the different needs of customers around the world, and respond with unique products and services to fulfill them.

Companies also need to build strong ties to the communities they serve, advancing their local economies and enriching the lives of people who live there.

As we expand our operations worldwide, Samsung takes these responsibilities very seriously. We do not seek to push our way into global markets. Instead, we are forging a leadership position by earning the respect and admiration of customers in individual markets around the world.

Our growing success outside Korea validates this strategy. A good example: Samsung Electronics’ sales in the Commonwealth of Independent States (CIS) grew from \$94 million in 1993 to \$670 million in 1996. We project sales to exceed \$1 billion in 1997, as we strengthen our relationships and presence in the CIS.

Business leaders and academia have taken notice. Samsung Corning, which operates plants and research and development facilities in four countries, was selected as a case study by Harvard Business School for its successful partnership. Enriched by its diversity, Samsung Corning has been profitable for 23 consecutive years by carefully managing differences in culture, language and economic structure throughout its operations.

Closer to our customers. To meet the challenges of globalization, we reorganized Samsung into five regional divisions in 1995: China (headquartered in Beijing); Europe (London); Asia (Singapore); Japan (Tokyo); and the Americas (Ridgefield Park, New Jersey).

The new regional management structure moves decision-making closer to our customers, so we can respond faster and more efficiently to market needs and opportunities. It also encourages greater collaboration and synergy among our operating companies.

Each division operates independently, employing its own research and development, product planning, marketing, sales, advertising and other staffs. These regional teams have the autonomy and authority to design products and marketing strategies specific to their local markets.

We're also localizing our manufacturing operations in high-growth markets throughout the world. At the end of 1996, Samsung Electronics operated more than 30 plants worldwide; we plan to double that number by the year 2000.

Although still in the early stages of development, the benefits of Samsung's regional management structure can be demonstrated in a variety of ways:

Research and development. Through technology exchanges with leading research institutes worldwide, Samsung Fine Chemicals is developing a broad range of new commercially viable products. Samsung has established a jointly ventured research center at Russia's Zelinsky Institute and is expanding strategic alliances with global biotech venture companies.

Product design. Samsung's share of the global microwave oven market has increased significantly over the past two years. We are number one in market share in Europe; we are number two

in the U.S. and climbing rapidly. Much of this gain can be attributed to our development of unique microwave oven designs for different consumer markets, based on their individual cooking styles and feature preferences.

Samsung Motors won't introduce its first automobile until 1998, but the company has already established a design studio in California to study the needs of different markets, and to design vehicles that reflect local lifestyles. To globalize its operations as quickly as possible, the company has also opened branch offices in Detroit, Tokyo and Frankfurt.

Speed to market. By localizing our operations, we can reduce delivery times to both our consumer and business customers. In Spain, our VCR manufacturing plant now promises 24-hour priority delivery to its principal markets. This kind of responsiveness has helped Samsung become number one in market share in Spain for VCRs, fax machines and cordless telephones.

Business synergies. Samsung Corporation, our global trading company, has been operating in Brazil for years. So when Samsung Electronics decided to expand into the region, it had a local resource for learning the market, its people and potential opportunities. Thanks in part to this collaboration, our electronics subsidiary in Brazil—the first major Korean electronics manufacturer to enter the country—achieved profitability shortly after opening its doors.

Customer service. Regionalization has also spurred a creative revolution in customer service throughout Samsung. Among the many innovations: A free “traveling” after-sales service program is being established by Samsung Electronics in the CIS to support our rapid expansion throughout the region.

A model for global development. Malaysia has one of the fastest growing economies in the world. Samsung first entered the country in 1979, helping to build the country's highways and roads. Today, we operate 10 companies in Malaysia—with activities ranging from manufacturing, marketing and sales to engineering and construction—employing 7,500 Malaysians.

Samsung Group has invested approximately \$900 million in Malaysia to date, which includes construction of our new integrated electronics complex in Seremban, our largest manufacturing facility outside Korea. (In 1996, we also opened large integrated electronics complexes in Mexico and China.)

Built in phases over a period of more than five years, our Seremban plant is a model for Samsung's global development worldwide. The facility has 7,000 employees, more than 98% of which are Malaysians, including most department heads. More than 82% of the raw materials and components used at the Seremban complex are locally sourced, and our goal is to increase local content to 87% in the near future.

Samsung's investments in Malaysia—including extensive training programs for our employees and managers—have contributed greatly to the country's economic and technological advancement. We also plan to participate in the Malaysian government's Vision 2020 project, the country's long-term economic development plan.

By partnering in Malaysia's success, Samsung has built a distinctive reputation and formidable presence in the region. Sales in Malaysia totaled \$1.4 billion in 1996 and are projected to reach \$2.0 billion in 1997.

Benefiting society. Membership in the global community is a reciprocal relationship. In addition to contributing to the economies of the regions we serve, Samsung is committed to social leadership through our involvement with a wide variety of local arts, environmental, educational and other programs (see "The Rewards" on page 74).

Through these contributions, we strive to become an integral part of each society in which we live and work. Together, we can grow as one.

Americas

Samsung Americas
105 Challenger Road
Ridgefield Park, NJ 07660
USA
Tel: 1-201-229-7000
Fax: 1-201-229-7030

Founded: 1995 (Expanded to
include Latin America in 1997)
Facilities: 96
Employees: 7,400
1996 sales: US\$5.5 billion
Chairman and
Chief Executive Officer:
Kwang-Ho Kim

Samsung Americas manages our activities in Canada, the U.S. and Latin America. Comprising both the world's richest market and many booming markets, Samsung has invested heavily in the region, including a semiconductor fabrication plant in the U.S., a vertically integrated electronics production complex in Mexico and a TV-Monitor-VCR plant in Brazil.

Europe

Samsung Europe
Headquarters
Great West House
Great West Road
Brentford
Middlesex TW8 9DQ
UK
Tel: 44-181-380-7000
Fax: 44-181-380-7080

Founded: 1995
Facilities: 86
Employees: 6,588
1996 sales: US\$6.9 billion
Chairman and
Chief Executive Officer:
Cegill Shin

Samsung Europe coordinates our operations in 21 countries, including manufacturing in the U.K., Portugal, Spain, Switzerland, Germany, Hungary and Slovakia. In the U.K., for example, we have invested heavily in recent years in an integrated electronics production complex, a heavy-equipment plant and a European research and development facility.

Asia

Samsung Asia Pte. Ltd.
80 Robinson Road
No. 21-01
Singapore 068898
Tel: 65-225-5868
Fax: 65-227-9662

Founded: 1995
Facilities: 67
Employees: 15,282
1996 sales: US\$7.4 billion
Chairman and
Chief Executive Officer:
Douk-Kee Ahn

Samsung Asia, the newest of our regions, is rapidly increasing its competitiveness, sales and investments. To grow further, faster in this diverse region from India to Australia, Samsung Asia is identifying strategic alliances as well as making its own huge investments, including the US\$850 million Seremban Integrated Manufacturing Complex in Malaysia.

China

Samsung China
Headquarters
15F, Tower 1, Bright China
Chang An Building,
China 100005
Tel: 86-10-6510-1234
Fax: 86-10-6510-1539

Founded: 1995
Facilities: 98
Employees: 17,830
1996 sales: US\$5.5 billion
Chairman and
Chief Executive Officer:
Pil-Gon Rhee

Samsung China oversees Samsung operations—mainly electronics, but also home appliances, textiles and clothing—in the People's Republic of China, Mongolia and Taiwan. For the world's largest market, we plan to more than double our work force to 40,000 and our annual revenue to \$12 billion by the year 2000.

Japan

Samsung Japan
Corporation
15F, Hamacho Center
Building
2-31-1, Nihonbashi-
Hamacho Chou-ku
Tokyo 103 Japan
Tel: 81-3-5641-9820
Fax: 81-3-5641-9821

Founded: 1975
Facilities: 28
Employees: 610
1996 sales: US\$4.1 billion
Chairman and
Chief Executive Officer:
Sang-Boo Yoo

Samsung Japan, with 28 offices, focuses on supporting our alliances with strategic partners. It also provides information for new business development in this key market and operates two research facilities—our Semiconductor Design Center and our new Yokohama Research Center.

Malaysia

Country:
Population:
Gross Domestic Product (GDP):
GDP per capita:
Inflation (1996):

21.2 million
\$96.2 billion
\$4,543
4%

Family:

Jamilah Haji Dahalan, 32, mother
Nurul Asyiqin, 7, daughter
Muhammad Akram, 9, son
Nur Atiqah, 3, daughter
Mohamad Razali Suliman, 36, father

Most important thing in life:
Wish for the future:
What comes to mind
when you think of Samsung?
Why did you choose Samsung?
Samsung product shown:

Happy family life
College education for children

Quality
Quality
SRG628L refrigerator





Russia

Country:
Population:
Gross Domestic Product (GDP):
GDP per capita:
Inflation (1996):

148 million
\$525.9 billion
\$3,550
52%

Family:

Vadim Mikheev, 35, father
Natalia Mikheeva, 35, mother
Christine Mikheeva, 11, daughter
Galina Nikolaeva, 65, grandmother
Vladimir Mikheev, 10, son

Most important thing in life:
Wish for the future:
What comes to mind
when you think of Samsung?
Why did you choose Samsung?
Samsung products shown:

Family
To have a villa outside of the country

Televisions and quality
Design
CE245GR microwave oven
ECX-1 camera





Netherlands

Country:
Population:
Gross Domestic Product (GDP):
GDP per capita:
Inflation (1996):

15.7 million
\$408.2 billion
\$26,000
2.1%

Family:

Martje Visser, 55, mother
Sale Visser, 59, father
Bert-Jan Visser, 24, son

Most important thing in life:
Wish for the future:
What comes to mind
when you think of Samsung?
Why did you choose Samsung?
Samsung products shown:

Healthy and happy life
Trip around the world

Excellent quality excavator
Versatility
SE210LC-2 excavator
CB-5073T television
SV-45XK VCR
Mycam K80 video camera recorder





United States

Country:
Population:
Gross Domestic Product (GDP):
GDP per capita:
Inflation (1996):

268.7 million
\$7.92 trillion
\$29,600
3%

Family:

Holly, 4, dog
Lucy Stewart, 33, mother
William Stewart, 3 months, son
David Stewart, 44, father

Most important thing in life:
Wish for the future:
What comes to mind
when you think of Samsung?
Why did you choose Samsung?
Samsung products shown:

Family
Health, happiness and more children
The giant billboards on 6th avenue
Elegant and well priced products
17GLi SyncMaster monitor
CDMA PCS handset





Japan

Country:
Population:
Gross Domestic Product (GDP):
GDP per capita:
Inflation (1996):

126.3 million
\$4.82 trillion
\$38,120
0.3%

Family:

Hiromi Takimoto, 9, daughter
Mitsuaki Takimoto, 12, son
Shoichi Takimoto, 39, father
Mieko Takimoto, 36, mother

Most important thing in life:

Happy and healthy family life

Wish for the future:

Family's health

What comes to mind

when you think of Samsung?

Video

Why did you choose Samsung?

Good value

Samsung product shown:

SENS Pro 520 notebook PC





South Korea

Country:
Population:
Gross Domestic Product (GDP):
GDP per capita:
Inflation (1996):

45.6 million
\$543.9 billion
\$11,910
4.8%

Family:

Hye-Seung Oh, 32, mother
Hee-Yeun Kim, 1, Daughter
Jong-On Kim, 66, grandfather
Eun-Ju Kim, 64, grandmother
Sang-Yoon Kim, 4, son
Do-Hun Kim, 36, father

Most important thing in life:
Wish for the future:
What comes to mind
when you think of Samsung?
Why did you choose Samsung?
Samsung products shown:

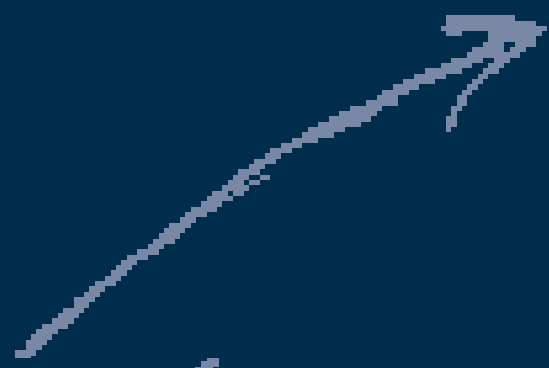
Family
Having an animal farm for the family

Credibility
After-the-sale service
RE-445R microwave oven
700P SyncMaster monitor
SP-RM927 wire and
wireless telephone
VisionPLUS television
SV-D100 camcorder





listen
to the
world

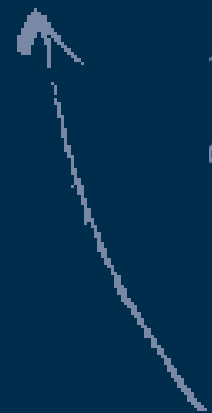


reject a manager

The Ch

outstand
customer
service

stand
in a
crisis product



To succeed in a new era of global competition, we must make Samsung one of the best known and most respected brands in the world.

Identify market needs and desires

Create value-added concepts and innovative design

Identify market needs and desires

Create value-added conceptual and innovative design



challenge

Solve challenging technical

Listen
to the
world

Project a unique
and compelling
identity

Identify
market needs
and desires

Provide
outstanding
customer
service

Create
value-added
concepts and
innovative
design

Build and
deliver a
superior product

Solve
challenging
technical
issues

Creating a world-class
brand is a process
of continuous improvement
and innovation



Walking into the television department of a large electronics store can be a daunting experience. Towering displays of TVs compete for attention, flashing buy-me smiles in

perfect synchronism. A jumble of high-tech features makes it difficult to differentiate products or compare performance.

To relieve the confusion, many customers survey the shelves for the name of a “friend”—a brand name they know and trust from reputation and past experience. For decades, several Japanese companies have dominated this short list. But in recent years, a new name has been making friends faster than any other: Samsung.

The affinity has been hard-earned. Recognizing the value of a strong brand, we have invested aggressively in developing innovative products and a unique brand identity to distinguish Samsung from scores of global competitors. This challenge is not limited to televisions and electronics; it is companywide. Wherever the Samsung name appears, it must represent world-class quality, performance and value.

While our efforts to strengthen the Samsung brand are only a few years old, we can already measure the results. According to Interbrand Group, an international branding consultancy, Samsung ranked among the top 100 of the World’s Greatest Brands in 1996, our first year included in the prestigious survey.

Some of our best progress has been in emerging markets. In China, Samsung achieved 66% brand awareness and a 72% positive-opinion rating in 1996, based on our own Global Brand Attitude Survey, up from 14% brand awareness and a 33% positive-opinion rating only two years ago. In the Commonwealth of Independent States (CIS)—where we scored 92% brand

awareness in 1996—a leading public opinion poll named Samsung one of the top five “superfirms of the year.”

Building a world-class brand.

Few can argue with the power of a prominent brand. Successful brands drive consumer preferences, preserve margins and build customer loyalty, even in the face of tough competition. Brands provide peace of mind to consumers and create value for shareholders.

Advertising alone cannot forge this bond. Companies must build world-class products to build a world-class brand. These products must enhance the lives of customers, and have a distinct advantage in the market. They must deliver consistent quality, reinforcing consumer confidence with every purchase.

This challenging philosophy is the impetus behind Samsung’s “brand revolution.” Before we could develop a superior reputation in the TV market, we had to manufacture a superior product—the WorldBEST™ TV—which featured new standards of television design, picture quality, sound and value. In 1996, we built upon this leadership by introducing the VisionPLUS™ TV, which boasts a unique picture-tube technology that extends the viewing area of traditional television screens.

This same kind of market-driven innovation drives the development of all our new products and services. **Among the many standards we strive to achieve:**



Slim Zoom 145

The European Imaging and Sound Association (EISA) is a tough judge of quality. So, naturally, we were pleased when the prestigious organization chose the Samsung Slim Zoom 145 as its compact camera of the year for 1996-1997. In awarding the coveted prize, EISA said: "Samsung is coming of age as a maker of high-quality, user-friendly cameras." It also praised the feature-packed Slim Zoom 145, saying the camera "puts many more expensive zoom compacts to shame."



Lansmere 170

Cheil Industries' Lansmere 170 fabric is winning high praise around the world. *Forbes* hailed it as "the world's finest fabric ever for tailor-made suits." Others simply refer to Lansmere as "the golden fleece." A product of proprietary Samsung technologies, each strand of the luxurious wool fabric is just one-fifth the diameter of a single strand of human hair. Lansmere is made from extremely rare 1PP wool, the highest grade of the 975 grades of the Australian Wool Testing Authority.

Premium Quality.

“Quality first” is a core value of every product Samsung sells. That’s why we’ll *rehearse* production on our new automobile lines for more than a year before introducing vehicles to consumers in 1998.

When the first production model officially rolls off the line, it will be manufactured to the highest quality standards in the world.

Technological Innovation.

Samsung is one of the world's premier technology companies. By creatively applying our technological expertise, we can enhance the value of our existing products and develop new categories of breakthrough ideas.

During 1996, we demonstrated this capacity in many ways, including the development of the world's first ultrathin, ultralight, high-resolution 21.3 inch TFT-LCD computer monitors, which take up a fraction of the desk space of conventional monitors.

Customers across a broad span of industries depend on Samsung's technological expertise. Samsung Heavy Industries is currently building a 103,000 DWT drillship for one of its clients; it will be the largest ship of its kind in the world.



SCH-1000 CDMA PCS

A new wireless communications revolution has begun, and Samsung is at the forefront. It's called Code Division Multiple Access—or CDMA for short. CDMA provides better voice quality, greater privacy and vastly improved system capacity, compared to traditional cellular telephone networks. New Personal Communications Systems (PCS)—like the SCH-1000 CDMA PCS shown here—also offer customers expanded services, including caller identification and messaging.



VisionPLUS™ TV

Are you seeing the whole picture when you watch television? The answer is probably not if you don't have a Samsung VisionPLUS TV. Conventional televisions cut off broadcast images on both sides of the screen, narrowing the picture you see. By developing an innovative picture-tube technology, Samsung has restored this "lost inch" to provide a true video image, just as it was captured by the camera. A big hit in Korea, the VisionPLUS TV is now being introduced in markets around the world.



CF4200 Multi-Functional Color Machine

More for less. That's what today's small and home-office businesses want. We created the Samsung CF4200 Multi-Functional Color Machine to meet the need. The CF4200 combines the functions of four important office tools—a color inkjet printer, a plain-paper facsimile machine, a scanner and a convenience copier—in a single, streamlined product that occupies less space than most single-function desktop printers.



Samsung Card

Samsung Card Company is constantly developing new services to deliver greater convenience, flexibility and value to its customers. A good example: the Samsung Motors Card, which will provide attractive cash-back incentives to customers who use the card to buy new Samsung automobiles, which are scheduled to debut in 1998. The Samsung Motors Card also provides discounts of 3%–8% on purchases at Samsung Card member stores.

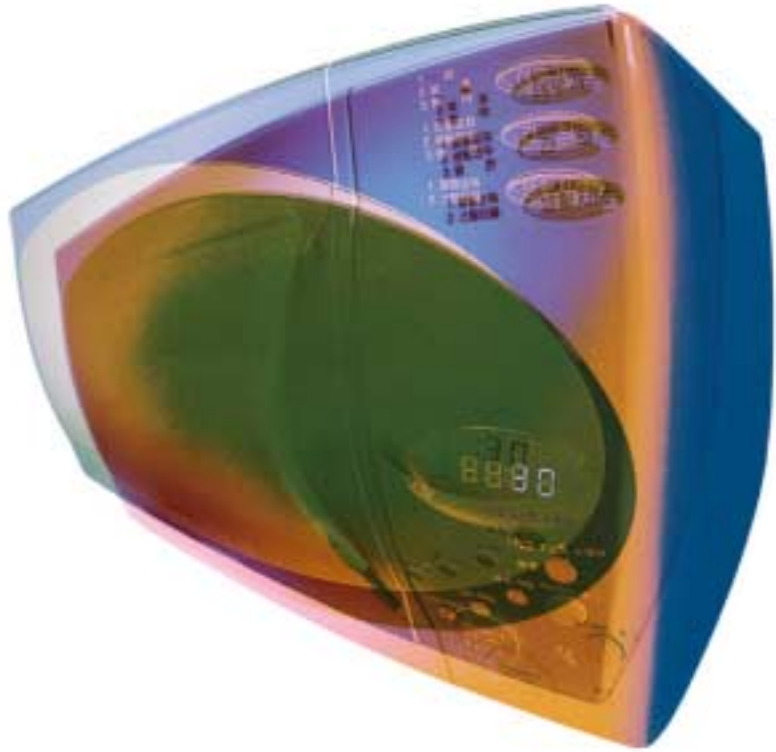
Added Value.

World-class products don't just meet consumer needs. They exceed them, and delight customers with benefits not found in competitive products. Product design plays a crucial role in this process. To stand out in this arena, we created the Innovative Design lab of Samsung (IDS) in 1995. Through IDS and other resources, we are dramatically enhancing the performance, value and aesthetic quality of our products through added-value innovations and design.

Samsung Card Company is also an added-value innovator. It was the first credit card company to offer a prepaid buying card to consumers, and today is developing a number of new innovative credit card services through the use of built-in semiconductor chips.

RE-447 Microwave

Samsung Electronics has rapidly become one of the world's leading producers of microwave ovens. One of the reasons for this success has been our sensitivity to global environmental concerns. Through our Green Management program, we design products like the RE-447 microwave oven to be more environmentally responsible by having fewer parts, a greater percentage of recyclable components, and reduced assembly and dismantling time.



The SEV-IV

Samsung is committed to developing a safe, practical car that uses alternative energy. The SEV-IV—or Samsung Electric Vehicle—takes us one step closer to that goal. Unveiled in December 1996, the SEV-IV can travel up to 75 miles per hour for up to 100 miles on one six-hour charge from a regular 220-volt outlet. Forty of the vehicles will be used by Samsung Electronics in 1997 for after-sales service calls, providing invaluable on-the-road testing to advance future developments.

Environmental Responsibility.

Protecting the environment has become one of the most pressing issues facing the world. Through our extensive Green Management program, Samsung is committed to manufacturing products which are environmentally responsible throughout their life cycle—from inception to disposal. By doing so, we are not only strengthening our relationships with customers; we are contributing to a better global society.

At our unique Environment R&D Center, Samsung Engineering is developing technology for advanced water purification, industrial waste incineration and other important processes. The company has also established a joint environment research and development center with the Polytechnic Institute of New York.

Future Orientation.

To increase the value of our brand, we must develop products that anticipate the future needs of consumers and businesses.

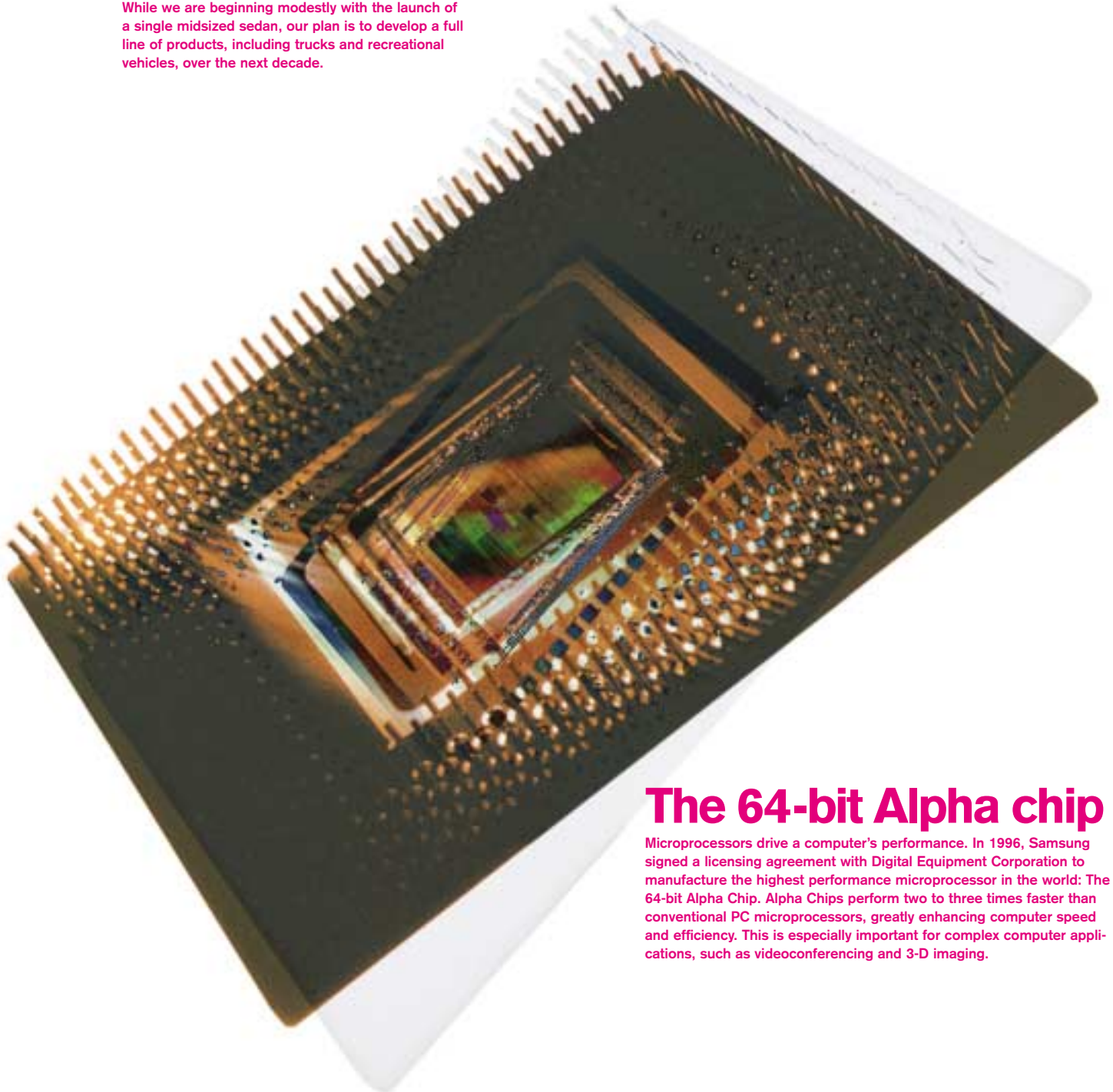
A good example: In 1996, we shattered an industry technology barrier by developing the world's first one-gigabit dynamic random access memory (DRAM) chip.

While it will not be commercially available for several years, the 1G DRAM cements Samsung's position as the industry's innovator, and will become the heart of the next generation of digital electronic products.



The first Samsung Motors automobile

When introduced in 1998, the first Samsung Motors automobile will be more than just another car. It will be an entirely new concept in quality and customer satisfaction. Our goal is to build one of the leading automobile franchises in the world, and a model of design innovation for the transportation industry. While we are beginning modestly with the launch of a single midsized sedan, our plan is to develop a full line of products, including trucks and recreational vehicles, over the next decade.



The 64-bit Alpha chip

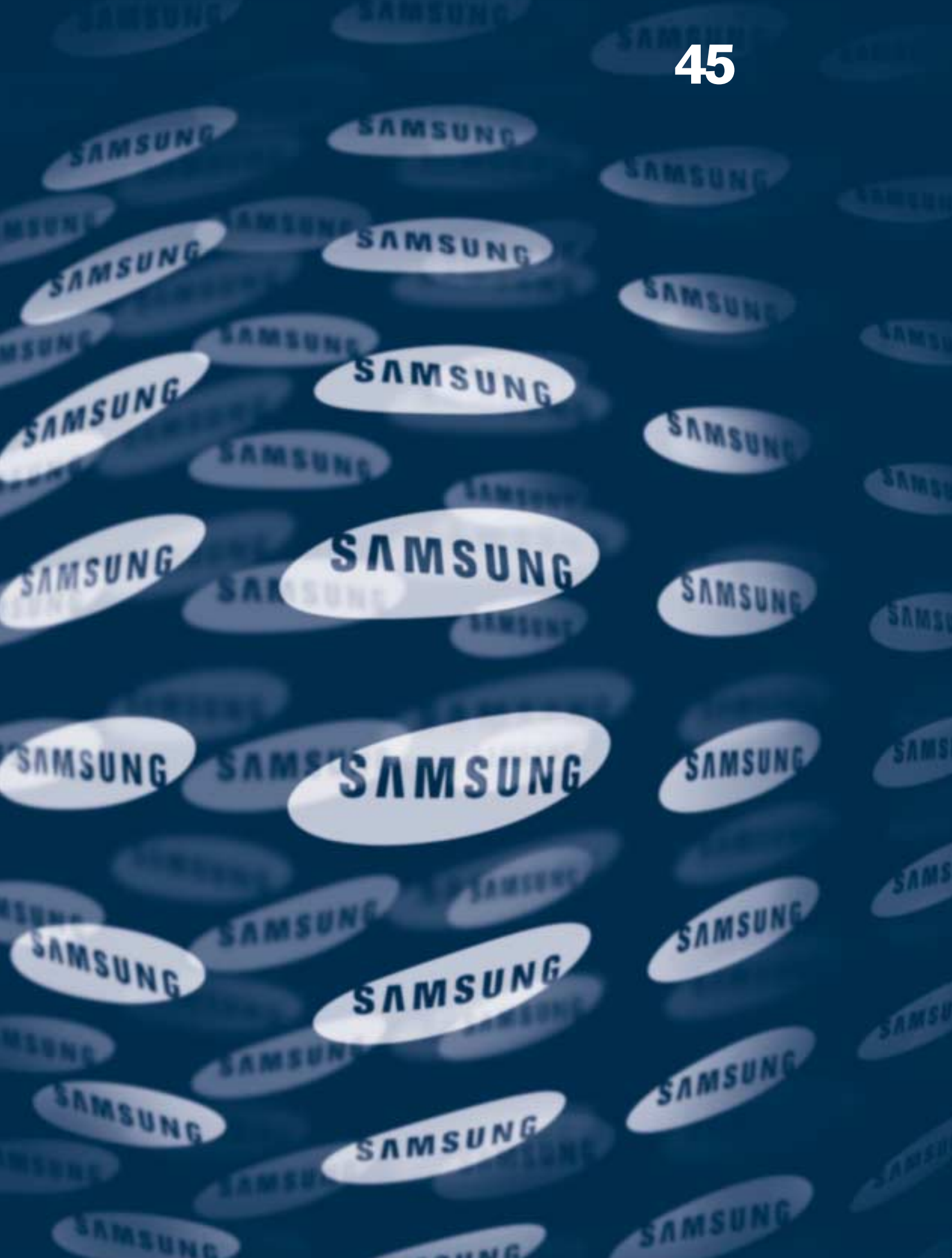
Microprocessors drive a computer's performance. In 1996, Samsung signed a licensing agreement with Digital Equipment Corporation to manufacture the highest performance microprocessor in the world: The 64-bit Alpha Chip. Alpha Chips perform two to three times faster than conventional PC microprocessors, greatly enhancing computer speed and efficiency. This is especially important for complex computer applications, such as videoconferencing and 3-D imaging.

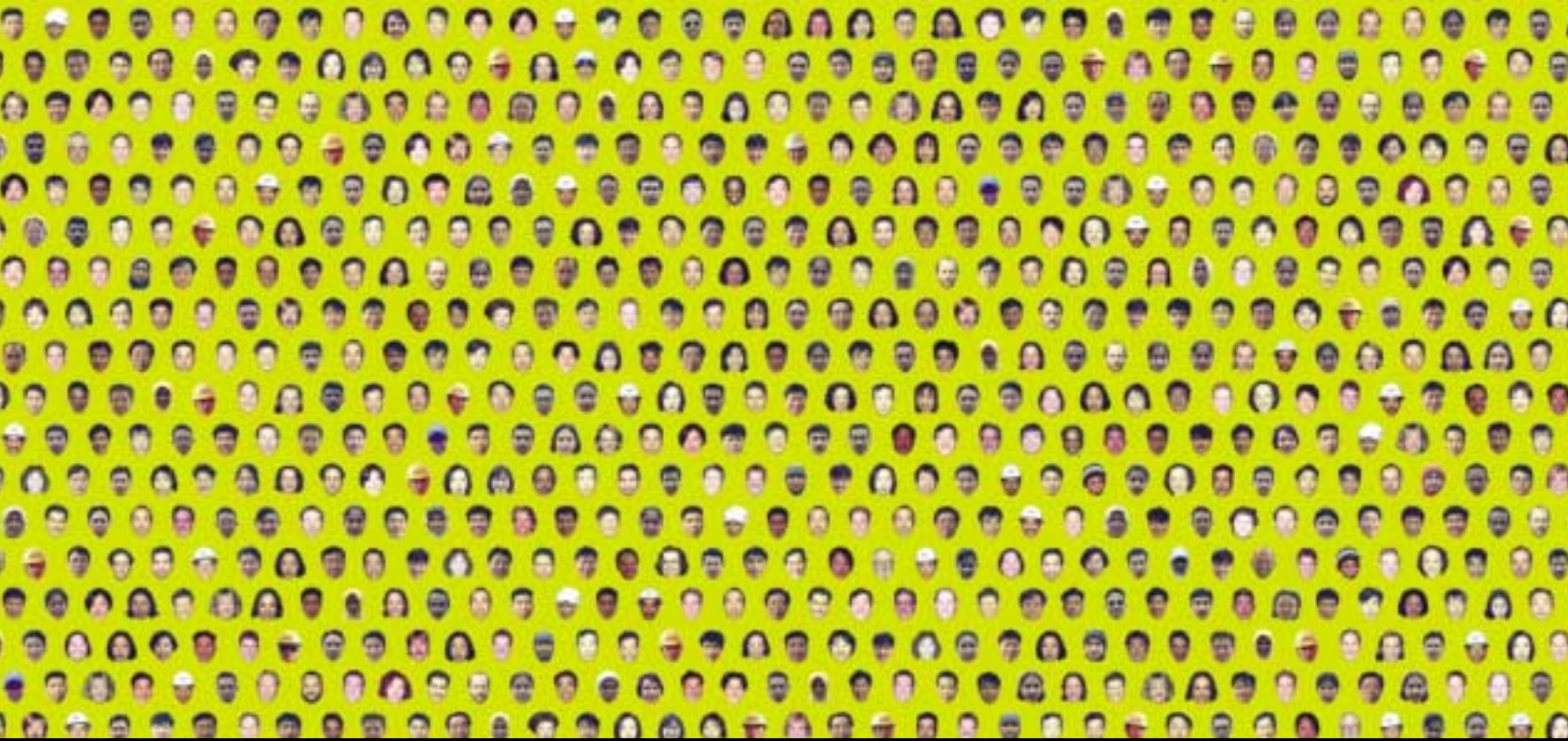
Creating a unique brand identity.

The 21st century will be an era of culture and intellectual assets. To succeed in this new age, companies can no longer simply manufacture superior products; they must distinguish their unique philosophy, persona and corporate values through creative marketing and advertising.

We recognize this need and are developing “powerbrand” campaigns that communicate Samsung’s heart and soul to consumers worldwide. In North America, our sleek and alluring “Simply Samsung” advertising program has significantly increased brand awareness and appeal, and contributed a substantial increase in the sales of many of our electronics products during 1996.

By combining the provocative images of these campaigns with equally bold and powerful products, we are creating a compelling brand identity upon which we can build for years to come.





The T



**Samsung's Team
comprises more
than 260,000 employees
and 36 companies
worldwide. Combined
sales in 1996 were
\$92.7 billion**

eam



ELECTRONICS

Samsung Electronics Company introduced the world's first 1G DRAM, the VisionPLUS TV, new CDMA communications systems, DVD players and other digital products.

Samsung Display Devices is the world's largest maker of color picture tubes. The company manufactured 44 million picture tubes in 1996, or 17% of the world's production.

Samsung SDS launched Unitel, a user-friendly on-line service which provides news, entertainment, education, home shopping and other electronic services.

Employees:

106,150

Sales:

\$26.8 billion

Samsung Electronics Co., Ltd.

Samsung Display Devices Co., Ltd.

Samsung Electro-Mechanics Co., Ltd.

Samsung Corning Co., Ltd.

Samsung SDS Co., Ltd.

Hewlett-Packard Korea Co., Ltd.

Samsung-GE Medical Systems Co., Ltd.

Samsung Electronics Co., Ltd.

Samsung Electronics Co. manufactures a broad range of electronics-related items, including semiconductors, computers, telecommunications hardware and finished consumer electronics products. The company's corporate mission is to enhance the quality of life for people through new technology development.

Samsung Electronics leads the world in dynamic random access memory (DRAM) technology. It was the first company to develop a working prototype for the 256M DRAM. The company also pioneered the 1-gigabit DRAM in 1996. By leveraging such technological expertise, Samsung Electronics has increased its world market share in large-scale system integration through the development of application-specific ICs, the Alpha chip, microcontrollers and power elements. In addition, the company has become a major player in the world display industry by being the first company to introduce a 22-inch thin-film-transistor liquid crystal display (TFT-LCD).

Samsung Electronics is also applying innovative technologies to produce new TVs, VCRs, refrigerators and DVD players. These products have been well received worldwide. By understanding customer needs, Samsung aims to develop consumer electronics products which earn "world's best" distinction for function, design and environmental friendliness.

The company's SENS notebook PCs and Magic Station multimedia PCs provide outstanding functions and reliability. Samsung is also in step with the growing demand for multimedia products by developing Internet TVs, digital TVs and DVD players.

Samsung's involvement in telecommunications includes the production of code division multiple access (CDMA) systems, asynchronous transfer mode (ATM) switching systems, personal communications service (PCS) handsets, personal digital assistant (PDA) handsets and on-line services. The company's multimedia-related technology has

improved its competitiveness in this area.

The company employs more than 12,000 researchers and invests at least 5% of total sales revenue in research and development. Research centers around the world are constantly at work on innovative ideas, many of which have become "hit products."

Samsung Electronics continues to expand worldwide in other ways as well. Large-scale, integrated production complexes are in operation in Wynyrd, England; Tijuana, Mexico; Seremban, Malaysia and Tianjin, China. The company also has a global marketing network which covers 56 locations in 45 countries.

Samsung Electronics' globalization strategy extends beyond production and sales to include technology transfer and training, new jobs creation and local parts procurement. These actions make our overseas operations more self-sufficient, and thus a greater contributor to the local communities in which they work.

As a socially responsible company, Samsung Electronics supports efforts to protect the environment. It also contributes to art, culture and athletic events around the world.

Employees: 84,000
1996 Sales: \$18.808 billion
Tel: (82) 2-727-7114
Fax: (82) 2-727-7826
Major Products: information systems, audio products, hand-held phones, mobile telecommunications systems, DVD players, VisionPLUS TVs, home appliances, Internet TVs, semiconductors, Syncmaster monitors

Samsung Display Devices Co., Ltd.

Samsung Display Devices (SDD) develops new and creative products for the multimedia age. SDD is the world's largest manufacturer of color picture tubes, having produced more than 150 million units since 1970. The company manufactured 44 million color picture tubes in 1996, representing 17% of the world's production.

SDD is equipped to manufacture products ranging in size from 6 inches to 32 inches. In 1996, the company developed a 24-inch multimedia display

tube that combines the strong points of both color picture tubes and color display tubes. It also developed the Maxtron picture tube for the VisionPLUS TV. The Maxtron tube measures one inch wider than conventional tubes, offering customers a larger viewing area.

SDD also produces color display tubes (CDTs) ranging in size from 10 inches to 24 inches, and is working on the development of CDTs that are easier on users' eyes and more environmentally friendly. Samsung has also introduced a mini-neck 15-inch CDT that consumes less energy than other models, boosting the CDT market.

Samsung Display Devices is Korea's first company to receive ISO 9001 certification for liquid crystal displays (LCDs). The company has opened an LCD R&D center that is developing new products by applying innovative technology to LCD component development.

As the use of telecommunications devices increases, the demand for multimedia functions continues to soar. In response, SDD is developing LCDs for smart phones (key-phones), personal digital assistants and car navigation systems.

Samsung Display Devices recently diversified into vacuum fluorescent display (VFD) production and is now producing three million VFDs a month. By the year 2000, Samsung aims to be the world's largest maker of VFDs, which are used in VCRs, audio systems and automobile instrument panels.

The use of mobile communications is expanding rapidly, and consumers are looking for hand-held terminals that are ever smaller, lighter and consume less power. To serve this market, Samsung Display Devices is establishing and expanding facilities to produce secondary batteries and other important components such as digitizers and color filters. The company is also diversifying into plasma display panels and lamps.

SDD's first offshore plant was set up in Malaysia, followed by Germany and Mexico. In 1996, Samsung Display Devices also moved

into China and Brazil. At the same time, SDD now operates R&D centers in six nations to develop products that meet local needs.

The company's corporate goal is to achieve annual sales of \$9.5 billion in 2000 and \$17.8 billion by 2005. By today's measures, this would make Samsung Display Devices one of the 100 largest companies in the world. To achieve this goal, SDD plans to capture 25% of the world color picture tube market and expand its business lines to include next-generation displays and energy-related products.

Employees: 12,661
1996 Sales: \$3.7 billion
Tel: (82) 2-727-3114
Fax: (82) 2-727-3111
Major Products: color picture tubes, color display tubes, liquid crystal displays, vacuum fluorescent displays, light-emitting diodes, data input devices (digitizers and touch panels), color filters

Samsung Electro-Mechanics Co., Ltd.

Samsung Electro-Mechanics (SEM) was established in 1973 to produce key parts for TVs (tuners, deflection yokes, flyback transformers) and capacitors. In the 1980s, the company began producing parts and components for VCRs, computers and computer peripherals. In the 1990s, SEM has expanded into new areas of high growth potential, including multilayer printed circuit boards (MLBs), chip devices, parts for mobile communications and optical/thin-film components.

Today, the company boasts the world's largest market share for deflection yokes (16%) and flyback transformers (14%), and is developing the world's most advanced deflection yoke to date.

Electronics products are growing smaller and lighter to satisfy consumer demand. Samsung Electro-Mechanics is playing a leading role in this transformation by producing 1.0mm x 0.5mm multilayer ceramic capacitors and chip resistors as well as parts for mobile telecommunications terminals such as voltage-controlled oscillators and



temperature-compensated crystal oscillators. The company is also developing MR heads for hard disc drives and is producing high-density, large-capacity MLBs and special function MLBs such as the ball grid array and tape carrier package types.

In 1997, Samsung Electro-Mechanics is building an integrated system that will facilitate the production of a larger variety of products in small lots and is moving into the production of automotive products. The company is using its extensive expertise in electronic control subsystems and molding to produce automotive products. Mass production is now under way for 48 different items in 10 different categories, including electronic control modules, steering system, suspension system, brake system, electrical power components, safety system and air conditioning system.

Samsung Electro-Mechanics operates offshore plants in Portugal, China (Tianjin and Dongguan), Thailand, Mexico and the Philippines. It also has 21 sales offices worldwide.

The company's top priority is serving its customers, so it will continue to globalize its operations to be as close to customers as possible and to respond faster to their needs.

Employees: 10,600

1996 Sales: \$1.85 billion

Tel: (82) 0331-210-5114

Fax: (82) 0331-210-6363

Major Products: audio and video parts, parts for mobile communications, parts for computers and computer peripherals, materials, general and industrial use components, optical thin-film components, automotive products

Samsung Corning Co., Ltd.

Samsung Corning was established in 1973 as a joint venture between the Samsung Group and Corning Inc. of the U.S. The company produces glass for TV picture tubes and PC monitors, indium-tin-oxide-coated glass for liquid crystal displays and rotary transformers for VCR head drums. These vital products for electronic components are sold worldwide. Significantly, the company manufactures glass for the new-concept Samsung Maxtron picture tube, which is one inch wider than conventional TVs. Samsung Corning and Corning Inc. have jointly developed a new fusion process for making glass used in thin-film-transistor liquid crystal displays (TFT LCDs).

The company continues to expand its operations through globalization and localization. Samsung Corning operates picture tube glass plants in Germany and Malaysia and a rotary transformer plant in China. These facilities are providing top quality products to local buyers.

In 1997, Samsung Corning, Corning Inc. of the U.S. and Asahi Glass of Japan formed a joint venture to produce color picture tube glass in Mexico. Samsung Corning is also globalizing its R&D activities, opening a laboratory in Germany.

Samsung Corning has been selected as a model case study of a successful joint venture by the Harvard Business School, illustrating its outstanding management. The company's overseas subsidiaries have been cited as models of successful localization by overcoming cultural differences.

Samsung Corning is practicing a Green Management system to ensure worker safety and environmental protection at all work sites. These efforts are essential to the company's future competitiveness.

Samsung Corning is the world's first glass maker to receive ISO 14001 certification. Korea's Environment Ministry has designated the company's plants at Suwon and Kumi as "environmentally friendly" operations, while Korea's Ministry of Labor has rated the company "outstanding" for worker safety and welfare.

Employees: 5,500

1996 Sales: \$730 million

Tel: (82) 2-3457-9638

Fax: (82) 2-3457-9539

Major Products: glass for TV picture tubes and PC monitors, ITO-coated glass, rotary transformers

Samsung SDS Co., Ltd.

Established in May 1985, Samsung SDS is Korea's leading information services company. The company helps clients improve their competitiveness and create ideal working environments for employees. Samsung SDS's innovative information technologies are helping to usher in the networking society of the 21st century.

The company's main businesses include software development, software package sales and management of the Samsung Group information systems. Samsung SDS develops solutions in step with rapidly changing needs by integrating hardware, software



and network products. It also provides training and consulting for system design as well as various on-line services.

Specific projects completed by Samsung SDS include an automated clearance system for Korea's Customs Administration and a workers' compensation system for the Ministry of Labor. The company has also contributed significantly to the construction of Korea's information technology infrastructure.

The company's systems integration services include troubleshooting for companies and providing fast, cost-effective solutions to client problems. Samsung SDS has also developed its own business re-engineering methods to create new work environments.

In 1996, Samsung SDS launched Unitel, which offers news, data bases, on-line education, home shopping and various forms of entertainment. This user-friendly on-line service has a wide variety of multimedia features which enable customers to perform many tasks with a single mouseclick.

The Samsung SDS information technology academy has a systematic and comprehensive computer training program to satisfy the needs of novices as well as professionals. In September 1997, SDS will open a Samsung Multi-Campus, which will utilize the latest teaching methodology to cultivate information technology specialists.

Samsung SDS is an information services integrator that uses information technology to create maximum value for clients by improving existing work methods and developing new, more effective ones. By the year 2005, Samsung SDS strives to be one of the top 10 information service companies

in the world, with annual sales of \$12.4 billion, annual growth of 38%, net profit of \$621.1 million and 20,000 employees. Employees: 6,050

1996 Sales: \$925.5 million

Tel: (82) 2-3429-2114/3114

Fax: (82) 2-3429-2240

Main Businesses: systems integration, systems management, computer-aided design/computer-aided manufacturing, geographic information systems, on-line services, electronic data interchange, information technology training

Hewlett-Packard Korea Co., Ltd.

Hewlett-Packard Korea was established in 1984 as Samsung Hewlett-Packard, a joint venture between Hewlett-Packard and Samsung Electronics. The present corporate name was adopted in March 1995.

This company markets Hewlett-Packard computers, instruments, medical diagnostic machines and other types of analytical equipment. The company's production unit, Instrument Operation, in Seoul, Korea, develops power supply units and manufactures more than 15,000 a year for sale worldwide.

The International Purchasing Division, which first exported more than \$100 million of products in 1993, procures electronic parts and components from domestic manufacturers and exports them to Hewlett-Packard production facilities around the world. Samsung Electronics and Hewlett-Packard also work together on workstations produced in Korea, which are then exported worldwide through Hewlett-Packard sales channels.

The company is the foremost supplier of sophisticated instruments with world-class

reliability and precision to the Korean market. Technologies for measurement, computation and communication are being integrated to create new, comprehensive solutions for clients.

The Computer Division markets palmtop PCs, inkjet printers, UNIX RISC work stations and various server systems. The division leads Korea in the development of unrestricted client/server systems. It also holds a 48% share of the world market for UNIX systems and supplies a wider range of RISC systems than any other company. The division was first to introduce Deskjet printers to Korea, helping to popularize color printers. It now supplies the world's best printers and network products, Scanjet and PC servers. In addition to outstanding products, Hewlett-Packard Korea offers clients comprehensive service support, consulting and optimal solutions to suit their specific needs.

Employees: 1,070

1996 sales: \$808.2 million

Tel: (82) 2-7690-114

Fax: (82) 2-784-7084

Major Products: computer systems and peripherals, printers, instruments, medical diagnostic machines, analysis equipment, components

Samsung-GE Medical Systems Co., Ltd.

Samsung-GE Medical Systems (SGMS) was established in 1984 as a joint venture between the Samsung Group and General Electric. SGMS develops, produces, markets and services diagnostic and nondiagnostic imaging

systems such as magnetic resonance imaging (MRI), computerized tomography (CT), ultrasound, X-ray and patient monitoring systems.

SGMS offers a wide range of local ultrasound products such as the RT-MAX, RT4600, LOGIQ α 200 and LOGIQ400. It has also begun manufacturing the first CT systems (Sytec 1800i) in Korea. Exports of the LOGIQ α 200 next-generation ultrasound systems began in January 1997, following the outstanding success of their domestic launch in October 1996.

SGMS recently began manufacturing the LOGIQ400 color digital ultrasound system, which gives customers more choices for greater satisfaction.

The company's strict quality control systems have earned it ISO 9001 and EN 46001 certifications as well as the CE mark. The LOGIQ α 200 has been approved by UL, FDA, MHW, IEC and CSA.

The medical systems business requires advanced technology covering both basic and applied science to ensure high added value and environmental safety. SGMS is strengthening its R&D activities to meet this goal and to increase its technological competitiveness.

Employees: 269

1996 Sales: \$81.5 million

Tel: (82) 342-406-001

Fax: (82) 342-42-0423

Major Products:

MRI systems, CT systems, X-ray systems, ultrasound systems, PET systems, gamma cameras, radiotherapy systems, networking systems, patient monitoring systems, fetal monitoring systems, defibrillators, EKG systems, ambulatory systems, central piping systems, laser systems



MACHINERY

Samsung Machinery Subgroup sales increased nearly 13% to \$6.1 billion.

Samsung Heavy Industries received orders for a liquid-natural-gas (LNG) carrier and a 103,000DWT drillship, which will be the largest drillship ever built.

Samsung Aerospace is the prime contractor for a project to develop commercial airliners in Korea.

Employees:
20,105

Sales:
\$6.1 billion

**Samsung Heavy Industries Co., Ltd.
Samsung Aerospace Industries, Ltd.
Samsung Watch Co., Ltd.**

Samsung Heavy Industries Co., Ltd.

Samsung Heavy Industries (SHI) leads Samsung's Machinery subgroup. The company offers a wide range of products and activities, including shipbuilding and offshore structures, plants and industrial machinery, construction equipment and construction.

SHI has a global network to support sales and after-sales service. The network spans 12 countries and consists of five local subsidiaries and 12 branches. To supply overseas customers more quickly, Samsung Heavy Industries has also established a construction equipment plant in the U.K., a tank and plant production facility in Thailand and a shipyard in China.

Since its inception, SHI has received orders for more than 210 ships from many of the world's leading shipping companies. Vessels already delivered include very large crude oil carriers; high-speed vessels; shuttle tankers; floating production, storage and offloading tankers; and super-large container ships. In 1996, Samsung Heavy Industries received orders for an LNG carrier and a 103,000DWT drillship, which will be the largest of its type ever built. Samsung is also developing a massive 8,000TEU container ship, further evidence of its industry-leading technology.

Samsung Heavy Industries exports excavators, loaders and other construction equipment worldwide through a network of more than

150 dealers. Among these equipment models, the ST120-2 loader was selected by *Construction Equipment* magazine as one of the "Top 100 Products for 1996." SHI is also exporting 4,000 forklift trucks in 13 different models to North America through Nissan's sales network.

Samsung's plant business continued to perform well in 1996. TPI, a Thailand-based petrochemical company, ordered 56 spherical storage tanks for oil and gas. With a combined capacity of 10 million barrels, these tanks represent the world's largest one-time order. SHI also delivered a large-scale offshore platform to Vietnam.

Samsung Heavy Industries operates five closely linked R&D centers, including the main facility at Daeduk, Korea, and specialized laboratories at different plant sites. These facilities develop technology for system design and engineering, automation and control technology, material engineering and new product development. They also combine various existing technologies to create new concepts. SHI operations are environmentally friendly and ISO 14001 certified.

Employees: 11,550
1996 Sales: \$4.0 billion
Tel: (82) 2-3458-6100
Fax: (82) 2-3458-6264
Main Businesses: shipbuilding, offshore structures, steel structures, cargo and material handling systems, power systems, marine engines, tank farms and systems, parking systems, construction equipment, forklift trucks, construction

Samsung Aerospace Industries, Ltd.

Samsung Aerospace Industries (SSA) was established in 1977 to overhaul and assemble aircraft engines. It has grown and diversified to become one of the Samsung Group's most important affiliates. SSA has played a key role in developing Korea's aerospace industry and has used its aerospace-related technology to expand into the defense and precision industries.

Samsung Aerospace is the only company in Korea capable of producing a wide range of different aircraft. SSA is the prime contractor for the Korea Fighter Program, which will produce 120 advanced F-16s by 1999. The technology gained in this project is already being applied to develop advanced trainer aircraft and helicopters. Samsung Aerospace is also the prime contractor within a consortium of Korean companies that is working on the development of commercial airliners.

In addition, SSA is producing military hardware such as a self-propelled artillery piece. It is also involved in a project to develop satellites. In addition, the company produces machine tools, electronics product assembly equipment (chip mounters), semiconductor assembly equipment (wire bonders) and lead frames for customers worldwide. Other products include cameras, opto-electronics devices and factory automation systems.

Overseas, Samsung Aerospace has acquired Rollei Foto Technic GmbH., a German camera maker, and subsequently developed the world's first 4-power zoom camera. SSA currently oper-

ates camera production facilities in Mexico and China and has captured 7% of the world camera market.

Employees: 8,455
1996 Sales: \$1.63 billion
Tel: (82) 2-3467-7114
Fax: (82) 2-3467-7080
Main Businesses: aircraft and aircraft parts, gas turbines, military hardware, cameras, opto-electronics devices, semiconductor lead frames, industrial robots, factory automation systems, machine tools, helicopter shuttle service

Samsung Watch Co., Ltd.

Samsung Watch Co. (SWC) was established in 1983. SWC produces 1.8 million wristwatches, wall clocks and desktop clocks a year, maintaining a 20% share of the Korean market. In January 1995, Samsung Watch ended a technology-sharing arrangement with Seiko of Japan and acquired a watch-case plant (76 employees, annual sales of \$7.8 million) from Nouvelle Piqueres SA in Bassecourt, Switzerland in order to focus production on Swiss-style watches and clocks.

Employees: 100
1996 sales: \$67.1 million
Tel: (82) 342-40-8114
Fax: (82) 342-40-8312/3
Major Products: wristwatches (Rollei, Burret, Samsung, Kappa, Dolce), clocks (Rollei, Kappa)





CHEMICALS

Samsung General Chemicals is expanding into production of new base materials for electronics and automobile components, pharmaceuticals and agrochemicals.

The Korean government recognized Samsung Fine Chemicals' efforts to expand Korea's chemical industry by awarding it the Export Tower Trophy and Bronze Tower Industrial Decoration.

Samsung-BP Chemicals completed a new vinyl acetate monomer plant in 1996 at the Ulsan petrochemical complex in Korea.

Employees:
3,590

**Samsung General Chemicals Co., Ltd.
Samsung Petrochemical Co., Ltd.
Samsung Fine Chemicals Co., Ltd.
Samsung-BP Chemicals Co., Ltd.**

Sales:
\$2.0 billion



Samsung General Chemicals Co., Ltd.

Samsung General Chemicals (SGC) operates a large petrochemical complex with a naphtha cracking center and 14 downstream plants that produce everything from base olefins to intermediate chemicals, polyolefins, specialty chemicals, and compounding resins in a single, continuous process.

The complex, located on Korea's west coast at Seosan, has received both ISO 9002 and ISO 14001 certification, signifying that all operations (production, loading, customer services and environmental protection) comply with strict internationally recognized standards.

Moreover, Samsung General Chemicals is using the latest energy-saving methods to maximize productivity. In 1996, the company was awarded a Korean Presidential commendation for gas safety and the government's grand prize for energy management.

At least 50% of SGC's total output is exported. As a result, Samsung has been a major contributor to making petrochemicals one of Korea's largest export items. To build upon this strength, SGC works hard to acquire new technology and diversify markets.

Samsung General Chemicals has established technology information centers in Russia and Germany, and branch offices in Tokyo, Hong Kong and Shanghai. SGC is expanding from its established markets in Asia to include South America, Europe and Africa.

The Samsung Chemical Group Research Institute at Daeduk (outside Taejeon), Korea has been researching ways to improve the physical properties of resins, develop new materials, upgrade processes and find new catalysts. Recently, the center merged with the Samsung Fine Chemicals R&D Center, strengthening its activities in advanced specialty chemicals

such as developing base materials for pharmaceuticals and agrochemicals.

In the future, Samsung General Chemicals will become less reliant upon intermediate chemicals and polyolefins by expanding into value-added areas such as base materials for sophisticated new materials for electronics and automobiles as well as base materials for pharmaceuticals and agrochemicals. SGC aims to be one of the world's top 10 chemical producers early in the 21st century.

Employees: 1,850
1996 Sales: \$940 million
Tel: (82) 2-772-6114
Fax: (82) 2-772-6615
Major Products: ethylene, propylene, butadiene, C₄ raffinate, purified terephthalic acid, styrene monomer, ethylene oxide/ethylene glycol, paraxylene, purified terephthalic acid, low-density polyethylene, ethyl vinyl acetate, linear low-density polyethylene, high-density polyethylene, polypropylene, compounding resins

Samsung Petrochemical Co., Ltd.

Samsung Petrochemical Co. (SPC) was established in 1974 as a joint venture among Samsung, Amoco and Mitsui to produce purified terephthalic acid (PTA), the preferred raw material for polyester. Since production began in 1980 at its No. 1 unit at the Ulsan petrochemical complex in Korea, SPC has secured its status as the largest PTA supplier to the Korean merchant market, with annual production capacity of 900,000 tons.

The PTA produced by SPC is used mainly as the raw material for polyester fiber. It also has broad use in non-fiber applications such as PET plastics, food and beverage containers, films, pigments, plasticizers and materials for engineering plastics. As such, PTA is an outstanding base material for the 21st century.

The superior productivity and efficiency of its three production units have enabled SPC to provide a stable supply of high quality PTA to Korean polyester fabric producers so that they can maintain global competitiveness. SPC is also taking the lead in clean operations technology

and was the first domestic PTA maker to be designated as an "environment-friendly enterprise" by the Korean government.

Employees: 530
1996 Sales: \$600 million
Tel: (82) 2-772-6321
Fax: (82) 2-754-5620
Product: purified terephthalic acid (PTA)

Samsung Fine Chemicals Co., Ltd.

Samsung Fine Chemicals (SFC) was established in 1964 as Asia's largest maker of urea fertilizer. SFC has continued to diversify its business and currently produces everything from general chemicals to value-added specialty chemical products. The company is Korea's leading specialty chemical manufacturer.

Recently, SFC has also diversified into pharmaceutical base materials, epichlorohydrin and industrial-use specialty paints.

The Korean government has recognized Samsung Fine Chemicals' efforts to develop the local chemical industry. In 1996, the company received the \$100 Million Export Tower Trophy and the Bronze Tower Industrial Decoration. Samsung's technical expertise has also earned the IR52 Chang Young-Sil Award and ISO 9002 certification.

SFC is also globalizing its research and development activities. At the same time, technology exchanges with leading overseas research institutes are turning potential specialty chemicals research results into commercially viable products. Samsung has established a jointly ventured research center at Russia's Zelinsky Institute of Chemistry and is expanding strategic alliances with overseas biotech venture companies. Technology experts from outside of Korea are being hired on a steady basis and now make up 30% of SFC's research staff.

Samsung Fine Chemicals believes strongly in working for the benefit of society. As part of an ambitious program to enhance environmental protection at plant sites, the company completed new waste

water treatment plants in October 1996.

Sales in 1996 totaled \$432 million. SFC aims to have annual sales of \$1.3 billion by the year 2000.

Employees: 1,000
1996 Sales: \$432 million
Tel: (82) 2-772-1900
Fax: (82) 2-772-1809
Major Products: methylamine, dimethylformamine, malonate, furfuryl alcohol, methyl cellulose, ethyl amines, ammonia, urea, melamine, methyl chloride, formic acid, tetramethyl ammonium chloride, tetra methyl ammonium hydroxide, caustic soda, chemical production equipment (reactors, heat exchangers, etc.), environmental protection facilities (waste incinerators, desulfurization systems, etc.)

Samsung-BP Chemicals Co., Ltd.

Established in 1989 as a joint venture between Samsung and the U.K.'s BP Chemicals, Samsung-BP Chemicals produces 350,000 tons of acetic acid and 10,000 tons of hydrogen annually. These products are supplied as a base material for downstream products.

Samsung-BP Chemicals exports high quality acetic acid of 99.9% purity made through methanol carbonylation—a high-efficiency, low-cost process developed by the UK's BP chemicals—to Japan, China, Taiwan and southeast Asia as well as supplying domestic demand.

Acetic acid produced by Samsung-BP Chemicals is used widely in everyday life—both directly and indirectly—by providing raw material for specialty chemical products such as vinyl acetate monomer, esters, fibers, pharmaceuticals, PTA solvents, dyes and flavorings.

Samsung-BP Chemicals aims to be the top Asian acetyls producer by 2000 and one of the world's top three acetic acid makers by 2005. To meet this goal, the company will continue to expand its acetic acid production capacity. In 1996, it completed a new plant to produce vinyl acetate monomer, which is an economic acetic acid conductor. Employees: 210
1996 Sales: \$136 million
Tel: (82) 2-753-5644
Fax: (82) 2-753-8338
Major Products: acetic acid, vinyl acetate monomer



FINANCE

Samsung Life Insurance became the first Korean company to enter the real estate market in China.

Samsung Fire & Marine Insurance continues to innovate new customer services, such as its computerized, on-the-spot Auto Claims Adjustment System.

Samsung Securities became one of Korea's top 10 securities firms, and ranks number one in institutional investor accounts and corporate bond underwriting.

Employees:
88,091

Sales:
\$22.9 billion

Samsung Life Insurance Co., Ltd.
Samsung Fire & Marine Insurance Co., Ltd.
Samsung Card Co., Ltd.
Samsung Securities Co., Ltd.



Samsung Life Insurance Co., Ltd.

Samsung Life Insurance's (SLI) achievements are numerous. SLI has led Korea's life insurance industry in annual sales for 10 years in a row. In 1995, the company became the first in Korea to break the 10 million policy mark for business in force. Samsung has been ranked first among all domestic life insurers by the Korea Insurance Supervisory Board for the past 12 years.

SLI's commitment to serving people and to aggressive management improvements earned the company the third annual Presidential Prize for Corporate Culture, presented in October 1996.

In 1994, Samsung initiated the Korean insurance industry's first quality assurance system. Under this system, a policy holder can cancel a policy for a full refund or take out a different policy within three months of signing the policy, if not completely satisfied.

SLI has a global investment network in place and is currently investing in stocks and bonds in 15 countries to spread out risk and increase profit from its asset management activities.

In 1996, Samsung Life Insurance became the first Korean company to enter the Chinese real estate market. By expanding its property development business internationally, SLI has generated greater returns on its investments.

Samsung Life Insurance is actively involved in helping the communities it serves. The Samsung Life Insurance Public Welfare Foundation was established in 1982 and currently operates a total of 19 daycare centers around Korea to assist working mothers of low-income families. SLI also provides free meals for the elderly and pays for corrective surgery for children with facial deformities. The company is in the process of building a state-of-the-art retirement community and opened the Korea Institute of Social Psychiatry. SLI was also responsible for opening the Samsung Medical Center.

By satisfying customers with top quality products and services, Samsung Life Insurance aims to be one of the world's leading insurance companies, with 10 million policyholders and \$74.5 billion in assets.

Employees: 79,600
1996 Sales: \$16.8 billion
Tel: (82) 2-751-8000
Fax: (82) 2-751-8100
Major Products: life insurance, real estate

Samsung Fire & Marine Insurance Co., Ltd.

Samsung Fire & Marine Insurance is Korea's largest non-life insurance company, with a home office staff of more than 5,100 employees and 30,000 agents and field employees. Samsung is growing to become a world-renowned insurance company, providing the ultimate protection for customers.

Under the managerial vision of "a good company contributing to society," Samsung is making dramatic improvement in its products and services through ongoing management innovation focused on quality and customer satisfaction.

As the industry leader, Samsung continues to introduce innovative, high-quality insurance products inspired by a number of constructive ideas in the spirit of "providing the greatest satisfaction to the customers." To become a world leader in the 21st century, Samsung is also directing multiple efforts to nurture globalized human assets at home and to secure highly skilled overseas human resources. Ties and cooperation with leading foreign insurance companies are also increasing rapidly.

Samsung participates in a variety of community service events and cultural programs. These include donating guide dogs to the visually impaired, dispatching international service teams to help people in developing countries and sponsoring an international "Go" tournament.

By the year 2000, Samsung Fire & Marine Insurance plans to attain a total premium income of \$8.7 billion, a work force of more than 6,400 home office staff and 44,000 agents and field employees, and total assets of \$13.7 billion.

Employees: 5,107
1996 Sales: \$3.85 billion
Tel: (82) 2-777-7000
Fax: (82) 2-758-7311
Main Businesses: fire insurance, marine insurance, automobile insurance, individual annuities, personal accident insurance, overseas traveler's insurance

Samsung Card Co., Ltd.

Samsung Card was established in 1988. The company has developed into one of Korea's leading credit card providers, recording 5.67 million cardholders, \$10 billion in annual card gross volume, and \$3 billion in total assets as of December 31, 1996.

Samsung Card's business philosophy is summed up in the phrase "Best Service, First Card." In this spirit, Samsung Card is committed to offering customer convenience and to constantly improving the level of financial services available in Korea. The company continues to develop new kinds of credit cards, including the Samsung Motors card.

Samsung is expanding arrangements with service establishments that offer interest-free installment sales and has broken new ground in the industry by introducing a unique service warranty system. The company has also created a one-stop customer response system and a line-stop system for unsound service establishments. As a result of these efforts, the Korea Management Association selected Samsung as the top provider of customer satisfaction among domestic credit card companies in 1996.

The Samsung Card, which is now honored in 220 countries, is leading the globalization of Korean credit cards. Arrangements have been concluded with Union Credit Card of Japan and China International Travel Service. A global service is now being offered in the Korean language to assist Korean travelers.

Samsung Card has always stayed a step ahead of the competition. Today, the company continues to respond to the rapidly changing business environment by developing more functions for credit cards through the use of a built-in semiconductor chip.

Samsung will continue to expand its business activities and create new services to enhance customer convenience and satisfaction.
Employees: 2,500
1996 Sales: \$661.5 million
Tel: (82) 2-727-8000
Fax: (82) 2-753-1047
Major Products: cash advances, installment purchases, loans, factoring, travel arrangements, payment guarantees, on-line sales, insurance

Samsung Securities Co., Ltd.

Samsung Securities Co. (SSC) became a Samsung Group member in November 1992. At the time, it ranked only twenty-fifth among the 32 Korean securities firms. Today, after five years of rapid growth, the company ranks in the top 10. Samsung also holds first place for institutional investor accounts and corporate bond underwriting.

SSC has achieved this rapid rise in the industry by adopting a business approach emphasizing customer satisfaction.

This management approach is based on business ethics, for which customers have rated SSC as "a company I can trust" and as "a company I would like to do repeat business with." Samsung Securities is staffed by a team of capable and confident professionals who are proud to work for a company that is helping to improve the industry.

SSC aims to be one of the best overall securities companies in the 21st century, so research functions are being strengthened and operations are being globalized. Samsung believes that the opening of Korea's financial markets will serve as an opportunity for a new surge in growth, and all employees are working with a new excitement about the future.

Samsung Securities is also building an advanced infrastructure to manage its growth. This includes installing state-of-the-art information networks in preparation for diversification into strategic new business areas such as futures trading, options trading, and mergers and acquisition brokerage.

With its highly qualified and dedicated staff and management, high-tech information networks and forward-looking business strategy, Samsung Securities is well positioned to lead the industry into the future.

Employees: 884
1996 Sales: \$171 million
Tel: (82) 2-726-0114
Fax: (82) 2-726-0298
Major Products: stock and bond brokerage, securities savings products, bond management funds, repurchase agreements, certificates of deposit, beneficiary certificates, commercial paper





AUTOMOTIVE


Samsung Motors completed its new state-of-the-art manufacturing plant in Pusan, Korea three months ahead of schedule. The company will introduce its first vehicle in early 1998.

Samsung Commercial Vehicles is expanding its product line to include light and medium trucks to complement its successful heavy truck models.

Employees:
4,900

**Samsung Motors Inc.
Samsung Commercial Vehicles Co., Ltd.**

Samsung Automotive Subgroup was formed in 1997. Samsung Commercial Vehicles was previously part of Samsung Heavy Industries, and its 1996 sales are included in our Machinery Subgroup.



Samsung Motors Inc.

Samsung Motors Inc. was established on March 28, 1995 with the goal of developing an improved and distinctive automobile, and improving the overall quality of Korean-made vehicles.

The company has completed a state-of-the-art automobile plant, training programs to secure advanced technology, pilot plant programs and other preparation work. The new plant, which was built on a nearly 1.6 million-square-meter site in Pusan's Shinho District, was completed three months ahead of schedule.

With optimal layout and the latest facilities, Samsung Motors' Pusan plant is equipped with an intelligent body assembly system. This computer controlled manufacturing system can produce up to eight different models simultaneously, maximizing efficiency. The first Samsung model, a midsize sedan due in early 1998, will be equipped with an aluminum engine for the first time in Korea. Over time, Samsung Motors will diversify its product lineup to include multipurpose vehicles, trucks and other vehicles.

Samsung Motors' Technical Center, established in June 1997, will play a pivotal role in the company's research and development efforts. The Center aims to develop a high value-added automobile with excellent quality at a reasonable price. To achieve this goal, the Center has set five major strategies for technical development by 2010: design innovation to lead the industry in the 21st century, scientific design, total product evaluation capability, optimal product development processes and a creative research environment.

As part of its research and development effort, Samsung Motors set up a design studio, Samsung Design America, Inc. (SDA), in California in 1995. SDA is equipped with the latest computerized equipment and is staffed by highly skilled people. The design studio will focus on creating

and designing new products that closely reflect the culture of local markets.

To globalize its operations as quickly as possible, Samsung Motors has opened branch offices in Detroit, Tokyo and Frankfurt. Also, in Korea, the Institute of Automobile Culture has been opened to offer and realize a new type of human-oriented automobile culture as a part of the company's effort in realizing its corporate philosophy.

A new customer-oriented approach is also being taken in the area of sales. Samsung Motors showrooms will not only be locations to purchase cars, but also one-stop service stations that provide maintenance and insurance services, handle used cars and offer accessories. The concept of providing a total solution for customers is part of the new automotive culture envisioned by Samsung Motors. Sales representatives will be trained to take care of the entire process related to an automobile.

Samsung Motors will work closely with other Samsung affiliates to maximize synergies to ensure the fastest possible success for overall operations. Samsung's auto business is based on a subgroup system that combines the relevant technologies and resources from around the group. The subgroup is composed of Samsung Motors, Samsung Corporation Motor Sales & Marketing Group, Samsung Electro-Mechanics Automotive Product Systems and Samsung Commercial Vehicles Co. Samsung will apply the competencies of these companies to the research and development, production, sales and marketing of cars; the development and supply of high quality parts and components; and the development and production of trucks and recreational vehicles.

With a new approach to the automotive industry and the diverse resources of Samsung affiliates, Samsung Motors plans to offer the best

customer satisfaction and contribute to Korea's economic growth. As a new player, Samsung Motors will accelerate technological development, especially in the areas of new materials, automation and quality management. The company will stimulate competition in technology and quality among domestic auto makers, which will improve their international competitiveness.

Samsung Motors' initial focus will be on the manufacture and sales of automobiles and automotive parts. The company will gradually expand operations to include full automotive services, including financing and leasing, by 2010. A full lineup will be developed to achieve economy of scale in production. Samsung's independent technology and a high level of quality will set a new standard for Korea's automotive industry.

Samsung Motors has invested approximately \$2.5 billion to build its Pusan plant and Technical Center. By 2002, total investment will amount to approximately \$5.5 billion.
Employees: 3,500
Tel: (82) 2-3707-5223
Fax: (82) 2-3707-5262
Main Business: passenger car manufacturing

Samsung Commercial Vehicles Co., Ltd.

The first trucks rolled off Samsung Commercial Vehicles' (SCV) production line in May 1993. Until recently, the company's focus had been on producing heavy trucks. To build on this strength, SCV is building a state-of-the-art facility on a nearly 6.5-million-square-foot site in Taegu, Korea to produce light, medium and heavy trucks, and main components such as engines and transmissions. By the year 2000, the Taegu complex will be capable of turning out 100,000 light trucks, 6,000 heavy trucks and 100,000 multipurpose vehicles a year.

SCV markets its heavy trucks (over 20 different models) through a network of more than 30 locations nationwide.

Samsung's 15-ton dump truck has been selected by leading daily newspapers as a "hit product" in Korea in each of the four years it has been on the market. The company's 18.5-ton cargo truck received six "hit product" selections in 1996, as Samsung continues to take the domestic truck market by storm.

Samsung Commercial Vehicles operates a service factory for heavy trucks at Pyungtaek, Korea. The factory is equipped with various facilities, such as a sauna, to maximize the comfort and convenience of customers.

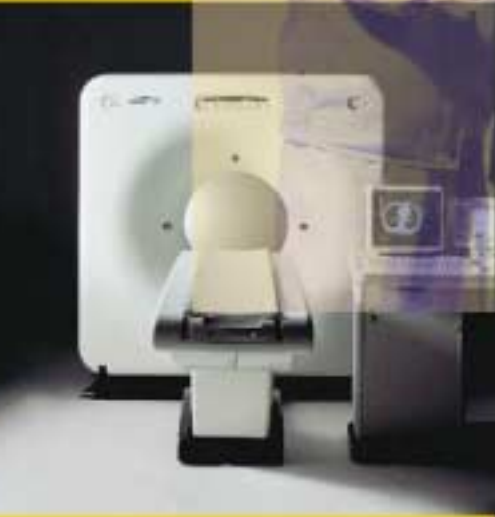
To ensure that customers nationwide get quick service, Samsung operates a network of over 30 service centers around the country and has more than 60 service vehicles. The Pyungtaek, Korea service center has 24-hour repair and a status room to respond to customer needs any time and any place.

Samsung has significantly expanded its warranties. The chassis and general parts warranty has been extended from one year or 20,000 kilometers to three years or 60,000 kilometers. The warranty terms for power trains have been increased from three years or 60,000 kilometers to five years or 100,000 kilometers, whichever comes first. These improvements have made Samsung the domestic leader in after-sales service quality.

Based on customer satisfaction surveys run by the Gallup organization, Samsung has been ranked number one for heavy trucks among all Korean truck manufacturers.

Employees: 1,400
Tel: (82) 53-589-8000
Fax: (82) 53-586-2670
Major Products: 15-ton dump trucks, 6m³ concrete mixer trucks, 73-ton tractors, 18.5-ton cargo trucks, 22.5-ton dump trucks, 11.5-ton cargo trucks, 14-ton cargo trucks, 68-ton tractors, 68-ton BCT tractors, 16kl tanker trucks, 18kl tanker trucks, 20kl aluminum tanker trucks, fire trucks





OTHER SAMSUNG COMPANIES

Samsung Corporation exported \$14.2 billion worth of goods to 150 different countries, affirming its position as the largest general trading company in Korea.

Samsung Engineering completed construction of ethylene and ethylene oxide/ethylene glycol plants for China's Jilin Chemical Co. and received an order for a 700,000-ton/year ethylene plant from the Thai Petrochemical Industry.

Cheil Industries opened the Golden Fashion Center in Kumi, Korea, integrating the company's textile production capabilities into a single, high-tech operation.

Employees:
35,661

Sales:
\$34.9 billion

- Samsung Corporation
- Samsung Engineering Co., Ltd
- Cheil Industries Inc.
- Joong-Ang Development Co., Ltd.
- The Shilla Hotels & Resorts Co., Ltd.
- The Joong-Ang Ilbo
- Cheil Communications Inc.
- S1 Corporation
- Samsung Lions
- Samsung Medical Center
- Samsung Economic Research Institute
- Samsung Human Resources Development Center
- Samsung Advanced Institute of Technology
- Samsung Foundation of Culture
- Samsung Welfare Foundation



Samsung Corporation

Samsung Corporation has been dedicated to the business of general trade for nearly 60 years. Since being designated as Korea's first General Trading Company (GTC) by the Korean government in 1975, it has focused on developing overseas markets. It also leads Korea's international trading activities. In 1996, Samsung Corporation exported \$14.2 billion worth of goods to 150 different countries, affirming its position as the largest GTC in Korea.

In recent years, Samsung Corporation has merged with Samsung Engineering & Construction and has expanded its business into retail and automobile sales. The company is composed of five major divisions: trading, construction, apparel, retail and motor sales. In 1996, Samsung Corporation strengthened its standing as the largest company in Korea by increasing its gross sales to \$28.6 billion.

Operating from 109 overseas offices, the Trading Division is involved in a wide variety of projects worldwide. In addition to general trading, the division carries out fund management, natural resource development and project organization. Other functions include managing complex three-way trades and barbers, and various investment projects.

The Construction Division carries out various construction, civil engineering, industrial plant and land development projects around the world, with the most recent being a nuclear power plant construction project. In addition to completing the Malaysia KLCC Petronas Tower construction project, the Construction Division is currently working on the 63-floor Royal Charoen Krung Building in Thailand. The division is the first in Korea to obtain ISO 14001 quality certification for all operations related to construction.

The Motor Sales & Marketing Division will be in charge of marketing and servicing passenger cars being developed by Samsung Motors, which are scheduled for introduction in 1998. Integrated service centers will be operated in Korea to

provide a complete line of services, and Samsung Corporation's extensive international network will serve to export Samsung-built automobiles.

The Apparel Division owns Essess, the top domestic family brand, and has recently acquired the government-approved "A/S mark" for its outstanding customer service.

The Retail Division offers an advanced retail system designed from the customer's perspective. It offers reasonable prices and quality products, creating large-scale integrated retail-cultural centers all over the country. The UTOO Zone store, opened in May of 1996 in Seoul's fashionable Myungdong District, is an innovative multishop which specializes in fashion apparel and accessories for young women. In 1997, Samsung Corporation will open two more multipurpose shopping centers in Seoul and a large-scale super center in Taegu, Korea.

Employees: 9,300

1996 Sales: \$28.6 billion

Tel: (82) 2-751-3345

Fax: (82) 2-728-4000

Main Businesses: trade, construction, retail, apparel manufacture and sales, automobile sales

Samsung Engineering Co., Ltd.

Samsung Engineering Co., Ltd. (SECL) started out in the 1970s by focusing on the design and construction of petrochemical plants and fertilizer plants. After joining the Samsung Group, SECL grew rapidly. In the 1980s, the company expanded into facilities for electronics products, textiles and automobiles as well as oil refineries, gas production facilities, power plants and environmental protection facilities. In the 1990s, Samsung Engineering is exporting petrochemical plants and technology on a turnkey basis to such markets as Southeast Asia and China.

In 1994, Thai Petrochemical Industry ordered a 300,000-ton/year ethylene plant; at the end of 1996, Samsung Engineering received a follow-up order for a 700,000-ton/year ethylene plant. SECL also built the Bali power plant in Indonesia in 1994, and ethylene and ethylene oxide/ethylene glycol plants for China's Jilin Chemical Co. in 1996,

which were completed nine months ahead of schedule.

The company will complete three major projects in 1997: a lube base oil plant in Thailand, a low-density polyethylene plant in Singapore and an ethylene oxide/ethylene glycol plant in Indonesia. In early 1997, Samsung Engineering received orders for a \$500 million caprolactam plant in Indonesia, a \$207 million gas treatment plant in Egypt, a gas processing plant in India and the largest BTX plant in Taiwan.

SECL operates Korea's first Environment Research and Development Center, which is developing technology for nondischarge waste water treatment, advanced water purification, industrial waste incineration and ethanol fuel production. The company recently established a joint environment research and development center with the Polytechnic Institute of New York to study processes for biological nutrient technology.

SECL's research successes have won the company the Korean government's first Environmental Technology Prize, awarded in December 1995. Samsung Engineering received ISO 9001 certification in 1994. Two years later, Germany's TÜV Bayern granted SECL's environmental quality monitoring system ISO 14001 certification.

Employees: 1,661

1996 Sales: \$1.23 billion

Tel: (82) 2-3458-3000

Fax: (82) 2-3458-4047/50

Main Businesses: design, procurement, construction supervision and operation management for petrochemical plants, power plants, refineries and gas plants, industrial plants, and environmental plants

Cheil Industries Inc.

Cheil Industries Inc. (CII) was established in 1954 as Korea's first worsted wool textile producer. CII has grown steadily ever since and has become a leading manufacturer of textiles, fashion apparel and chemical materials.

CII developed the world's first wool fabric with a yarn count of 130 (130 meters of yarn spun from a single gram of 1PP wool fibers). Cheil markets this exclusive product under the brand name

Lansmere 170 in the U.S. and Europe, where it has received lavish praise.

The company has also earned a reputation as a world-class fashion materials producer by developing a wide range of special-function fabrics. The company has also established its first offshore production facility, Tianjin Samsung Wool Textile Co., in China.

CII's fashion business encompasses casual and formal wear for men and women. Foremost among its mens wear products are Cardinal suits, made with a method that requires no adhesives, and the Galaxy line of formal wear for businessmen. Recent additions to CII's collection are Vincere golf wear and the Cynthia Rowley brand, with Cheil securing exclusive rights to market Cynthia Rowley throughout Asia. As part of an ongoing globalization drive, Cheil also acquired the U.S. apparel company Pamela Dennis.

CII's Chemical Division won the Samsung Group's 1996 Silver Technology Prize for developing high-quality, HCFC-resistant resin. The division has also adopted a consolidated management system that integrates all processes, from new order receipt, production and shipment to warehousing, sales and equipment status monitoring.

Cheil is the first in the Korean chemical industry to receive ISO 14001 certification for environmental friendliness. Overseas distribution centers are being set up to improve global operations and prepare for the future.

Chemical Division products include general-purpose resins such as acrylonitrile butadiene styrene and polystyrene as well as reinforced engineering plastics; epoxy molding compound, used in semiconductor packaging; and Staron brand artificial marble. CII has also begun selling prefabricated bathroom units under the IBR brand name.

CII employees are united behind the theme "Challenge 21," which sets an ambitious target of \$2.5 billion in annual sales and \$125 million in annual net profits by the year 2000.

Employees: 4,240

1996 Sales: \$1.2 billion

Tel: (82) 2-751-3355

Fax: (82) 2-527-2100

Main Businesses: woolen yarn, worsted yarn, woolen

fabric, worsted fabric, carpet, mens wear, women's wear, casual wear, general-purpose resins, engineering plastics, prefabricated bathroom units, artificial marble

Joong-Ang Development Co., Ltd.

Joong-Ang Development Co. provides services to improve the quality of people's lives. The company is involved in resorts and golf course development and operation, building engineering and energy development, catering services, landscaping and interior design. Joong-Ang is the first official company in Korea to earn the Customer Satisfaction (CS) certificate mark for its outstanding service qualities.

Joong-Ang operates Everland, the world's eighth largest theme park, which entertains 10 million visitors annually. Everland is divided into Festival World, with its amusement rides and festivals for year-round fun; Caribbean Bay, a unique water park with both indoor and outdoor attractions; and the Everland Speedway, Korea's first automotive race track. This budding "resort town" also features seasonal flower festivals, a rare-animal zoo and more. On the drawing board is the addition of hotels, ski slopes and a golf course, which will make this one of the world's premier resort complexes.

Joong-Ang Development Co. has been managing two of Korea's top golf courses for the past 30 years. In December 1996, the company established a new corporate identity as the Anyang and Dongrae Benest Golf Clubs, reinforcing their world-class status.

Joong-Ang's Building Engineering Division is committed to perfection and has received ISO 9002 and ISO 14001 certification. The division has made noteworthy achievements in the area of alternative clean energy, including the development of solar water heating systems and ice thermal storage systems.

The company's food-related business is supported by a sophisticated distribution system which can be a model for other Korean companies. Joong-Ang Development is also helping to create enjoyable indoor and outdoor living spaces through its landscape architecture and interior design activities.

As its scope of business grows, Joong-Ang Development Co. remains committed to its pledge of ensuring customer satisfaction through "customer-friendly" services and "environment-friendly" pursuits. Employees: 3,079
1996 Sales: \$562 million
Tel: (82) 335-20-8530/3
Fax: (82) 335-20-8549
Main Businesses: resort development and operation, golf course development and operation, building management and consulting, alternative energy, catering, restaurant supply, landscaping, interior design

The Shilla Hotels & Resorts Co., Ltd.

The Shilla Hotels & Resorts takes its name from Korea's ancient Shilla Dynasty, regarded as the "Golden Age" for its outstanding art and culture. The company, which comprises two deluxe, internationally recognized hotels in Korea, graciously combines these traditions with modern, world-class luxury.

The Shilla Seoul, a 500-room, 23-story property, rises impressively above a 23-acre private site on the slopes of Namsan (South Mountain) in the center of Korea's capital city. Being a world-class, five-star hotel, The Shilla Seoul appears regularly in a number of top-level international magazine surveys, notably America's *Institutional Investor*, the U.K.'s *Euromoney* and *Business Traveler*, and many others.

The Shilla Cheju, a 330-room property, is the company's second five-star hotel, located on the scenic island of Cheju just off Korea's south

coast. Situated on 21 acres of landscaped natural parkland overlooking Chungmun Beach, The Shilla Cheju is an outstanding Mediterranean-style structure. Korea's official guests, including the world's heads of state, royalty and politicians are frequent guests at this idyllic resort location.

The main tenet of The Shilla's management philosophy is to recognize and satisfy guests' needs with consistently high standards in both product and service. This has been the guiding principle in the development of The Shilla Hotels & Resorts and will continue to be so in the future.

With a five-year, multimillion-dollar facilitywide renovation completed and a new corporate identity in place, the Shilla Seoul is primed to achieve its goal to become one of the world's top hotels by the year 2000.

Employees: 2,584
1996 Sales: \$285.98 million
Tel: (82) 2-233-3131
Fax: (82) 2-233-5073
Main Businesses: The Shilla Seoul, The Shilla Cheju, Duty Free Shops, restaurants, golf courses

The Joong-Ang Ilbo

The *Joong-Ang Ilbo* published its inaugural edition on September 22, 1965 and has developed into one of Korea's most respected daily newspapers. On March 21, 1994, the company announced its "second foundation," and offered readers Korea's first newspaper printed in a section format. The company also hired a group of Ph.D.-level professionals for specialized reporting assignments.

As part of a globalization program, the company now operates two bureaus and three branches overseas and has dispatched more than 20 foreign correspondents around the world. Information is also supplied through more than 20 overseas wire services and newspaper companies which have cooperative ties with the *Joong-Ang Ilbo*.

The *Joong-Ang Ilbo* has increased its multimedia investments to stay abreast of the latest trends. In March 1995,

the company became Korea's first press-related concern to begin offering an Internet news service. Various specialized data bases are maintained for use in publishing newspapers and for offering information services.

The *Joong-Ang Ilbo* is engaged in various cultural events as part of efforts to improve the quality of life for people. Employees are encouraged to volunteer for community service, and the company has launched the Newspaper in Education and Internet in Education campaigns to support young people. The company also sponsors an environmental preservation exposition each year.

Employees: 1,443
1996 Sales: \$522.5 million
Tel: (82) 2-751-5114/9114
Fax: (82) 2-751-9709
Internet [JOINS]:
<http://www.joongang.co.kr>
Main Businesses: The *Joong-Ang Ilbo*, *WIN*, *The Economist*, *Newsweek Hankuk Pan*, *Stereo Music*, *Art Monthly*, *Literary Joong-Ang*, *Labelle*, *CALLA*, *Céci*, *JOINS*, *Ho-Am Art Hall*

Cheil Communications Inc.

Cheil Communications, Inc. (CCI) is an integrated communications company involved in a wide range of activities, including advertising planning and production, sales promotion, sporting events, large-scale promotional events and public relations.

The company is among the world's 20 largest advertising firms and strives to become a major player in international market. Its "Vision 2001" goal is to become one of the 10 largest advertising agencies early in the 21st century.

Cheil has established itself as a leader of the Korean advertising industry by applying proven marketing communications techniques, fostering a talented staff of advertising professionals and pioneering new media communications to respond to international marketing needs.

Known for a strong strategic approach to advertising, Cheil



established Korea's first marketing research center and conducted the country's first lifestyle research.

CCI's global network connects its Korean operation with the Americas, Europe and Asia. It also has maintained a technology-sharing arrangement with Hakuhodo of Japan since 1973 and has a joint venture with Bozell USA. In early 1997, Cheil affiliated with Hypernet, an internet advertising company, launching a new era of cyber-marketing in Korea.

Showcasing its integrated communications capabilities, Cheil has won more than 70 international awards at Clio, Cannes, New York Festival and other world-renowned advertising competitions as well as many major Korean advertising awards.

Employees: 1,100

1996 Billings: \$1 billion

Tel: (82) 02-724-0250

Fax: (82) 02-724-0191

Main Businesses: planning, production and execution of TV, radio, newspaper, magazine, outdoor and transit advertising; sales promotion; public relations; research; corporate identity programs; marketing and customized services

S1 Corporation

S1 Corporation was established in 1981 as Korea's first full-service security company and remains the nation's biggest.

Operations now cover more than 250 Korean cities and towns, offering various kinds of protection to more than 100,000 customers.

S1 employs approximately 4,450 persons and has a fleet of more than 500 emergency dispatch vehicles. Using state-of-the-art electronic systems and computer networks, the company works to help eliminate crime from society.

All employees (including administration) are required to perform patrol duties regularly and to meet directly with customers to learn about the business. This first-hand experience enables S1 employees to provide faster, more responsive solutions to customer needs.

The Social System Engineering Institute, S1's research and development unit, was established in 1993, and was the first facility of its kind in Korea. It is staffed by

more than 120 specialists, who have developed the Tendent Security System, a unique home security and automated banking system.

S1 is growing along with society and contributes to the local community in many ways. An in-house volunteer service corps was recently organized, and it is involved in such projects as building public rest rooms, helping needy families, promoting blood donation drives, sponsoring environmental protection campaigns and anti-smoking drives, and supporting social welfare institutions.

Employees: 4,450

1996 Sales: \$268.3 million

Tel: (82) 2-3670-8259

Fax: (82) 2-3670-8519

Major Businesses: electronic security services to include local security systems, closed-circuit TV systems; security system design, installation and consulting electronic surveillance systems

Samsung Lions

The Samsung Lions professional baseball team was organized in 1982. It is franchised in Taegu, the third largest city in Korea.

The team has been a leading influence in the development of Korean professional baseball, capturing the Korean championship in 1985.

The Lions Ballpark was completed in Kyungsan in 1995. The complex, Asia's largest baseball facility, includes an indoor practice facility that has a weight room, swimming pool and dormitory for team members. The home ballpark, located in Taegu, features an advanced electronic scoreboard, artificial turf and first-rate services for fans.

Employees: 60

1996 Sales: \$25 million

Tel: (82) 53-251-3114

Fax: (82) 53-251-3117

Main Business: professional baseball team, sports center

Samsung Medical Center

The Samsung Medical Center (SMC) is responsible for four general hospitals (three in Seoul and one in Masan, Korea) and a bioscience research institute. SMC's hospitals have a combined total of 2,600 beds, are staffed by first-class personnel and boast state-of-the-art facilities such as a prescription order communication system, picture archiving and communication

system, precision clinical pathology and automated material handling systems. SMC takes advantage of the latest medical technology to provide the best treatment and services to patients.

Samsung Medical Center shares its facilities and research results with other Korean hospitals to help elevate the nation's medical profession as a whole. SMC is also training its staff and initiating research to contribute to a better quality of life for people everywhere.

Employees: 6,400

Tel: (82) 2-3410-2114

Fax: (82) 2-3410-3159

Main Businesses: Samsung Medical Center (main hospital, in Seoul), Kangbuk Samsung Hospital (Seoul), Masan Samsung Hospital (Masan), Samsung Cheil Hospital (Seoul), Samsung Bioscience Research Institute (Seoul)

Samsung Economic Research Institute

The Samsung Economic Research Institute (SERI) is the largest private institution of its kind in Korea. SERI was established in 1986 to support the Samsung Group's global business activities and to suggest economic policy strategies to the government for national and social development.

The institute was recently reorganized into four main sections: a stronger policy research unit, a domestic and overseas macroeconomics research unit, a corporate management support research unit and an external relations unit.

Systematic research conducted by SERI results in theories that contribute to the nation as well as to its enterprises and people. Research results are also shared widely among the general population.

SERI supports those areas of society in greatest need, as it carries out its mission of contributing to social development.

Top-notch personnel and an outstanding research infrastructure provide the strength for SERI to achieve its goals.

Employees: 169

Tel: (82) 2-3780-8000

Fax: (82) 2-3780-8005

Main Activities: research and policy development,

technology exchange and market research management training, operational troubleshooting, publishing papers on domestic and foreign businesses and economies, international academic exchanges

Samsung Human Resources Development Center

The Samsung Human Resources Development Center (HRDC) is responsible for developing Samsung employees and fostering the group's corporate culture. The HRDC runs a wide variety of training programs at its five Korean training facilities: the main training center (Changjo Kwan), the live-in foreign language training center (Ho-Am Kwan), the Global Management Institute, the Seoul Training Center and a training cruiser, *Dream 21*.

The training system is designed to meet the needs of employees as well as to implement the Samsung corporate philosophy. Programs include basic training for new recruits, training to prepare employees who have been promoted to new levels of responsibility, and a course to prepare senior managers to become CEOs in the 21st century.

Other courses prepare employees to be more effective in the global arena and to cultivate job skills. HRDC also develops and promotes Web-based open courses, which allow more employees to use time effectively.

Through these programs, HRDC is laying the groundwork for Samsung's future success by developing people's potential and creating competitiveness for the 21st century.

Employees: 144

Tel: (82) 335-20-1720

Fax: (82) 335-20-1001

Main Activities: recruitment, training and development

Samsung Advanced Institute of Technology

The Samsung Advanced Institute of Technology (SAIT) was established in October 1987. SAIT is Samsung's main research institution, chartered to research technologies for



the 21st century. In fulfillment of that charter, the institute is now researching many "frontier technologies" in the fields of electronics, mechanical engineering, chemistry and life sciences, which will contribute to the well-being of the global community within the next 10 years.

SAIT's electronic research areas include exciting frontier technologies such as information processing, systems and control, and materials. Breakthrough discoveries are being made through research on digital signal processing, digital communications and human and computer interface in the area of information processing and electro-mechanics, microsystems, and solid-state circuits for systems and control.

SAIT researches all of the core technologies in the area of materials. These include photonics, electronic materials, display materials and electro-chemistry. The institute is also studying simulations and energy in the area of mechanical engineering. In chemistry, SAIT is researching breakthrough catalysts, polymers and organic synthesis/biotechnology, which will be used widely in various aspects of human life.

Life science research strives to achieve breakthrough discoveries in basic medicine, clinical medicine and clinical biomedical engineering. In so doing, SAIT is committed to enhancing the global community's quality of life by exploring the fundamental principles behind biological phenomenon.

SAIT strives to build a global research organization in which a researcher can achieve his or her best in the finest environment available, anywhere. To achieve this goal, SAIT continues to localize and globalize research activities, cooperating with universities and research institutions overseas.

Employees: 800
Tel: (82) 331-280-9114
Fax: (82) 331-280-9099
Main Research Areas: information processing, system and control, materials, mechanical engineering, chemistry, life sciences

Samsung Foundation of Culture

For more than 30 years, the Samsung Foundation of Culture has worked to uncover

and preserve lost parts of Korea's rich cultural heritage and to rekindle popular interest in this heritage. The foundation also supports a wide range of cultural activities to promote balanced development of the arts in Korea.

The Ho-Am Art Museum, opened in 1982, houses more than 15,000 art objects and historical relics, including 91 pieces that have been designated as either Cultural Treasures or National Treasures by the Korean government. The museum holds international art exhibitions that have been very well received by the Korean public. In May 1997, the Hee Won Korean Garden, which embodies the aesthetic beauty of the traditional private garden in Korean high society, was opened on the Ho-Am Art Museum grounds.

The Rodin Gallery is scheduled to open in April 1998 to give local art lovers easy access to the works of the great master in downtown Seoul. The Samsung Modern Art Museum, which will open in the year 2000, will be a future-oriented showcase of art and culture that is world-class in both facilities and scale.

The Samsung Foundation of Culture also supports academic research projects as well as various artistic and cultural events.

Recently, the foundation supported a project for logging the contents of the Tripitaka Koreana (13th century woodblock engravings of the entire Buddhist canon) into a computerized data base. The Tripitaka Koreana was designated as a "World Heritage" by Unesco in December 1995.

In addition, the foundation has supported the publishing of the English edition of the *Korean Literary Series*, which covers topics from antiquity up to the modern period. Through its involvement in projects like these, the Samsung Foundation of Culture is helping to preserve and propagate Korea's rich cultural legacy around the world.

The foundation has taken advantage of its long experience in the arts to publish the *Korean Artists Series* and supports Korean studies projects as a part of long-term plans for Korean involvement in the world.

The Samsung Foundation of Culture is constantly preparing for the future. Its MAMPIST program, instituted in 1995, is designed to educate young professionals who will lead Korea's cultural and artistic activities. The Sejong Soloists, consisting of Koreans who have graduated from Juilliard School of Music, actively hold concerts around the world. The Musical Instruments Bank and Samsung Awards are aimed at helping to cultivate young musical talent in Korea.

In today's age of globalization, the Samsung Foundation of Culture has taken the lead in offering people around the world a chance to see Korean culture first hand. The foundation has opened the Samsung Gallery at the Victoria & Albert Museum in the U.K. It is also supporting the opening of Korean Galleries at the Guimet Museum in France, the Metropolitan Museum in the U.S. and the British Museum. Meanwhile, the foundation has opened a studio for Korean artists (at the International Artists' Village) in France, supports a Korean Studies Forum in France and supports the establishment of a Science and Technology Center and Samsung Art Gallery at the Guggenheim Museum in the U.S.

Employees: 190

Tel: (82) 2-750-7850/9

Fax: (82) 2-750-7827

Main Activities: Ho-Am Art Museum, Ho-Am Art Gallery, Samsung Modern Art Museum, Rodin Gallery, Samsung Children's Museum, Korean Traditional Music Contest, Samsung Prize for Literature, MAMPIST Program, support for cultural and artistic activities, support for academic research, construction of museums

Samsung Welfare Foundation

The Samsung Welfare Foundation was established in 1989 to serve the community and help create a society in which all people can live well. The foundation helps children and young adults develop into healthy, productive members of society through a wide variety of programs. For example, childcare is provided for the children of low-income families with working mothers to help the next generation escape the cycle of poverty. The Samsung Welfare Foundation

currently operates 36 childcare centers around Korea.

The foundation also runs the Samsung Center for Early Education & Development, which is responsible for improving the quality of childcare available in Korea. This institution develops new programs and teaching aids for use in the childcare centers. It also offers ongoing training for childcare providers as well as sponsors international academic seminars on childcare and development.

The Samsung Welfare Foundation selects outstanding programs provided by social welfare centers and related institutions and provides financial support for those programs. It also sends social workers overseas for specialized training in the field, sponsors the youth volunteer corps "Purunnum" and helps orphaned teenagers who must take care of their younger siblings.

The foundation has formed the Ho-Am Prize Committee, consisting of prominent social leaders, to select candidates for the annual Ho-Am Prize. The prize is given to individuals or groups who have made outstanding contributions to society in one of five categories: basic science, engineering, medical science, social services or the arts.

The Samsung Group initiated the Hyo-Haeng (Filial Piety) Prize in 1976, and the Samsung Welfare Foundation manages this prize, which honors those who have exemplified this virtue and seeks to inspire others to do the same in a form befitting the modern family structure.

The Samsung Welfare Foundation will continue to promote community service to enhance the group's image as a trustworthy and responsible corporate citizen. This is best achieved by returning some part of profits to society.

Employees: 41

Tel: (82) 2-259-7842/62

Fax: (82) 2-259-7880

Main Activities: establishment and operation of childcare centers, support for social welfare program development, support for overseas training for social workers, operation of the youth volunteer corps "Purunnum," support for orphaned teenagers with younger siblings to support Hyo-Haeng (Filial Piety) Prize, Ho-Am Prize

sions of Microsoft's Windows operating systems, expected within two years, will be big hits and require more chips (16 megabytes or more per PC) to run well. He's also betting on so-called Internet terminals, low-cost devices that will connect users directly to the computer network, and digital video disks, which will store 7 to 26 times more data than current CD-ROMs.

McDonald also is salivating over demand for personal computers in foreign markets, especially Europe and Asia.

The R

Earlier this year, a credit card that lets you accumulate credits toward the purchase of a Samsung

Samsung's \$10 million

as international food

The \$2.5 billion in funds to be allocated in the following

are look companies with

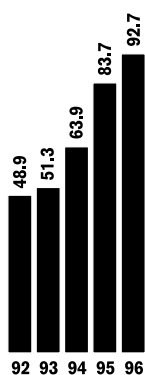
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INTRODUCTION TO FINANCIAL DATA

THE SAMSUNG GROUP

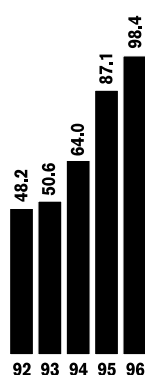
Net Sales

dollars in billions



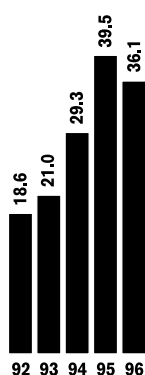
Total Assets

dollars in billions



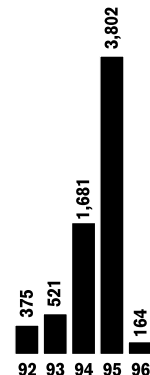
Exports

dollars in billions



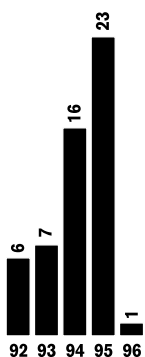
Net Income

dollars in millions



Return on Average Stockholder's Equity

percent



Employees

in thousands



Sales by Sector*

1996

A	B	C
	D	
	E	

A Electronics	\$26.8 Billion (28.9%)
B Machinery	\$6.1 Billion (6.6%)
C Chemicals	\$2.0 Billion (2.2%)
D Finance	\$22.9 Billion (24.7%)
E Other Samsung Companies	\$34.9 Billion (37.6%)

*Samsung Automotive Subgroup was formed in 1997. Samsung Commercial Vehicles was previously part of Samsung Heavy Industries, and its 1996 sales are included in our Machinery Subgroup.

COMBINED BALANCE SHEET

THE SAMSUNG GROUP

AT YEAR-END	WON MILLIONS 1995	WON MILLIONS 1996	US DOLLARS THOUSANDS 1996	ECU THOUSANDS 1996
Current assets				
Cash and bank deposits	3,966,210	4,759,148	5,638,801	4,516,680
Marketable securities	8,431,036	11,700,785	13,863,489	11,104,655
Notes receivable and accounts receivable	4,822,651	6,232,989	7,385,058	5,915,432
Inventories	4,245,828	4,631,734	5,487,836	4,395,756
Other	20,966,375	22,660,715	26,849,189	21,506,200
Total current assets	42,432,100	49,985,371	59,224,373	47,438,723
Investments	7,531,026	9,788,900	11,598,223	9,290,176
Non-current assets				
Less accumulated depreciation of land	3,179,946	4,242,812	5,027,028	4,026,650
Buildings and structures	4,373,387	5,606,809	6,643,139	5,321,154
Machinery and equipment	5,993,259	6,241,383	7,395,004	5,923,398
Construction in progress	2,809,290	5,611,046	6,648,159	5,325,175
Other	554,313	1,029,778	1,220,115	977,313
Total non-current assets	16,910,195	22,731,828	26,933,445	21,573,690
Other assets	359,181	566,497	671,205	537,635
Total	67,232,502	83,072,596	98,427,246	78,840,224
Current liabilities				
Notes payable	828,157	1,077,841	1,277,063	1,022,927
Trade accounts payable	1,677,186	2,143,532	2,539,730	2,034,324
Short-term loans	6,074,671	9,393,992	11,130,322	8,915,388
Current portion of long-term debt	24,667,546	29,478,831	34,927,525	27,976,947
Advances from customers	1,495,624	1,344,170	1,592,618	1,275,687
Other	5,824,611	5,532,457	6,555,044	5,250,591
Total current liabilities	40,567,795	48,970,823	58,022,302	46,475,864
Non-current liabilities				
Debentures	4,180,990	7,011,518	8,307,486	6,654,296
Long-term debt	5,253,172	7,824,322	9,270,524	7,425,689
Reserves	1,574,014	1,970,634	2,334,874	1,870,234
Other	2,636,255	3,772,250	4,469,490	3,580,063
Total non-current liabilities	13,644,431	20,578,724	24,382,374	19,530,282
Stockholders' equity				
Capital stock	3,095,616	4,008,286	4,749,154	3,804,072
Capital surplus	4,559,036	4,891,733	5,795,892	4,642,510
Retained earnings	5,458,107	5,299,617	6,279,167	5,029,613
Capital adjustment	(92,483)	(676,587)	(801,643)	(642,115)
Total stockholders' equity	13,020,276	13,523,049	16,022,570	12,834,078
Total	67,232,502	83,072,596	98,427,246	78,840,224

COMBINED STATEMENT OF INCOME

THE SAMSUNG GROUP

FOR THE YEAR	WON MILLIONS 1995	WON MILLIONS 1996	US DOLLARS THOUSANDS 1996	ECU THOUSANDS 1996
Income				
Net sales	64,576,873	74,640,688	92,721,351	74,269,803
Domestic	34,146,954	45,616,251	56,666,150	45,389,586
Export	30,429,919	29,024,437	36,055,201	28,880,217
Other income	1,149,446	1,555,606	1,932,430	1,547,876
Total	65,726,319	76,196,294	94,653,781	75,817,679
Costs and expenses				
Operating cost	52,684,472	63,920,580	79,404,447	63,602,962
Selling and general administrative expense	6,334,160	7,721,101	9,591,430	7,682,735
Interest expense	1,273,390	1,752,505	2,177,025	1,743,797
Other expenses	1,898,537	2,527,407	3,139,636	2,514,849
Total	62,190,559	75,921,593	94,312,538	75,544,343
Income before taxes	3,535,760	274,701	341,243	273,336
Income taxes	602,937	142,907	177,524	142,197
Net income	2,932,823	131,794	163,719	131,139

COMBINED STATEMENT OF CHANGES IN CASH FLOW

THE SAMSUNG GROUP

AT YEAR-END	WON MILLIONS 1995	WON MILLIONS 1996	US DOLLARS THOUSANDS 1996	ECU THOUSANDS 1996
Cash flow due to operations	9,191,998	6,954,554	8,639,198	6,919,997
Net income per term	2,932,823	131,794	163,719	131,139
Increase in unpaid expenses	12,010,470	14,408,843	17,899,185	14,337,246
Deduction in non-received income	(5,751,295)	(7,586,083)	(9,423,706)	(7,548,388)
Cash flow due to investments	(13,729,063)	(15,044,051)	(18,688,262)	(14,969,298)
Cash receipts from investment activities	18,023,292	26,668,277	33,128,295	26,535,764
Reductions in current assets	14,560,320	21,554,248	26,775,463	21,447,146
Reductions in investments and other assets	3,286,605	4,435,025	5,509,348	4,412,988
Reductions in fixed assets	81,000	679,004	843,484	675,630
Reductions in deferred assets	—	—	—	—
Cash outlays from investment activities	31,752,355	41,712,328	51,816,557	41,505,062
Increases in current assets	16,728,284	23,999,820	29,813,441	23,880,566
Increases in investments and other assets	7,556,588	7,178,469	8,917,353	7,142,800
Increases in fixed assets	6,511,460	9,348,371	11,612,883	9,301,919
Increases in deferred assets	956,023	1,185,668	1,472,880	1,179,777
Cash flow due to financing activities	5,868,552	8,667,260	10,766,783	8,624,193
Cash receipts from financing activities	34,065,214	50,181,444	62,337,198	49,932,095
Increases in current liability	27,054,829	41,214,136	51,197,684	41,009,345
Increase in long-term liabilities	5,297,566	7,765,490	9,646,571	7,726,904
Increase in capital	1,705,614	1,201,818	1,492,943	1,195,846
Other	7,205	—	—	—
Cash outlays from financing activities	28,196,662	41,514,184	51,570,415	41,307,902
Increases in deferred assets	31,997	28,200	35,031	28,060
Reductions in current liabilities	27,655,626	40,660,279	50,509,663	40,458,240
Reductions in long-term liabilities	204,095	271,470	337,230	270,121
Dividend payments	139,695	196,010	243,491	195,036
Other	165,249	358,225	445,000	356,445
Increases in cash	1,331,487	577,763	717,719	574,892
Cash at the beginning of the term	2,918,657	4,324,684	5,372,278	4,303,195
Cash at the end of the term	4,250,144	4,902,447	6,089,997	4,878,087

Notes

The combined financial statements have been prepared on the basis of financial statements from the Samsung Group companies.

All of the figures have been examined by independent auditors in accordance with the generally accepted auditing standards practiced in the Republic of Korea.

Won/U.S.\$ exchange rate—W805/1: For sales and profits—W805/1—was the yearly average. Other figures—W844/1—was the rate as of the end of December, 1996

ECU/U.S.\$ exchange rate—:806/1



The Re



75

At Samsung, winning is not about personal gain. It is about contributing to a better society, so all people can triumph.

wards

It struck hard on a cold Friday afternoon...

...in February 1997. Seismologists measured its magnitude at 5.5 on the Richter Scale, by no means the largest earthquake on record. But to the people of the largely rural communities of Ardabil in northwestern Iran, it felt like the end of the world.

Over the following days, more than 300 aftershocks assaulted the region. Nearly 1,000 people died, 2,600 were injured and 36,000 were left homeless. According to local sources, an estimated 110 villages were devastated by the earthquake, many in a snow-bound region near the Caspian Sea.

For many people around the world, the tragedy was little more than a 30-second story on the evening news. Not to the staff of Samsung Electronics in Tehran.

To help their neighbors, a group of Samsung employees assembled seven truckloads of clothes, food, tents and blankets. Then they drove their makeshift relief caravan across the snow-covered roads of northern Iran to deliver the goods personally to the residents of quake-torn Ardabil.

Triumphs of human spirit—like the selfless compassion of our Tehran office—are among Samsung's most important business accomplishments. The true "reward" of managing a successful company is the ability to give back to the people and communities we serve.

SAMSUNG AND SOCIETY. We regard social leadership as an important responsibility. In addition to our goal of becoming one of the world's leading companies by creating superior products and services, our mission is to become a major contributor to a better global society in the 21st century. To guide this effort, we established a community relations department for the Samsung Group and each of its subsidiaries in 1995.

Through these departments, Samsung sponsors a wide variety of programs for social welfare, culture and the arts, academics and education, environmental preservation, and employee volunteerism. In 1996, we contributed \$341 million to community relations programs geared toward improving the lives of people all over the world. Some notable examples:

- Our Hungarian office organized and sponsored the second annual Samsung Running Festival in 1996, attracting 230,000 people (more than 20 times the number that compete in the Boston Marathon) from 52 cities in nine Central European countries.
- Samsung Electronics became an official sponsor of the Nobel Prize Series, and will develop a CD-ROM and Web site designed to increase awareness of the achievements of Nobel Laureates worldwide. Through this sponsorship, we hope to inspire others to work for "the greatest benefit to mankind."
- Our commitment to people in need is wide-ranging—from our Guide Dog School for the Blind, to the operation of two custom-designed factories for disabled workers, to the donation of microwave ovens to Housing Works, New York's largest provider of cost-free housing and support for homeless people with AIDS. The Samsung Welfare Foundation operates 36 childcare centers throughout Korea to assist working mothers of low-income families.
- We contribute to arts and culture through our support of gifted artists, sponsorship of film and other entertainment festivals, the development of prominent Korean Art Galleries at both London's Victoria & Albert Museum and New York's Metropolitan Museum, as well as providing assistance to hundreds of local and community programs. In April 1998, the Samsung Foundation of Culture will open the Rodin Gallery in downtown Seoul. The Foundation is also overseeing the development of the Samsung Modern Art Museum, scheduled to open in 2000.
- Twenty athletes at the 1996 Summer Olympic Games in Atlanta were members of Samsung-sponsored teams; four more olympians committed to join our teams in 1997 or 1998. Samsung Electronics has also announced it will be the worldwide wireless communications equipment partner of the 1998 Winter Olympic Games in Nagano, Japan, the 2000 Summer Olympic Games in Sydney, Australia, and the official partner of the Bangkok Asian Games in Thailand.
- Samsung is dedicated to preserving the earth's environment. In 1996, we doubled our investment in our Green Management program, through which we strive to minimize pollution-causing emissions and wastes, take responsibility for the full life cycle of products and operate all work sites in an eco-friendly manner. Samsung employees also participate in a broad range of volunteer preservation activities, including "Adopt a River" and other clean-up programs worldwide.

Why do we make these investments?

Samsung is not an island. We have important responsibilities to our customers, society and the environment everywhere in the world. The rewards from our activities are not ours to keep; they must be reinvested continuously in the people and communities we serve. This creates a cycle of mutual trust and respect, and a healthy environment in which both Samsung and our customers can live and prosper.



Old friends

KASIH means “love” in Malaysian. It is also the name of a loving group of Samsung employees in Malaysia who volunteer their time to perform a broad range of community service activities. Nizam Bin Abd Hamid is one of these leaders of **KASIH**. Here, he visits with Kosar, an elderly woman with no family or relatives, at Seremban Old Folks Nursing Home. Nizam and a team of Samsung colleagues volunteered to brighten up the nursing home and paint a garden wall. The group also exchanged stories and dined with the residents, making many new friends. By contributing directly to the communities in which we work and live, Samsung is earning the trust and respect of people all over the world.





Beautiful music

Ju-Young Oh was born in a small town near Korea's southern coast. But today he is making a big name for himself by performing with major orchestras all over the world. The 15-year-old violin virtuoso is one of the first beneficiaries of the Samsung Foundation of Culture's Musical Instruments Bank. The innovative program lends world-class instruments to world-class musicians, helping to advance their music and careers. Mr. Oh has also received a scholarship from the Samsung Entertainment Group in 1996 and the Samsung Award for talented young artists in 1997. He is a student of Hyo Kang, music director of the Sejong Soloists, a renowned young musicians' group. Through our support of art and culture worldwide, Samsung is contributing to a richer and more balanced global society.



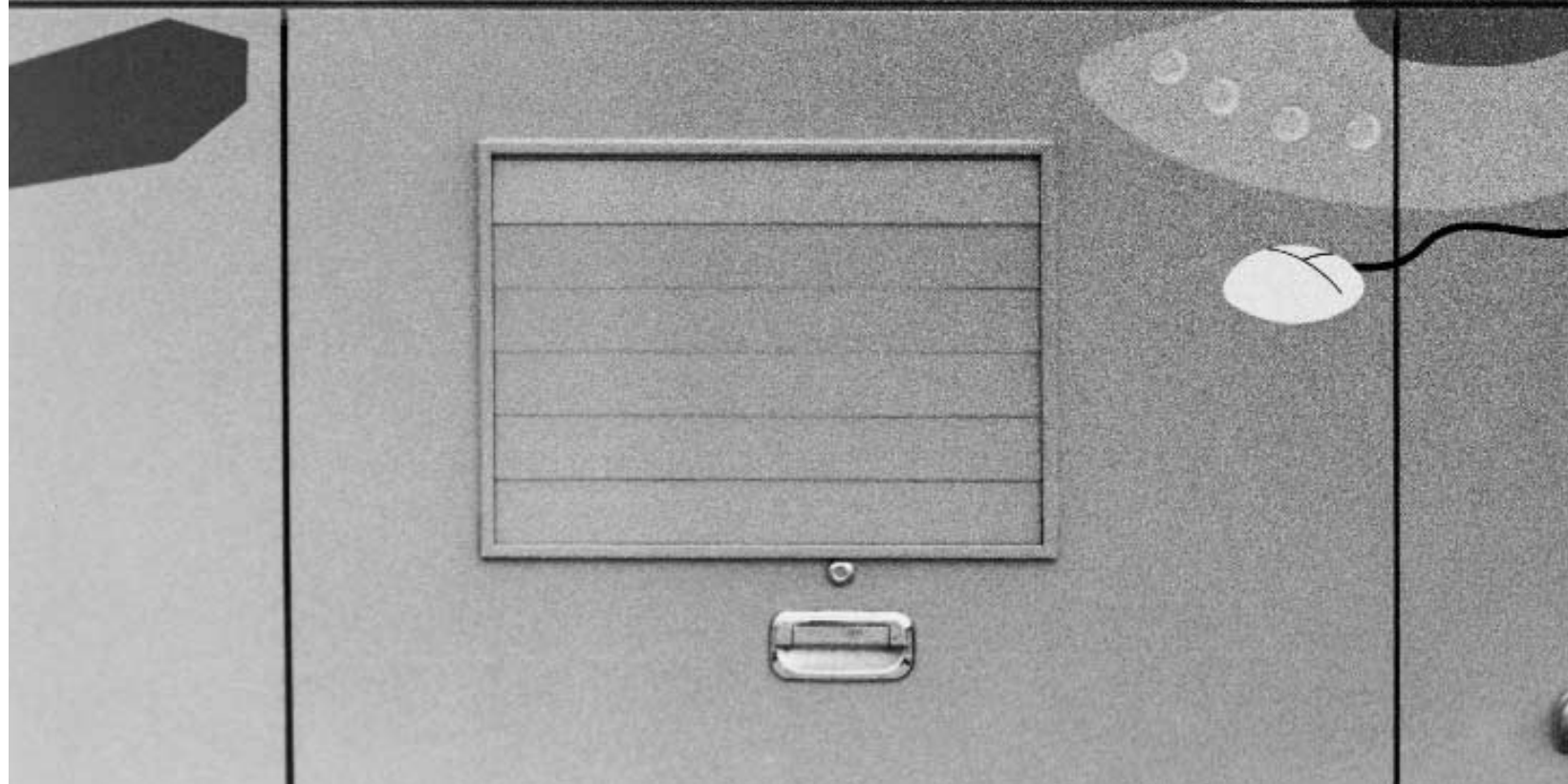
Captain Clean

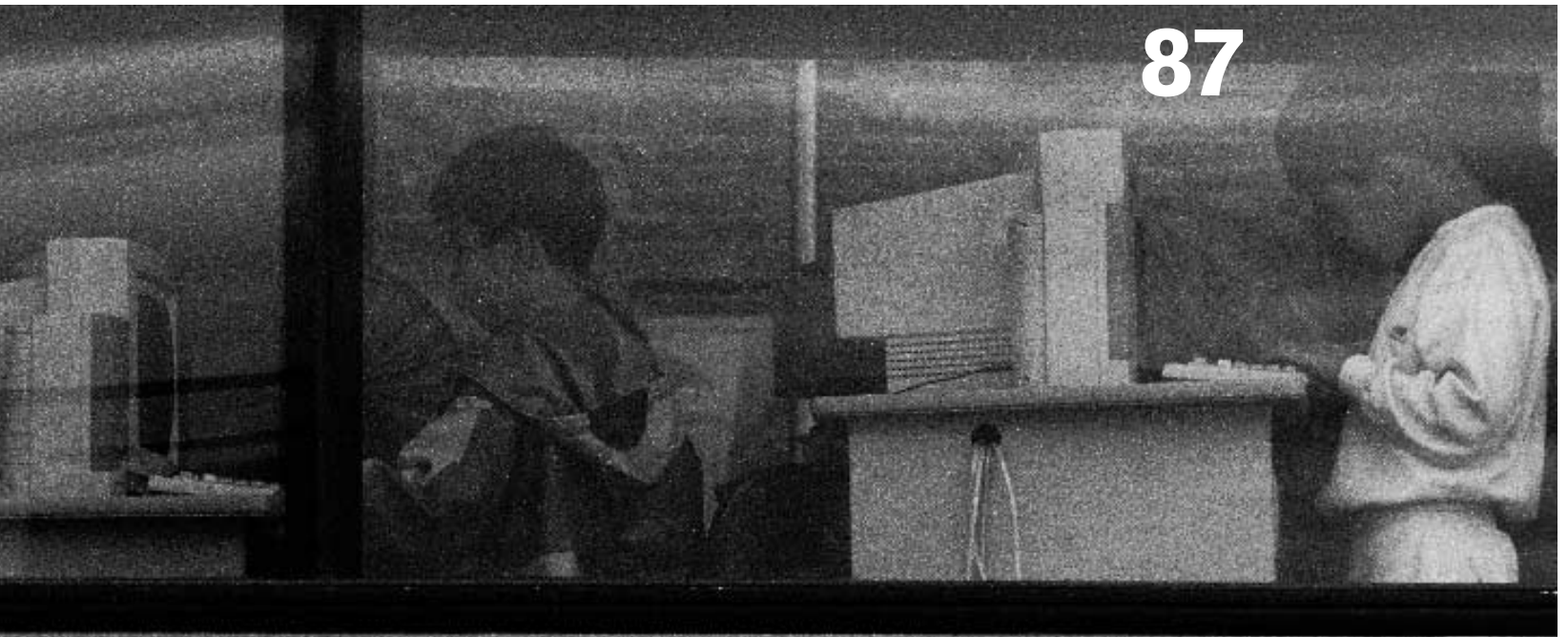
The Han River flows for nearly 300 miles across South Korea, bisecting the city of Seoul. It has been the cradle of ancient cultures and a lifeblood for modern civilization. To help preserve this natural treasure, Samsung sponsors a fleet of five boats which cruise the Han River every day, removing refuse and other pollutants. Chang-Keun Yoon, one of the boat captains, takes great pride in his work, and revels in the growing number of people who enjoy the Han because of his efforts. To date, Samsung has invested more than \$15 million in the Han River preservation project, including sponsorship of educational programs and recreational events. Thousands of Samsung employees also have voluntarily rolled up their sleeves to clean up portions of the river.

Second sight

Byung-Ho Kim is a kind and determined man. An employee of Samsung Electronics for more than 10 years, Mr. Kim was diagnosed in 1993 with uveitis, a degenerative eye disease. Two years later, he was declared legally blind. Undeterred by his condition, he taught himself how to use his computer to access the Internet and perform other everyday functions. Today, using equipment and facilities donated by Samsung, he volunteers his time to teach other blind individuals how to use the computer to enhance their lives. Mr. Kim's guide dog, Gooseul, is a graduate of Samsung's Guide Dog School, the only facility of its kind in Korea.

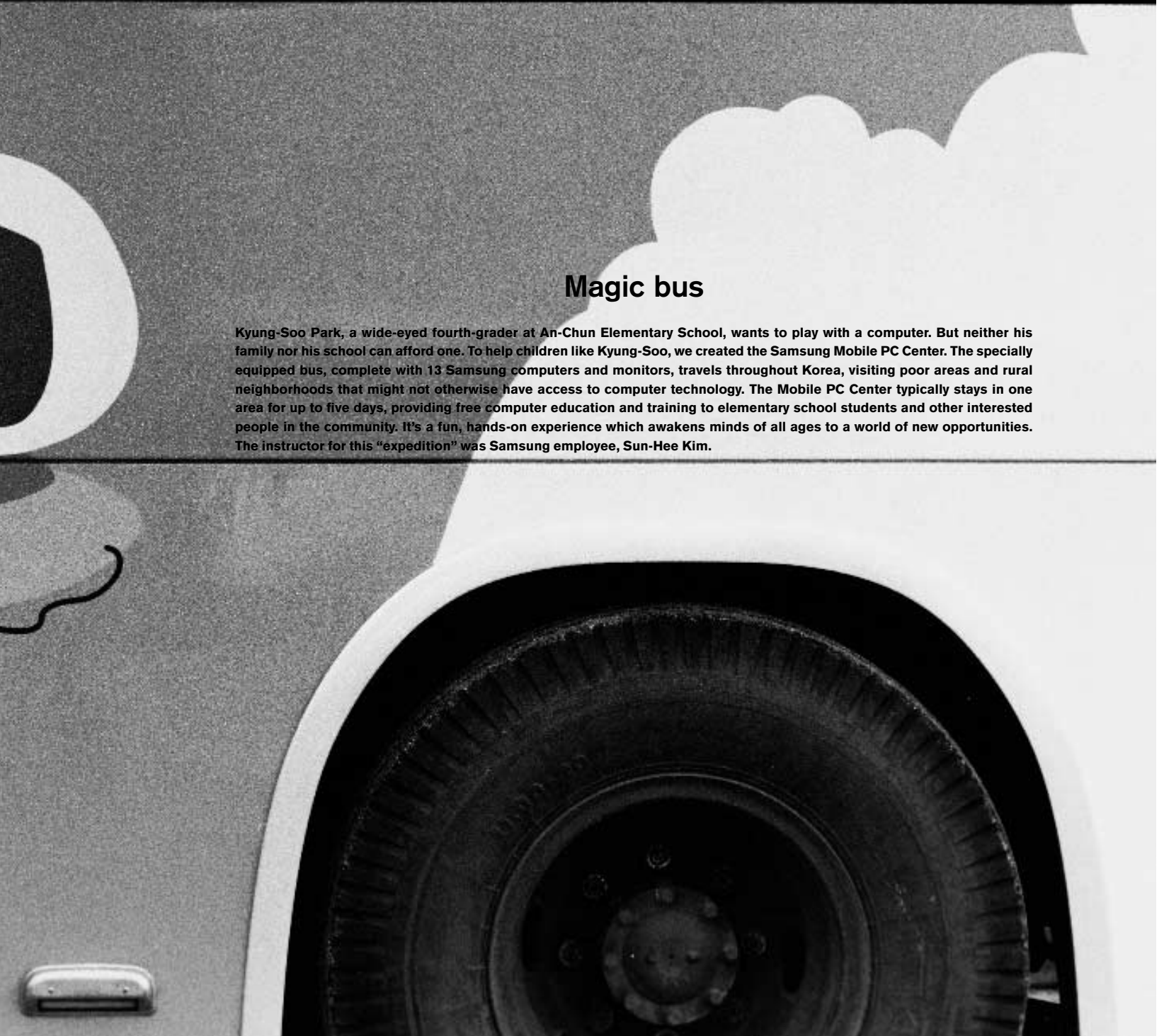






Magic bus

Kyung-Soo Park, a wide-eyed fourth-grader at An-Chun Elementary School, wants to play with a computer. But neither his family nor his school can afford one. To help children like Kyung-Soo, we created the Samsung Mobile PC Center. The specially equipped bus, complete with 13 Samsung computers and monitors, travels throughout Korea, visiting poor areas and rural neighborhoods that might not otherwise have access to computer technology. The Mobile PC Center typically stays in one area for up to five days, providing free computer education and training to elementary school students and other interested people in the community. It's a fun, hands-on experience which awakens minds of all ages to a world of new opportunities. The instructor for this "expedition" was Samsung employee, Sun-Hee Kim.



Thank you.

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